Item IV.1

The AnaCredit project

Statistics Committee

Dialogue meeting with the banking industry on ESCB statistics

Frankfurt am Main, 16 March 2018
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1. Why did we go for AnaCredit?

**Financial crisis**
triggered a massive increase in fragmentation across countries, sectors, markets, etc.

**Aggregated statistics no longer sufficient**
to serve policy needs, as they don’t shade light on the underlying distribution

**Available granular data inadequate**
for a meaningful cross-country comparison: different concepts & definitions

**Policy makers**
need to zoom in the data to design appropriate (unconventional) policy measures

**AnaCredit**
to provide policy makers with more complete, timely, high-quality and fully comparable granular information on credit and credit risk
2. AnaCredit in a nutshell

- AnaCredit = *Analytical Credit Datasets*

- *Loan-by-loan* information on (euro area) *banks’ credit exposures* to *all legal entities* – including Small and Medium size Enterprises

- All euro area (19) and, nearly, all (27) *EU countries*
  - *Reporting from Credit institutions*

- Basic features:
  - *88 data attributes per loan* (e.g. credit and credit risk, interest rate), plus 7 *identifiers* (→ link to *business register*)
  - Reporting frequency: *monthly* (quarterly for some attributes)
  - *Proportionality* with possibility for NCBs to grant (full or partial) *derogations to smaller institutions* and € 25,000 *reporting threshold*
  - *First reporting* in November 2018 → 1st reference period *Sept. 2018*
3. Banks to “know their counterparties”

- **Correct identification of counterparties** - e.g. debtors - is key to assess *total indebtedness* and *total exposures* in AnaCredit
  
  → 20 reference data attributes & country-specific list of entity identifiers

- **Markets in Financial Instruments Directive (MiFID) II** introduced new Know Your Customer (KYC) requirements, including on identification
  
  → LEI mandatory for all firms subject to Transaction Reporting (TR) obligations
  
  → need for (some) banks to update their client onboarding software solutions to provide real-time data fields e.g. LEI, status of LEI, legal address, legal name

- Possible *synergies* between AnaCredit & KYC data needs: what banks need to know about their counterparties?
  
  → *market led initiatives could also help*
4. A magnifying glass for several Central Banks’ tasks

AnaCredit will support several key functions of the ECB → multi-purpose dataset

- **Monetary policy**
  - Demand & supply in credit markets and access to finance of SMEs

- **Monetary policy implementation**
  - Collateral and leverage of financial intermediaries

- **Risk management**
  - Sectoral risk analysis/monitoring for macro stress testing

- **Financial stability**
  - Risk exposures, interconnectedness and potential contagion

- **Developing new / enhanced statistics**
  - Micro-macro data comparison, derivation of aggregates
5. Also beneficial for reporting agents

After the initial investment, **reporting agents** will also get a return and benefit from AnaCredit.

- **Lower reporting burden**
  - *more stable* reporting requirements and less ad-hoc surveys

- **Easier compliance with regulatory requirements**
  - definitions and transformation rules in the BIRD
  - requirements *closer to data as available* in the banks’ systems

- **Better assessment of credit-worthiness**
  - with feedback information (possibly) provided by NCBs

- **Benchmarking**
  - meaningful comparison with clusters of banks

- **Increased standardisation**
  - allows more *automation* and banks to ‘speak a common language’ between themselves
6. Support to the industry for implementation

- *AnaCredit data model* is complex, as reality is (even more!) complex

- *ECB* and *NCBs strongly committed* in *supporting banks* in implementing reporting requirements, also for ensuring data quality
  - publication of (3 Parts of) detailed *Manual* completed *in May 2017* ([link](#))
    - i.e. 18 months ahead of initial reporting
  - publication of *validation checks* performed on data ([link](#))
  - publication - and regular update – of *Q&As* based on queries by banks to the relevant NCB ([link](#))
  - structured *dialogue* via the *Banks’ Integrated Reporting Dictionary (BIRD)*
1. Rich *documentation on AnaCredit publicly available*: AnaCredit Regulation, Manual, Validation checks, Q&As BIRD dialogue and documentation
   - *Is this information sufficient for you?*
   - *Should it be enhanced?*
   - *If yes, how?*

2. How could (and hopefully still can) the ECB and NCBs *further support you* in the preparation and early running up of AnaCredit?

3. General feedback on the *status of implementation*: How do you stand in preparing for first reporting of AnaCredit data?
thank you!