

## BIRD STEERING GROUP MEETING

**7 and 8 October 2020**  
(Location: video conference)

### ACTION POINTS

#### **Item 1.1: Opening remarks**

**09:30 – 09:50**

Hansjakob Schlaich opened the session by welcoming the participants to the third meeting of the BIRD Steering Group (BIRD-SG), including the following new members joining the group for the first time:

- Nigel Bass, the new representative of Allied Irish Banks;
- Jon Zamacola, the new representative of BBVA;
- Diana Gaibor, a new member of the BIRD-SG representing the European Banking Authority (EBA) alongside Meri Rimmanen.

The European Central Bank (ECB) Deputy Director General Statistics, Werner Bier, gave an introductory speech focusing on three main points: (i) cooperation between the European System of Central Banks (ESCB) and the banking industry, (ii) the ESCB's commitment to the Banks' Integrated Reporting Dictionary (BIRD) project and (iii) the ESCB's input into the EBA feasibility report. The full speech has been published on the ECB's website.

The BIRD-SG co-Chairs Marc Ziegler and Massimo Casa emphasised the main objective of the meeting that is sharing information in order to i) increase the levels of trust and awareness towards the BIRD project and (ii) discuss the role of the BIRD in the context of an integrated reporting system.

A brief overview of the meeting agenda was also provided.

#### **Item 1.2: EBA feasibility report**

**09:50 – 10:30**

Meri Rimmanen, EBA, gave a status update on the EBA feasibility report on integrated reporting following the mandate under Article 430c introduced by CRR II<sup>1</sup>. During the presentation, it was emphasised that it is crucial – not only for the banking industry but also for the European authorities – for the collection, use and sharing of data to function smoothly and efficiently so as to ensure that data requests to reporting

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<sup>1</sup> [Regulation \(EU\) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation \(EU\) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation \(EU\) No 648/2012 \(OJ L 150, 7.6.2019, p. 1\).](#)

agents are not duplicated. Although the coronavirus (COVID-19) emergency has had an impact on the timetable, the EBA aims to deliver the final feasibility report in the second semester of 2021.

Following questions from participants, it was made clear that the BIRD will play a role in the study. This is in accordance with the CRR mandate, which requires the EBA to take into account the previous work of the ESCB on integrated data collection. As regards the banking industry's involvement in the EBA feasibility report, it was explained that banks had been invited to provide input via the cost of compliance survey that ran until October 2020. It was explained in addition that a series of workshops for the banking industry would be scheduled after the publication of the draft study for discussion. The EBA also remains open to the possibility of having bilateral interactions with the banks. In addition, it is envisaged that written feedback will be obtained from the banking industry before the report is finalised. Meri mentioned that the ESCB's input into the EBA feasibility report had been well received by the EBA.

### **Item 1.3: Integrated Reporting Framework**

**10:30 – 11:00**

Antonio Colangelo (ECB) informed the BIRD-SG members about the status of the Integrated Reporting Framework (IReF) and the next steps to be taken. The main aspects discussed were (i) the strict interplay between the IReF and the BIRD, and how they fit into the wider ESCB strategy on data integration; and (ii) the forthcoming Cost-Benefit Assessment (CBA) questionnaire on the IReF, the results of which will be analysed with the involvement of banking industry representatives. It was also explained how the IReF will support the BIRD by implementing a collection layer that will be directly applicable in the euro area. In addition, the BIRD and the IReF will share the same data dictionary (including the same code lists). Subject to the outcome of the CBA questionnaire, the same data modelling approach could also be applied, making the data transformations from the BIRD input layer to the IReF collection layer directly compatible – and meaning that limited mapping efforts will be required.

During the discussion, it was emphasised that creating an integrated reporting system across the ECB, EBA and Single Resolution Board presents significant challenges, since each authority has its own reporting scheme in place. At the same time, it was made clear that the envisaged IReF timetable fits well with the overall timetable for the work that will ensue from the EBA feasibility report.

*Coffee break – 15 min*

### **Item 1.4: Report on the activities of the work stream on testing**

**11:15 – 12:00**

Silvia Giacinti (Banca d'Italia) reported on the activities of the work stream (WS) on testing since October 2019, with a focus on the group's workings and main achievements. The next steps for the WS were also mentioned, namely the inclusion of some financial reporting (FINREP) templates for testing by the end of the year and the adjusting and refactoring of test cases and transformation rules after the integration of the logical data model (LDM) into the BIRD. Two further points were highlighted, namely (i) the better quality of the BIRD database achieved thanks to the testing activity and (ii) the possibility for other software vendors to participate given that the current level of transformation rules allows for an easier testing process. The need for more advanced tooling for handling testing activities was also emphasised.

Silvia and the BIRD-SG members stressed in addition that it is crucial for the testing activities to be carried out with the support of the software vendors in order to obtain effective results.

As of October 2020, the coordination of the WS on testing has been transferred to Daniela Arru (ECB).

#### **Item 1.5: Work stream on data modelling**

**12:00 – 13:00**

Andrea Novello (ECB) reported on the activities of the WS on data modelling since October 2019, focusing on the development of the LDM and its role in the BIRD architecture. The report included an overview of the possible options for integrating the LDM into the BIRD data process. The members were also informed that a first version of the LDM had been published on Darwin-ASTRA and that the results of the qualitative questionnaire sent to the BIRD Expert Group (BIRD-EG) had been summarised. The next steps for the WS on data modelling were outlined, namely the generation and testing of the input layer from the LDM and the inclusion in the BIRD of reporting requirements on Asset Encumbrance, Resolution and Securitisation.

During the discussion, it was stressed that it is important to raise awareness on the functioning of the LDM so that *all* the members of the BIRD-SG can take an informed decision on the integration options.

#### **Action point:**

Think of new ways to improve the banking industry's familiarity with the LDM and, more generally, with the data modelling concept required to build a stable input layer that is easy to use and maintain – for instance by running a dedicated workshop.

*End of day 1*

#### **Item 2.1: BIRD objective and stakeholders' expectations**

**09:00 – 10:30**

Anca Ecaterina Dinita (ECB) gave an overview of how the BIRD assists banks in their regulatory reporting, highlighting the vision behind the BIRD and its main objectives and deliverables. The implications of the potential integration of the LDM into the BIRD architecture, and specifically how this might affect the deliverables, were also presented.

As the BIRD project progresses, the deliverables must be defined in a way that strikes a balance between responding to business users' needs on the one hand and technical users' needs on the other. A trade-off between these two sides is needed given the current resource constraints.

The BIRD-SG members were encouraged by the co-Chairs to express their views on their expectations of the BIRD and their preferred way forward.

#### **What is the BIRD? And what should the BIRD deliver?**

Having a machine-readable solution as part of the BIRD architecture was deemed very important, as was the significant benefit gained from the close cooperation between the banks and authorities in defining and explaining the reporting requirements. For instance, defining the AnaCredit requirements in

collaboration with the authorities was considered an effective strategy for shaping reporting requirements in such a way that they accurately reflect the real world.

Some BIRD-SG members from the banking industry said that a business case was needed for continuing their cooperation and investment in the BIRD project given their increasingly scarce internal resources. In addition, collaboration with the supervisory authorities needs to be further strengthened in order for the authorities' views to be fully reflected in the BIRD.

The BIRD documentation should describe not only the technical features of the data process but also the underlying business requirements. A balance is needed between these two aspects so that the BIRD can be shaped into a standardised data catalogue which can help banks to fulfil their reporting duties correctly. Similarly, the role of a unique data dictionary in the context of the BIRD was emphasised. Such a dictionary is to be shared not only with the banks but also with other European authorities that define reporting requirements.

The value of a unique data dictionary as a key feature of the BIRD architecture was also underlined by the co-Chairs. They pointed out that both the banks and the European authorities would benefit from having unique definitions. The European authorities could set reporting requirements mostly at a granular level, while any aggregated figure could be derived directly from unique definitions available in the dictionary and from the application of the transformation rules. While the collection of solely granular data is not achievable, aggregated data should be collected efficiently. This means avoiding the submission of the same data points multiple times for the same submission date. It also means avoiding the submission of data points that can be easily derived from other data points, e.g. totals and subtotals.

At the request of some members, the co-Chairs clarified that the interpretation of the reporting requirements provided under the BIRD should not be intended merely for the members of the BIRD-SG. In order to ensure fair treatment across the banking industry, the results of the BIRD need to be made available to all reporting agents.

### **Integration of the new LDM into the BIRD process**

The discussion on the integration of the LDM into the BIRD architecture revealed two main points of view among the members. Some said they lacked the technical knowledge to reach an informed opinion. In their case, further details on the LDM could help fill the information gap. Other members did express a preference for having an LDM. They said that developing the LDM was an important step forward for the BIRD project. Of this group, two institutions have expressed strong preference for the so called Approach B, which envisages using an LDM only, while ii) two other members opened a discussion on how best to proceed in order to ensure a dynamic environment in terms of maintenance costs. In this context, it was explained that the main difference between approaches A and B is that Approach A also includes an input layer, which is a less normalised version of the LDM. While making it easier for a business user to understand the documentation, Approach A is more burdensome to maintain.

The LDM is a business description, and the input layer represents one possible physical implementation of the LDM. Under both approaches, the LDM would provide a stable structure, avoiding a situation where small changes in reporting requirements necessitate significant efforts on the part of the banks. Both the

LDM and the input layer (i.e. the implementation layer) need to reach a reasonable level of maturity and stability before being implemented in the banks' internal systems.

The co-Chairs summarised the discussion, stating that there is a clear business case for having a BIRD. Several banks believe that the LDM will substantially reduce the reporting burden, as it will reduce the costs of interpreting the BIRD input requirements stemming from the reporting frameworks. Further discussions between the members are needed to fully understand the business and technical concepts underlying the BIRD architecture. The co-Chairs therefore proposed a dedicated workshop focusing on the future of the BIRD project. The ECB BIRD team was asked to prepare this workshop.

**Action points:**

- i) Organise a workshop to achieve a common understanding of the BIRD project's objectives and deliverables, striking a balance between the business and technical aspects and requirements.
- ii) Modify the sentence in slide 4 of the presentation "Transformations defined by banks and authorities" to reflect the fact that the banks are responsible for generating accurate final figures, and authorities only play a support role in the definition of the transformation rules necessary for producing the final figures.

The BIRD-SG members were also invited to give their opinion on the proposed collaboration framework inside the BIRD-EG, which includes:

- i. permanent BIRD-EG sub-groups (i.e. sub-groups dedicated to maintaining and enhancing reporting frameworks in the BIRD);
- ii. the further involvement of experts from the banking industry in BIRD activities;

**Action point:** In order to identify volunteers for the sub-groups, the BIRD project team will define the required skill set and provide a list of possible candidates from the banking industry.

- iii. involvement of external parties.

Currently, the BIRD-SG's mandate does not provide for the involvement of external parties such as consultancies and software vendors. For this reason, the ECB has had to reject a number of offers for workshops in order to ensure the equal treatment of all parties involved. The BIRD-SG supported the involvement of external parties to alleviate the scarcity of resources and bring additional expertise into the BIRD project. The BIRD-SG also requested a more detailed definition of how this collaboration with external parties can be organised so that the influence of commercial interests on the BIRD project is prevented or limited by a suitable governance model. Several BIRD-SG members stressed that it would be important for BIRD to the importance of improving the way in which the general purpose and deliverables of the BIRD project are communicated to the wider audience.

**Action points:**

- i) A call for interest will be prepared by the ECB, together with a description of the desired collaboration model. These documents will be made available to BIRD-SG members so that they can give their comments via a written procedure.
- ii) The BIRD project team should consider how to better market the BIRD. A proposal should be discussed in the forthcoming workshop.

*Coffee break – 15 min*

**Item 2.2: Work plan review and possible amendment**

**10:45 – 11:45**

Daniela Arru (ECB) introduced the amended work plan prepared by the BIRD team, touching on aspects related to resources and synergies across the different activities of the work streams. Both a medium-term and a long-term perspective on the work plan were provided. In addition, the statistical and supervisory reporting landscapes were considered. A final version of the BIRD work plan for publication is still under preparation, as some input is still pending.

The BIRD-SG members very much welcomed the establishment of the project plan, which is an important and long-standing issue. It was agreed in addition that the IReF project should be included in the project plan. This discussion also highlighted the need for a workshop aimed at achieving full agreement on the deliverables of the BIRD project.

**Action point:** The BIRD-SG members will be invited to approve the BIRD work plan via a written procedure after the meeting. In particular, they will be invited to approve the extension of the testing and modelling WSs until mid-2021, along with the proposals relating to the EG sub-groups' business activities.

**Item 2.3: BIRD joint seminars on CRR II implementation**

**11:45 – 12:00**

Massimo Casa (Banca d'Italia) suggested organising seminars on CRR II topics in 2021 to share the knowledge acquired by BIRD project participants over the past few years. The goal of the seminars would be to explain to the audience how to meet the new reporting requirements on the basis of banks' analytical data. Banca d'Italia offered the help of its PUMA2<sup>2</sup> team in organising the seminars. Some of the banks' representatives may also provide input.

**Action point:** The BIRD-SG members will be asked to approve the organisation of the seminars.

**Item 2.4: Dialogue with the banking industry on ESCB statistics**

**12:00 – 12:15**

Massimo Casa (Banca d'Italia) and Marc Ziegler (DZ Bank) debriefed the members of the BIRD-SG on the presentation that they will give during the Banking Industry Dialogue meeting on ESCB statistics scheduled to take place on 4 November 2020. In their presentation, they will focus on (i) reporting the status of the BIRD project activities and (ii) discussing the workings of the BIRD-SG and how the expectations of participants are met.

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<sup>2</sup> PUMA2 is a permanent table of experts that designs and maintains the methodology for conceptually bridging the content of the reporting framework with the reporting agents' internal databases.

**Item 2.5: Conclusion of the meeting****12:15 – 12:30**

Massimo Casa (Banca d'Italia) and Marc Ziegler (DZ Bank) concluded the meeting, thanking all the members for their active engagement in the discussions. Hansjakob Schlaich (ECB) thanked all those involved in the preparation of the BIRD-SG meeting as well as all those who have contributed to the BIRD project over the past year.

**END OF MEETING**

## Annex I: Meeting participants

Mr	Massimo	Casa	Banca d'Italia	Co-Chair
Mr	Marc	Ziegler	DZ Bank	Co-Chair

### Banking industry

Mr	Francisco	Saravia	European Banking Federation	Co-Secretary
Mr	Rolf	Otten	ABN AMRO	
Mr	Nigel	Bass	Allied Irish Banks	
Mr	Sergio	Moricone	Banca Monte dei Paschi di Siena	
Mr	Alberto	Fernandez	Banco Santander	
Mr	Antonio	Rodriguez	Bankia	
Mr	Jon	Zamacola	BBVA	
Mr	David	Leclerc	BNP Paribas	
Mr	Gabriele	Magnani	BPER Banca	
Mr	Victor	Manchado	CaixaBank	
Mr	Nils	Gerstengarbe	Commerzbank	
Mr	Claudius	Gross	Deutsche Bank	
Mr	Martin	Lippert	Deutscher Sparkassen und G.	
Mr	Boban	Nikolic	Erste Group Bank	
Mr	Paul	Mollers	ING	
Mr	Angelo	De Santis	Intesa San Paolo	
Ms	Helen-T.	Moges	KBC Group	
Mr	Mike	Velthaak	Rabobank	
Mr	Valentin	Winger	Raiffeisen Bank International	
Mr	Stefan	Becker	Raiffeisen Bank International	
Mr	Thomas	Stawitzke	S Rating und Risikosysteme	
Ms	Franziska	Reinicke	S Rating und Risikosysteme	
Mr	Alain	Ghnassia	Société Générale	
Mr	Bonifacio	Di Francescantonio	UniCredit	
Mr	Luca	Guarinoni	Unicredit	

### Other European authorities

Ms	Meri	Rimmanen	European Banking Authority	
Ms	Diana	Gaibor	European Banking Authority	
Mr	Alain	Vranken	Single Resolution Board	

### National central banks

Ms	Silvia	Giacinti	Banca d'Italia	
Ms	Carmen	Garcia	Banco de España	
Ms	Lucie	Pennings	De Nederlandsche Bank	
Mr	Jochen	Henn	Deutsche Bundesbank	
Mr	Guenther	Sedlacek	Oesterreichische Nationalbank	
Ms	Elisabeth	Flittner	Suomen Pankki – Finlands Bank	

### European Central Bank

Ms	Valeria	Uliano	European Central Bank	Co-Secretary
Mr	Werner	Bier	European Central Bank	

Mr	Hansjakob	Schlaich	European Central Bank
Ms	Anca	Dinita	European Central Bank
Mr	Antonio	Colangelo	European Central Bank
Mr	Andrea	Novello	European Central Bank
Ms	Daniela	Arru	European Central Bank
Mr	Giancarlo	Pellizzari	European Central Bank