

18 December 2018

SUMMARY AND ACTION POINTS

BIRD STEERING GROUP MEETING

14 December 2018, Frankfurt

For information

Summary

The meeting main purpose was to discuss (i) the main findings of the Banks' Integrated Reporting Dictionary (BIRD) Expert Group Activities since the Steering Group (SG) inaugural meeting in April 2018 and (ii) the proposal regarding the review of the BIRD work plan 2019-2020.

The meeting has proved to be very useful to inform the Steering Group members about the BIRD activities and to exchange views about the BIRD and develop a common vision about its future. The meeting was interactive and allowed the members to share their experiences on data reporting.

Several presentations were provided, in particular on the following items: report on the BIRD activities, EBF statement on Integrated Reporting, review of the BIRD work plan, status of the Qualitative Stock-Taking questionnaire on the IReF, BIRD methodological and operational aspects, and the ING presentation on behalf of Dutch banks –on the implementation of the BIRD within the operational systems of banks.

With regards to the discussions on the various topics, the following themes were discussed.

- **Participation of regulatory authorities in the BIRD.** The EBF presentation triggered a discussion on the involvement of other authorities in the BIRD activities and the need for streamlining the various initiatives on integrated reporting that are currently under discussion. Especially the possible involvement of EBA in a feasibility study on the integration of reporting was highlighted. The potential benefits of an early involvement of the BIRD in supporting the regulator(s) in setting up new reporting requirements was also highlighted (e.g. by helping the regulator identifying already existing concepts used in the frameworks covered by BIRD and therefore reducing the risk of similar but different concepts). The Dialogue meeting should be the occasion to raise the issue and start discussing a possible proposal for increasing collaboration among authorities, as this is out of scope of the BIRD”..
- **Relation between BIRD and IReF.** Depending on the results of the consultation, the IReF will develop into a mandatory, harmonised primary reporting framework for statistical requirements by 2024. It was explained that the IReF will have an impact on the BIRD as once statistical reporting

requirements will be harmonised and their incorporation in the BIRD will be more beneficial for banks.

Regarding the national requirements it was explained that they will be split in those arising from international data collection frameworks commonly shared across countries and those tailored to cover specific national needs. The first kind of requirements will be directly covered in the IReF scheme as standardised requirements in its initial phase. Additionally, a sub-group of the ESCB Expert Group on the IReF is currently working on verifying if the integration of non-shared national requirements in the IReF as specific add-ons is possible. The scope is to minimise the national requirements and foster the creation of homogenous statistical reporting requirements among countries. The BIRD will remain voluntary and support banks by describing how these reporting requirements may be generated based on the input approach.

- **BIRD work plan.** EBA clarified the timeline for the DPM 2.9 that will be available in April 2019 and in June 2019 for the FinRep revision. It was decided to start the activities of the subgroups focusing on the above version of the DPM in March 2019 as originally planned as the draft material is already available on the EBA website. The importance of the work stream on data modelling (WS-DM) for the normalisation of the input layer was stressed by the BIRD-SG. The crucial role of the work stream on testing (WS-TEST) in order to ensure a high quality BIRD documentation as a basis for the active use of BIRD in the reporting process was also highlighted. Regarding the usability of the BIRD documentation the members of the BIRD-SG expressed need for a more user friendly way of visualizing / navigating the VTL transformations, i.e. to be able to explore the data lineage from the input layer to the output layer or vice-versa in a user friendly manner. The ECB team is analysing possible solutions on this regard, however a comprehensive solution for the visualisation of the BIRD's content will take time to be developed.

The Group expressed a preference for the option one of the work plan that foresees five subgroups working in parallel. In particular the following sub-groups and timeplan are envisaged:

- three new subgroups will start their activities in March 2019
 - FinRep 3 new additional template on Non Performing loan DPM 2.9 (March – July 2019)
 - Securitization framework 2.9 (March – October 2019)
 - General changes in SHSH, AnaCredit and DPM 2.9 (March – July 2019)
- Liquidity reporting subgroup postponed to September 2019 (September 2019 – July 2020)
- Additional Liquidity monitoring metrics subgroup postponed to September 2019 (September 2019 – July 2020)

The BIRD-SG also approved

- (i) the proposal of establishing the WS-DM as a permanent WS of the BIRD-EG; and

(ii) the rescheduled start of the WS-TEST in March 2019 for the duration of one year.

The above plan, and the creation of the various sub-groups, will be confirmed on the basis of the feedback on resources expected in end-January 2019.

- **Implementation of the BIRD within the operational systems of banks.** A presentation provided by Dutch commercial banks (i.e. ING, ABN AMRO, Rabobank, De Volksbank) started complimenting the whole BIRD team for the work made during the development of the BIRD and for the opportunity it gave to banks, in particular for shifting from report-driven (output) towards a data-driven (input) approach. The presentation's aim was to create opportunity to discuss different views on the goals and end state of the BIRD and give a clear picture about the presenters vision on both. In their view, the BIRD should result in:
 - A standardised European reporting model with a common financial dictionary covering both supervisory and statistical reporting requirements according to IReF, enlarging the scope to the entire EU area, allowing data exchange amongst authorities and enhancing governance for new requests.
 - Integrated and data driven to be delivered at one time on the needed granular level for all regulatory reporting.
 - A central reporting operating model with a single point of contact for all reporting agents
 - An implementation model close to the banks internal system, transforming the BIRD to an operational structure.

These new aspects of the process should be driven by the BIRD Steering Group.

Dutch Commercial Banks are available to: sharing their knowledge on the topics, offer assistance in creating a process plan, organising an architectural workshop to define data modelling requirements, standards, data lineage and ownership structure, make experts available to develop the BIRD implementation model.

Several of the meeting participants commented that the presentation raises the right questions; questions of which some need to be further discussed, like a common view on the end goal of BIRD. Although the presented vision is very appealing, the aspect of transforming the BIRD into an implementation model was not shared by several meeting participants due to the discrepancies between the different banks' internal systems, in particular with respect to the granularity of their model. Instead, regarding the full Normalisation of the model, only few participants disagreed on having it implemented at least in the logical layer of the implementation architecture. However, as stated during the WS-DM presentation, the current BIRD model should not be normalized to the full extent due to the significant increase of complexity that would derive from it and to practicality reasons. The ECB will support the organisation of an IT architecture workshop among banks in 2019.

Action points

- (i) A job description for members of the WS on testing will be uploaded in the BIRD SG data room to support SG members in the identification of resources to dedicate to this WS.
- (ii) The members of the Steering Group should indicate the resources assigned to the new subgroups by 18 January 2019 in the following data room folder including the two coordinators for two of the new subgroups
<https://my.brainloop.net/newdr/drcontent.aspx?intObjectID=37202272&h=c4f08c7a32761f30cf7ec36042b6d9bca16f898303f7dcca2e9b5ee69d77db56#Level1/intObjectID=37394576&>.

The ECB BIRD team will save in the data room folder the list of members for the subgroups which was defined in April 2018.

- (iii) The member of the Steering Group may comment the BIRD Report using track changes directly in the document available in the data room folder by 18 January 2019. Once finalised, the Report will be provided to the Dialogue meeting in March 2019.
- (iv) Intermediate reports on the work of the WSs data modelling and testing will be provided to the BIRD SG by mid-2019.
- (v) EBF to support the logistic of a IT architecture workshop among the banks in 2019 by providing meeting rooms.
- (vi) The next BIRD SG meeting will be hosted by EBF in Brussel possibly in June 2019.

List of participants in the joint workshop

<u>Participant's organisation</u>	<u>Name of participant</u>		
Banca d'Italia	Mr	Massimo Casa	Chairperson
Nordea Bank AB	Ms	Olivia Hauet	Chairperson
European Central Bank	Ms	Silvia Giacinti	Secretary
European Central Bank	Mr	Jean-Marc Israël	
European Central Bank	Mr	Giancarlo Pellizzari	
European Central Bank	Ms	Romana Peronaci	
European Central Bank	Mr	Andrea Novello	
European Central Bank	Mr	Davide Continanza	
Deutsche Bundesbank	Mr	Jochen Henn	
Banco de España	Ms	Carmen Garcia	
De Nederlandsche Bank	Ms	Lucia Pennings	
Oesterreichische Nationalbank	Mr	Guenther Sedlacek	
Suomen Pankki	Ms	Elisabeth Flittner	
ABN AMRO Bank N.V.	Mr	Rolf (Johannes) Otten	
Allied Irish Bank	Ms	Marion Kearns	
Banca Monte dei Paschi di Siena	Mr	Sergio Moricone	
Banco Santander	Mr	Alberto Fernandez Huete	
BBVA	Mr	Carmelo Quintana	
BNP Paribas	Mr	David Leclerc	
BPCE	Mr	François Petetin	
BPER Banca S.p.A.	Mr	Gabriele Magnani	
CaixaBank, SA	Mr	Víctor Manchado	
Crédit Agricole	Mr	Rémi Sirolli	
de Volksbank	Mr	Kagan Koktas	

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Deutsche Bank	Mr	Patrick Carey
DZ BANK AG	Mr	Marc Ziegler
EBA	Ms	Cristina Abascal Sanchez
Erste Group Bank AG	Mr	Harald Sinka
European Banking Federation	Mr	Anthony O'Brien
German Savings Banks Association	Mr	Michael Engelhard
Iccrea	Mr	Marco Carnevali
ING Group	Mr	Paul Möllers
ING Group	Mr	Fekke Odijk
INTESA SANPAOLO SPA	Mr	AngeloDe Santis
INTESA SANPAOLO SPA	Mr	Piero Trucco
Rabobank	Mr	Mike Velthaak
Raiffeisen Bank International AG	Ms	Egle Rammelmüller
SOCIETE GENERALE	Mr	Maurice Caulliez
UniCredit	Mr	Bonifacio Di Francescantonio
AUREP	Mr	Anton Kellner
SRATING	Mr	Thomas Stawitzke

Other participants

European Central Bank	Mr	Giosuè Pugliese
European Central Bank	Ms	Giulia Oddone
European Central Bank	Mr	Evgeni Piryankov
European Central Bank	Mr	Sagar Pratapsi