



EUROPEAN CENTRAL BANK

BANKING SUPERVISION

# Supervisory Data: Pilot on significant resubmissions

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Item 3.3  
Dialogue with the banking industry on ESCB statistics

# Significant Resubmissions

## Background

- As per Article 5 (2) of ECB Decision 2014/029 national competent authorities shall communicate to the ECB the reasons for any significant revisions submitted.
- Internal Audit Committee recommendation to Supervisory Board
- Output from Workstream 7 of the Task Force on the Harmonization of the Sequential Approach

## Definitions

- *Definition of significance resubmission*: a revision of one or several data points, both in terms of absolute figures reported and percentage of variations, to significantly impact prudential and/or financial analysis made using these data points at entity level
- Supervisory Board agreed to run a pilot phase to further calibrate thresholds and adjust, if needed

## Pilot phase

- Relative thresholds set as an initial benchmark Absolute thresholds initially set at one percentage point for all KRIs in scope, except for LCR and NSFR set at 5 percentage points.
- ECB to monitor breaches of thresholds; banks will be notified via NCAs when their resubmissions are deemed significant and require detailed explanations

# Resubmissions' analysis

The ECB and JSTs will have available **all submissions and resubmissions** sent by banks through NCAs, without delay. This information will open up further opportunities for business analysis and for data quality assessment:

- **Analysis of resubmission timeline and patterns:**

*Why banks need a large number of resubmissions to produce to a correct report?*

- **Analysis of resubmitted values:**

*Which values were corrected by resubmissions? Which templates/risks are affected?*

*Why banks iterate corrections on the same values?*

- **Insight into the banks' reporting process:**

*What does the information on resubmissions tells us on the data aggregation capabilities of the bank? Are certain patterns a symptom of weaknesses in data management/governance?*

*Have banks implemented published checks in their system or rely on NCA/ECB feedback?*

**Indicators on resubmissions** are planned to be incorporated in the data quality assessment

# List of KRIs and applicable thresholds

Name	Class
Total capital ratio	*
Tier 1 capital ratio	*
CET1 capital ratio	*
Leverage ratio	*
Liquidity coverage ratio	*
Net stable funding ratio	*
Non-performing loans ratio	*
Share of encumbered assets	
Credit risk exposure amounts of total risk exposure amounts	
Market risk exposure amounts of total risk exposure amounts	
Operational risk exposure amounts of total risk exposure amounts	
Total large exposures	
Coverage ratio of non-performing loans and advances	
Forbearance ratio - Loans and advances	
Funding from TOP 10 counterparties to Total liabilities	
Return on equity	
Return on assets	
Cost to income ratio	
Net interest income to total operating income	
Net trading income to total net operating income	
Net fee and commission income to total operating income	
Loans and advances-to-deposits ratio for households and non-financial corporations	
Non-performing debt securities to total gross debt securities	
Derivatives to total assets	
Off-balance sheet activities to total assets	
Custody assets to total assets	

- Classes **Red (2% relative threshold)**, **amber (5%)**, **green (10%)** represent indicator importance
- Also subject to an **absolute threshold** of **1 p.p.**, except **LCR** and **NSFR (5 p.p.)**
- \* denotes indicator subject to **regulatory limits**

# Dashboard on resubmissions

Institution

KRI DP  All  
 KRI DPs

## Breakdown by template category

Percentage of resubmitted data points by template category					
Template category	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2
ALMM	25.76%	38.80%	9.05%	39.16%	14.78%
AssetEncum	0.00%	18.35%	0.00%	0.00%	0.00%
COREP_CreditRisk	1.34%	37.25%	17.40%	49.74%	2.30%
COREP_GroupSolvency	0.22%	0.00%	0.72%	0.00%	0.00%
COREP_MarketRisk	0.00%	0.00%	0.00%	0.00%	0.00%
COREP_OpRisk	0.00%	0.00%	0.11%	0.00%	0.00%
COREP_Other	0.29%	0.39%	0.44%	0.76%	0.02%
COREP_OwnFunds	0.82%	14.14%	1.06%	10.59%	0.43%
FINREP_BalanceSheetItems	0.05%	0.14%	0.11%	0.09%	0.10%
FINREP_BalanceSheetItems_ofwhichNPL	0.00%	0.00%	0.00%	0.00%	0.00%
FINREP_GroupStructure	100.00%	0.00%	2.83%	0.00%	0.00%
FINREP_Other	0.00%	0.00%	0.00%	0.00%	0.00%
FINREP_ProfitLossItems	0.00%	0.00%	0.00%	0.00%	0.00%
LargeExp	0.99%	0.00%	0.00%	0.00%	1.15%
LevRatio	9.18%	1.02%	0.00%	0.00%	2.54%
LiqCovRatio_DA	3.81%	11.68%	10.98%	10.24%	20.97%
NetStableFundRatio	0.17%	0.00%	0.18%	0.00%	14.15%

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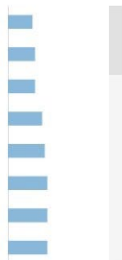
# CIRe and DQI: complementary perspectives

Institution  Reported Period

## Composite Indicator on Reliability (CIRe)



Peer group: Diversified lender



4

Inadequate

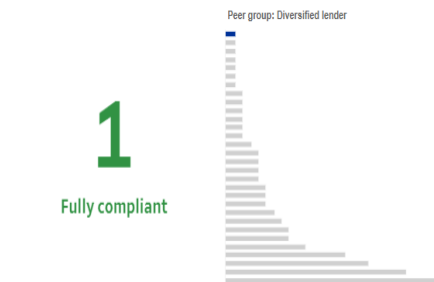
## CIRe breakdown



	AE	ALM	COREP LR	COREP OF	FINREP	LCR	LE	NSFR	Scores
CIRe	4	4	4	4	4	4	4	4	4
Impact of resubmissions on KRIs DPs	4	4	4	4	4	4	4	4	4
Number of resubmissions	4	4	4	4	4	4	4	4	4
* of which: modules	2	2	3	3	3	3	3	3	x
* of which: templates	4	4	4	4	3	4	4	4	x
* of which: DPs	4	4	4	4	4	4	4	4	x
Peer group average	1.7	2.3	1.7	2.8	2.7	1.4	2.8	1.5	x

## Overall DQI Score and ranking among peers

## DQI Breakdown



1  
Fully compliant

	COREP OF	COREP LR	LE	LCR	NSFR	ALM	FINREP	AE	STE	Dimension DQI
Accuracy	1	1	1	1	1	1	1	1	1	1
Completeness	1	1	1	1	1	1	1	1	1	1
Punctuality	1	1	1	1	1	1	1	1	1	1
Module DQI	1	1	1	1	1	1	1	1	1	
Peer group average	2	1	1	1	1	1	2	2	1	

## CIRe score over time

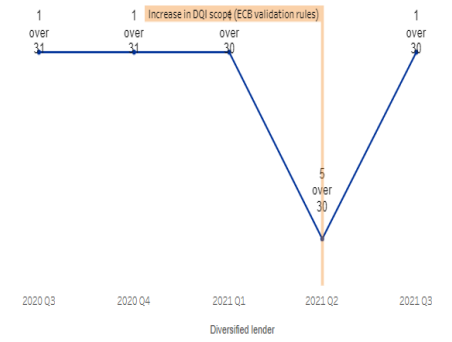
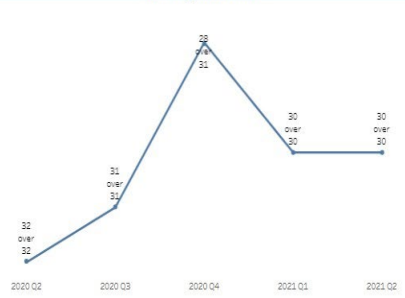


## Ranking over time



## DQI Score over time

## Ranking over time



# Implementation

- Banks in the sample for the pilot have been selected based on several criteria: size, business model, country, past data quality performance
- Thresholds are used in combination. Banks received guidance on how to structure the reasons into categories
- NCAs are the contact points, while the assessment of the detailed explanations will be made by either the JST (if business knowledge is required) or ECB data quality experts (in case of technical explanations).
- During the pilot, the objective for participating is to familiarize with the requirements. ITS requires banks to resubmit data corrections without undue delay. Given the small scale of the pilot, the 2-week deadline for providing explanations is seen as appropriate. No IT requirements for banks at this stage .
- After the pilot, sample of KRIs may be expanded or switch to data point approach. Gradual transition, also for IT requirements; After the experience gained in the pilot phase, the thresholds will be re-discussed with users and may be revised.





Thank you

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