

## **BIRD Steering Group, 7-8 October 2020**

### **Welcome address by Werner Bier, Deputy Director General Statistics**

**Good morning colleagues,**

**I am pleased to welcome you to the third Banks' Integrated Reporting Dictionary (BIRD) Steering Group meeting, organised by the European Banking Federation (EBF) and the Directorate General Statistics of the European Central Bank (ECB).** This meeting is an excellent opportunity to update the banking industry on developments in the integration of reporting requirements and to foster close cooperation between the banking sector, the European Banking Authority (EBA) and the European System of Central Banks (ESCB). Close and sustainable cooperation, ideally formally institutionalised, is crucial to ensure that BIRD is developed and maintained effectively. This meeting is part of the ESCB's efforts to engage in an open, constructive and, over time, deepened dialogue with the banking industry. The BIRD Steering Group meetings aim both to alleviate the reporting burden and to improve data quality. In fact, high data quality will not only add value for the authorities, but will also ensure benefits for the banks themselves.

### **Transition phase**

**As you are aware, the BIRD project is undergoing a transition phase** focused on consolidating a set of already integrated reporting frameworks by means of rethinking the modelling of business information and ensuring information accuracy through a substantial testing process. In the meeting today, further details will be shared with you during the status update on the work stream on Testing and Data Modelling. The meeting tomorrow will attempt to answer the question "How will BIRD exit this transition phase"? The BIRD team has developed a tentative mid-term plan aimed at taking the BIRD project into the next phase.

**The ECB BIRD team is also experiencing a transient phase.** Romana Peronaci handed over the lead of the Master and Meta Data Section to Hansjakob Schlaich as of April 2020. Silvia Giacinti, who was leading the work stream on Testing returned to the Banca d'Italia, thus handing over the lead to Daniela Arru. I would like to use this occasion to thank Romana and Silvia for the energy they

have invested in the BIRD initiative and the progress that they have achieved over the past years. Moreover, three new staff members will join the ECB BIRD team over the next six months. Last but not least, Frank Mayerlen was appointed Head of the Analytical Credit and Master Data Division as of April 2020, whilst also overseeing the Master and Meta Data Section.

## ESCB commitment to BIRD

As we are all aware, **the effective development of an integrated reporting framework in the European Union requires long-term commitment from the stakeholders involved.** In fact, over the past year, the ECB has further strengthened its engagement in BIRD and the Integrated Reporting Framework (IReF) projects, as demonstrated by three key factors:

1. The increase in resources of the ECB's core team;
  2. The launch of a call for expression of interest for experts from the banking industry;
  3. The ESCB input into the EBA feasibility report published on 21 September 2020.
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1. **Strengthening the ECB's core team:** As already mentioned, the ECB recently increased the staffing levels of the ECB BIRD and SDD teams. Due to the COVID-19 pandemic, the recruitment campaigns have inevitably slowed down but the process is now resuming. New experts will join the team over the next three months, and we are expecting to receive applications for a Research Analyst vacancy recently advertised by the ECB.
  2. **Call for further participation by the industry:** By increasing staff on the ECB's core team, some of the ECB's internal activities needed to be reprioritised in order to free up resources for BIRD. It is now crucial for the banking industry to reconsider how the newly defined priorities might be matched on their side. This would not only optimise the development of BIRD, but would also ensure that BIRD delivers what is expected of it by its key stakeholders, that is to say, the banks. An increased involvement of stakeholders will be further discussed tomorrow during the presentation of the BIRD objectives. Subject to agreement of the BIRD Steering Group, the ECB may also launch further calls for expression of interest among software vendors and consulting companies given their interest in the BIRD initiative.
  3. **ESCB input into the EBA feasibility report:** The report of the ESCB responds to Article 430c of the Capital Requirements Regulation regarding a feasibility report by the EBA on an integrated reporting system. The mandate adopted by the European Parliament and Council foresees taking into account the work of the ESCB regarding integrated data collections. Given the independence of the ESCB in the field of statistics, such as AnaCredit, the ESCB took the initiative of presenting its vision of how to reduce

the reporting burden of the banking sector without losing the information necessary for monetary policy, supervisory and resolution purposes. The ESCB has identified a common standard data dictionary, together with an integrated reporting model for statistical, resolution and prudential data, as urgent key priorities. The BIRD's new input layer, the logical data model, is the logical extension of this common data dictionary. The transformation rules define the steps which need to be applied to the banks' input data, before the data is transmitted to the authorities.

**The ESCB report also calls for the establishment of a joint committee** to ensure, among other things, that the integration of resolution and prudential requirements can be synchronised with the ESCB Integrated Reporting Framework (IReF) at a sufficiently early stage. Cooperation with the European banking industry on integrated reporting could be set up by splitting the joint committee into two sub-committees. One sub-committee would be tasked with issuing advice on the reporting requirements and their specifications. It would consist of European and national authorities only. Another sub-committee would be tasked with issuing advice on how to implement most efficiently these reporting requirements in the systems of the banks and the authorities. There would be strong synergies with the work already done by the BIRD Steering Group on BIRD.

**The ESCB input into the EBA feasibility report aims to achieve an integrated system for statistical, resolution and prudential reporting in the medium term.** To this end, the ESCB strategy is to continue its work on the IReF project in order to integrate the ESCB statistical reporting requirements addressed to the banking sector. IReF will be implemented via a single ECB regulation, specifying the predominantly granular statistical information that needs to be reported, as well as the legal provisions for a common data dictionary and a common data reporting model. IReF comprises both the "what to report" and the "how to report". IReF takes into account the four principles for efficient reporting listed by the EBF: define once, report once, share information and enhance governance. As you will hear in the dedicated presentation later today, BIRD and IReF are strictly related to each other. In fact, the more reporting that is incorporated into a single reporting framework, the more effectively BIRD will be able to support banks. A second public consultation on IReF will be launched in the forthcoming weeks, and we are expecting comprehensive feedback from the European banking sector before we commence the drafting of the ECB IReF regulation.

## Conclusions

**In conclusion, I would like to stress that the ECB fully welcomes the European banking industry's willingness to work closely with the authorities** in the European Union on an integrated reporting system. The BIRD Steering Group testifies to this cooperation. Working

together/collaboratively on the “how to report” has the potential to achieve both: (i) a significant reduction in the reporting burden; and (ii) enhanced data quality – objectives that are often (wrongly) perceived as being in conflict. I wish you, in particular, Massimo Casa and Marc Ziegler, the Co-Chairs of the BIRD Steering Group, a very successful meeting, notwithstanding the ongoing COVID-19 crisis and the related new working modalities.