Item II.1
The Integrated Reporting Framework

Statistics Committee
Dialogue meeting with the banking industry on ESCB statistics
Frankfurt am Main, 16 March 2018
1. Current ESCB approach to data collection from banks (1/3)

- Countries are implementing ECB datasets in *heterogeneous ways*:

<table>
<thead>
<tr>
<th>ESCB</th>
<th>NCBs/NCAs</th>
<th>ECB</th>
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<tbody>
<tr>
<td></td>
<td>Transformations and matching by NCBs/NCAs</td>
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**Country A**
- Integrated reporting solution

**Country B**
- B.o.p. & l.i.p.
- Monetary Data
- Sector accounts
- Credit Register
- Security-by-security reporting
- Supervisory Data

- MFI balance sheet items statistics (BSI)
- MFI interest rates statistics (MIR)
- Securities holdings statistics (SHS)
- AnaCredit

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Item II.1 – The Integrated Reporting Framework
1. Current ESCB approach to data collection from banks (2/3)

- The same bank faces *different requirements across euro area countries*:
1. Current ESCB approach to data collection from banks (3/3)

- Banks face *different reporting requirements across European countries*
  - Particularly challenging for *cross-border banks*

- Statistical reporting by banks is *often not integrated*:
  - *Large number of reports*, with *different transmission frequencies* and *timelines*, and *different levels of aggregation*
  - *Duplications and overlaps*, *complex reporting schedules* and *processes*
  - *Many ad hoc requests* to fill information gaps

- Thus data often extracted from internal systems in an *unstructured way*
2. What? The ESCB longer term strategy (1/2)

- **Approach to data collection from banks:**
  - **Standardise** and **integrate existing frameworks** for banks’ reporting across **domains** and across **countries**

**IReF**

**ESCB Integrated Reporting Framework**

*Collect the data only once*, via an integrated reporting scheme

Focus on **ESCB statistical requirements**

**BIRD**

**Banks’ Integrated Reporting Dictionary**

*Support reporting agents* to optimally organise the information available in their internal systems
2. What? The ESCB longer term strategy (2/2)

- **Envisaged approach to data collection from banks:**

![Diagram]

- **BIRD input layer:**
  - Transformations by banks
  - Transformations defined by banks

- **IReF collection layer:**
  - Transformations by banks
  - Transformations defined by banks and authorities

- **Derived statistics:**
  - BSI
  - MIR
  - SHS
  - AnaCredit
  - BIS, IMF & OECD datasets
  - Other reports

- **Voluntary!**

**BIRD**

**IReF**
Integrated reporting scheme for banks across countries & across domains with a focus on ECB statistical requirements

Main objectives:
- Consolidation of existing ESCB requirements into one integrated set of reports
- Simplification of the reporting
- Ensure proportionality

The compilation system to significantly rely on ESCB master data
- covered in the Register of Institutions and Affiliates Data (RIAD), and
- the Centralised Securities Database (CSDB)

Tentative timeline for implementation: 2024-2027
• Expected advantages for reporters
  
  ➢ Reduce redundancies   => *less consistency checks*
  
  ➢ **Full benefit from the BIRD**, as a unique reporting would be in place
    ▪ based on a transparent set of common *definitions* and *transformation rules*
  
  ➢ Standard reporting scheme of variables & levels of breakdowns
    ▪ Multi-national banking groups to **benefit from cross-country standards**
    ▪ Reduced need for *ad hoc requests*
  
  ➢ Enhanced **stability** of reports **prone to automation**
  
  ➢ **Unified data model** to describe reporting
    ▪ *Less differences across datasets*
    ▪ *Less partial aggregations for reporters* due to increased granularity
• Datasets in the scope of the IReF
  
  - MFI balance sheet items statistics (BSI)
  - MFI interest rates statistics (MIR)
  - Securities holdings statistics (SHS)
  - AnaCredit

• Target population: *Deposit-taking corporations*
  
  - Possible flexibility on including reporting for *money market funds* in the national frameworks for investment funds

• Inclusion of *reporting obligations not arising from ECB regulations* (e.g. BIS, IMF, national user needs) is also being assessed

• Differences
  
  - **Frequency**: e.g. MFI balance sheet *M & Q*, SHS-S *Q*
  - **Timeliness**: e.g. BSI reported to ECB *15 working days* after end of ref. period, SHS *70 calendar days* after end of ref. period
Aim

Assess jointly with the banking industry the IReF impact prior to any decision on implementation

- Various scenarios will be evaluated, combining reporting, production and dissemination aspects

- Different from the ESCB procedure for establishing a legal act

- Two main steps are envisaged
  - starting with a qualitative stock-taking exercise, and
  - continuing with a (more quantitative) cost-benefit questionnaire

- Cost-benefit analysis is expected to run over 2018 and 2019
4. How to go? The cost-benefit analysis (2/2)

- **Aim of the qualitative stock-taking (QST):**
  - Assess the scenarios identified based on *prevalent national practices* to achieve the *IREF objectives*
  - Then, *revisit* the scenarios and submit the “*cost-benefit questionnaire*”

- **NCBs will invite banks to participate:**
  - Approach depends on structures and practices in the national banking sector

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Documentation on IReF on ECB website

**Banks to fill the QST questionnaire**

Assessment of the results

Preparation of cost-benefit questionnaire

Mar-18 — May-18 — Jul-18 — Sep-18 — Nov-18

Dialogue Meeting
5. Issues for discussion

• Participants in the **Dialogue** meeting are kindly invited to:

1. Exchange views on the *ESCB envisaged approach* towards integrating banks’ reporting requirements

2. Comments on *objectives and procedure outlined* (of the I Re F)

3. Discuss the possible *impact of digitalisation* on the banks’ reporting and the future Integrated Reporting Framework