

# European Reporting Framework (ERF) - a possible solution to reporting challenges for banks

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## Why new ways in data reporting?

- In all fields of statistics **data reporting** requirements have **grown** significantly
- They are getting more **granular** and **complex**
- Traditionally, each body used to devise its **own approach to data collection**
- This often leads to **redundant** data collection schemes and a **lack of data consistency**
- Internal and external reporting often **diverge**
- Need for **high-quality, comparable** and **timely data** on the one hand (**BCBS 239**) and **cost efficiency** on the other-hand motivate for
- ⇒ **New ways** in data reporting



# (Solo) Data requirements regarding loans granted to non-financial corporations (supervision) (1)

- Financial reporting (**FinRep**) solo (as of mid 2016) – loans and advances
  - ❖ Same loan is taken several times as input for different FinRep (**balance sheet**) templates
  - ❖ At maximum 3 **pre-defined** dimensions (of loans/borrowers) can be analysed simultaneously
  - ❖ Some characteristics are missing (e.g. currency, maturity)
  - ❖ Including own foreign branches ("home approach")
- National supervisory reporting templates on a solo basis
  - ❖ NGAAP **balance sheet** statement
  - ❖ Several **risk** oriented **templates** → incl. dimensions not in the balance sheet statement
  - ❖ Same reporting principle as above
- (National) Central Credit Register (**CCR**)
  - ❖ On a borrower-by-borrower basis
  - ❖ Above a threshold of 350 tsd.
  - ❖ **Balance sheet** and risk/collateral information

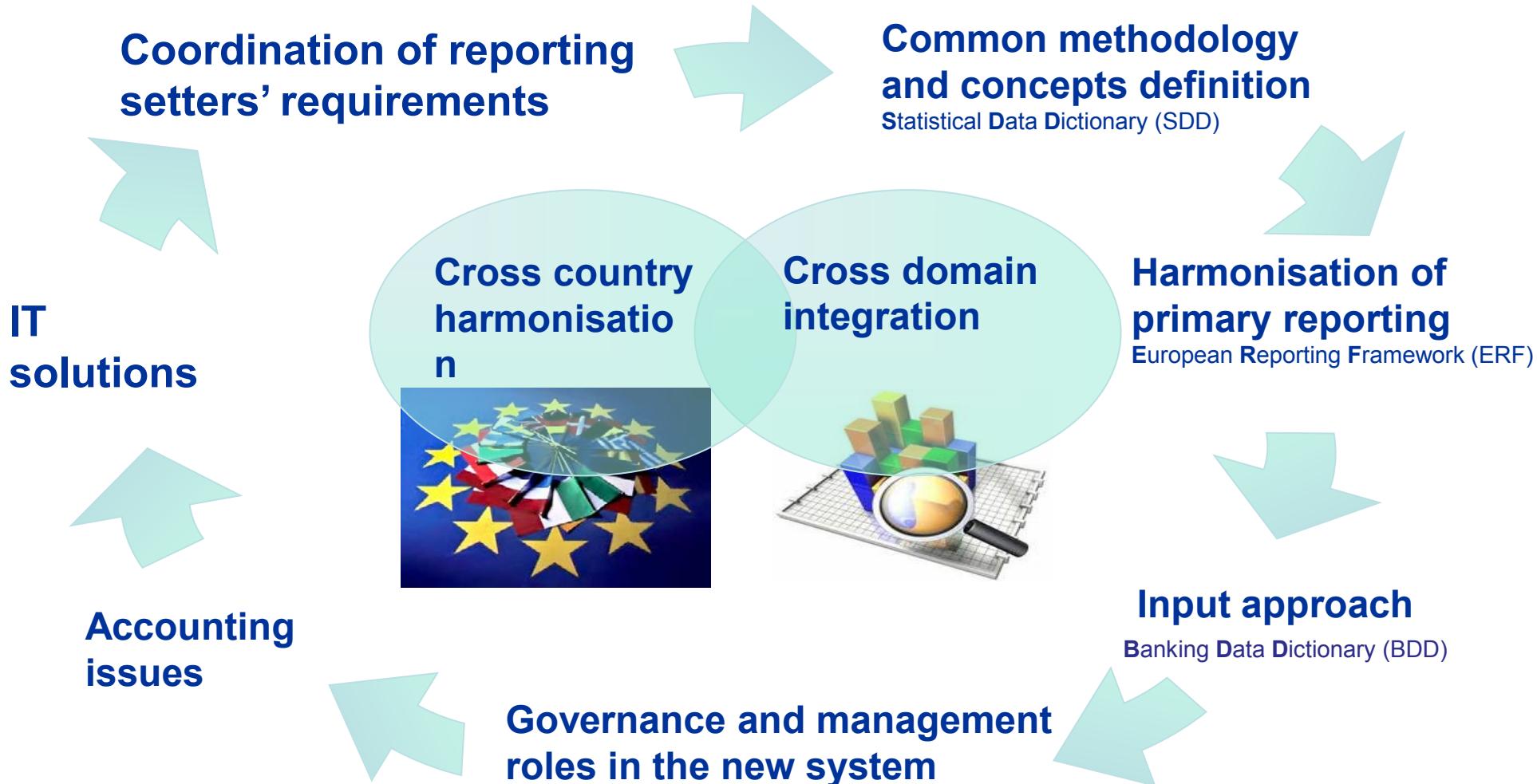


# Unconsolidated data requirements regarding loans granted to non-financial corporations (statistics) (2)

- ECB Monetary Financial Institutions (MFI) **Balance Sheet Items (BSI)**
    - ❖ Own foreign branches are not included („host approach“)
    - ❖ aggregated in different templates with at maximum three pre-defined dimensions
    - ❖ Dimensions/definitions are slightly different to supervision balance sheet items
  - MFI **Interest Rates (MIR)**
  - AnaCredit (Analytical Credit Datasets)
    - ❖ Detailed **Balance sheet** and risk/collateral information on a loan-by-loan basis
    - ❖ Above a certain threshold
    - ❖ **Planned:** as of beginning 2018 in three phases
  - Balance of Payments, International Investment Position & Financial Accounts
- ⇒ Same loan could be collected with up to **seven** different reporting forms



# GRISS<sup>1</sup> - Overview of recommendations

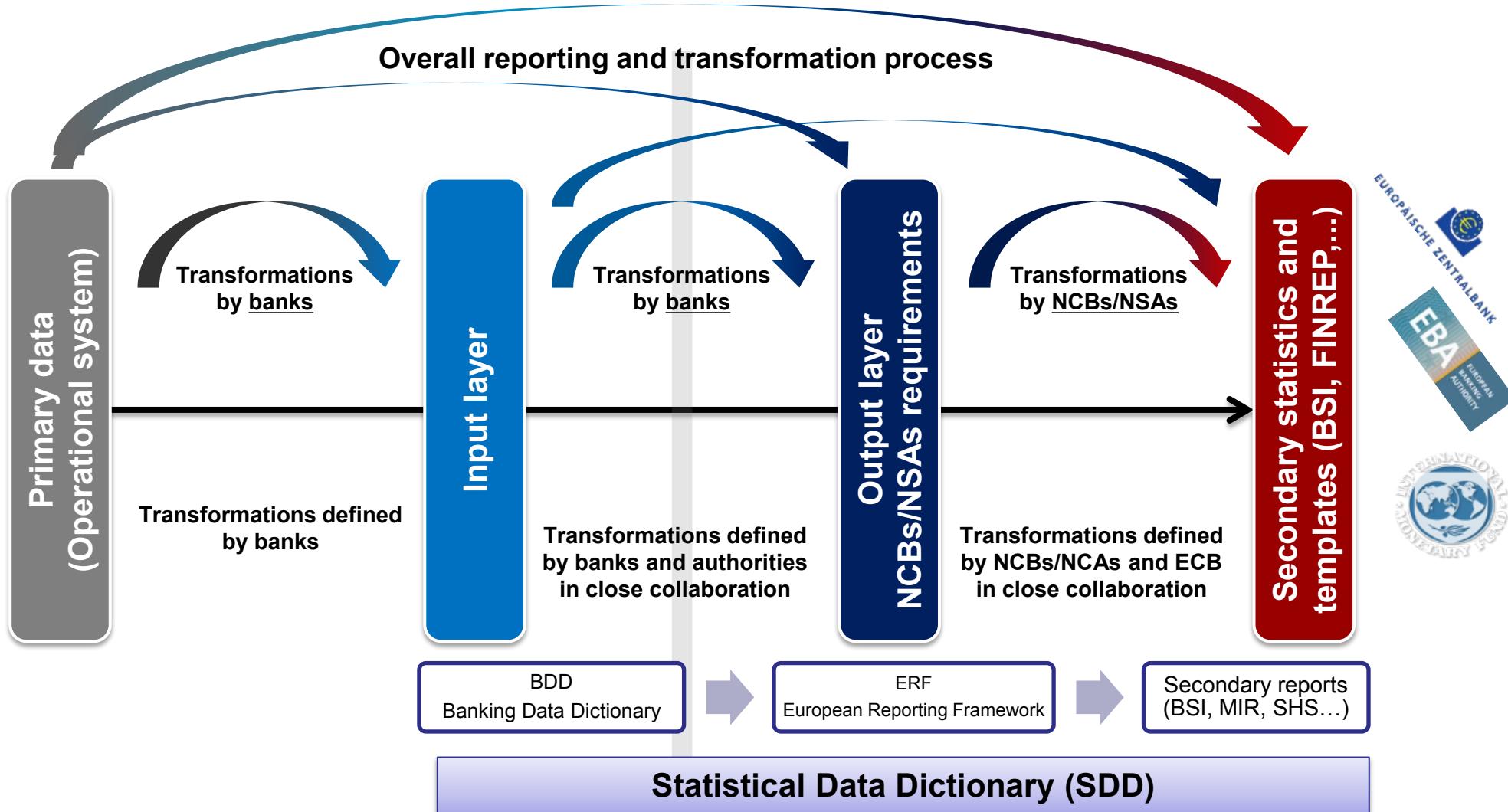


GRISS ... Groupe de Réflexion on the integration of statistical and supervisory data

## What is the ERF aimed to be?

- ESCB **harmonised, consistent primary reporting scheme** for most reporting requirements of ECB, and at a later stage SSM & EBA for banks
- Basis for **harmonised production** of required statistical and supervisory templates via unique transformation rules
- **Best practice** for collecting banks' data for different purposes (multi use of data) → **market standard**
  
- **Addressed directly to reporting agents** and aimed at replacing existing reporting templates in the long run
- Developed to be **applied by central banks in a unique way** (with national flexibility concerning add-ons)

# The Role of BDD, ERF and SDD



## Planned stepwise introduction of the ERF

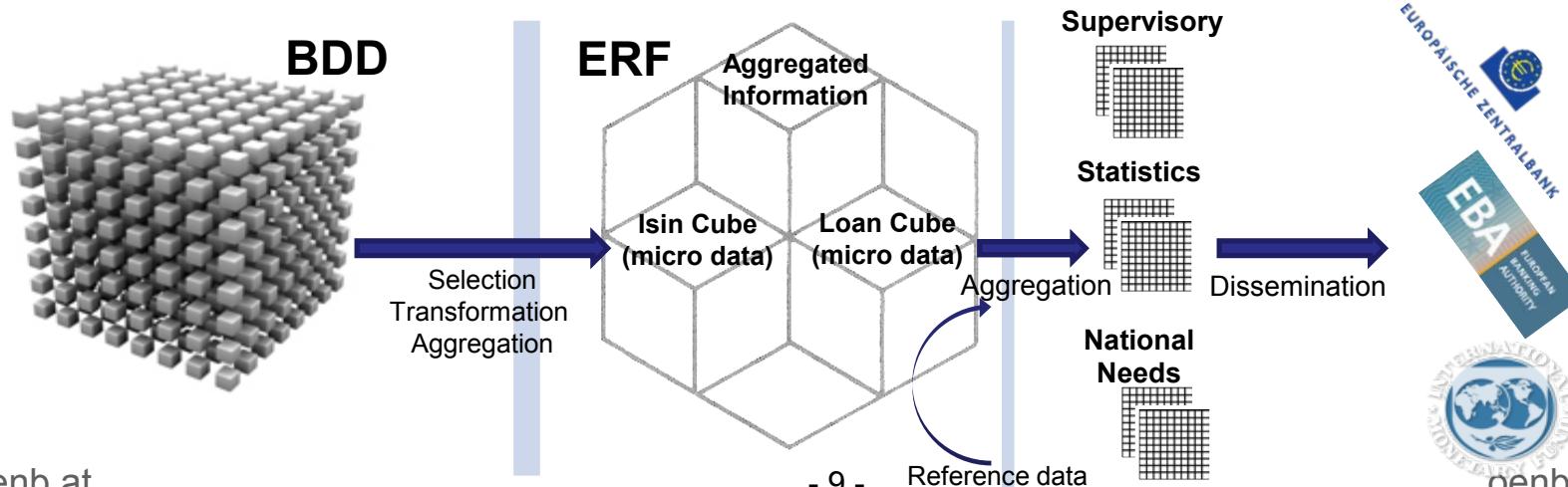
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- 1) **Definition** of a first version of a harmonised “primary” reporting framework for NCBs’ data collection, covering BSI, MIR, SEC, SHS, AnaCredit, the needs of other statistics such as BOP and national accounts
  - 2) **Investigate** possible ways for further integration of reporting schemes and new requirements, in particular, from the SSM ...
  - 3) ... and EBA →
  - 4) → Single and integrated European Reporting Framework (ERF), incorporating both EBA’s ITS and ECB’s reporting requirements

**It is still too early to express a precise timing for the introduction of this framework**

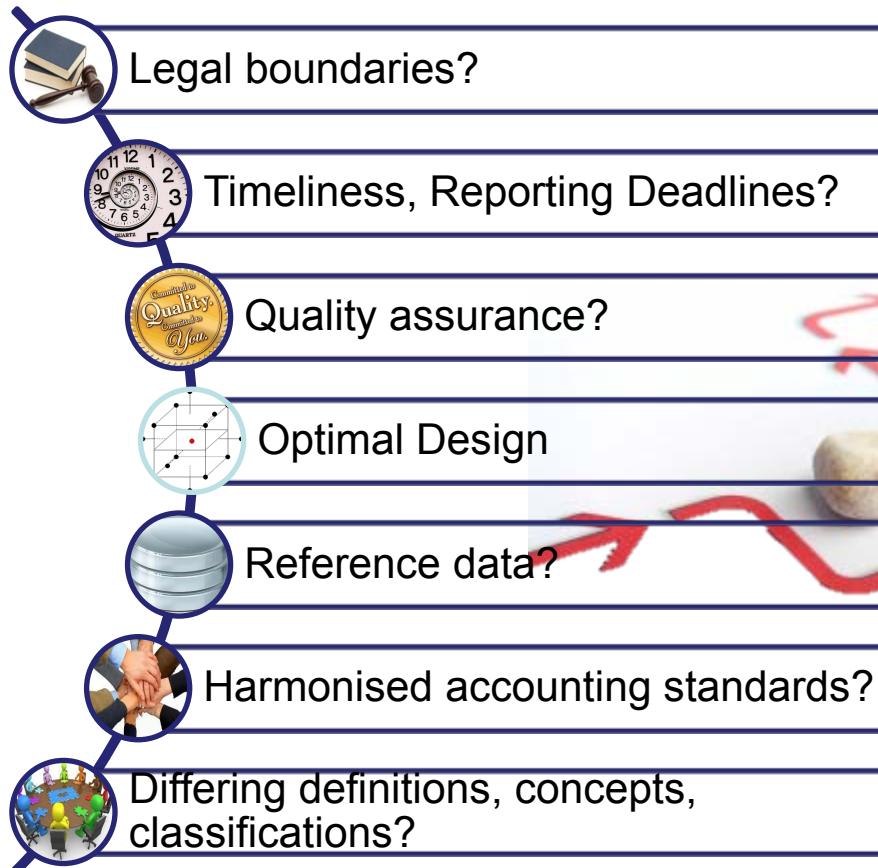
# Main Advantages



- It fosters **efficient, less-redundant** data collection, a **consistent** interpretation of different statistics, an identical compilation process and the application of identical data quality methods.
- **Data quality** will improve through the use of harmonised concepts, business-friendly definitions and collection methods that are, as far as possible, free of redundancy.
- A common framework **eliminates the need to cross-check** individual reports published by one and the same reporting institution.
- A common framework increases the **analytical value** as it enables data users to drill down within the respective secondary statistics.
- Integrated and harmonized data production **reduces** the need for burdensome **ex-post reconciliation** and comparisons.



# What challenges are we facing?



How much time to transmit data?  
Peak loads?  
National Flexibility?  
Communication Channels?  
Assurance of data consistency?  
Revision policy?  
Legal Entity Identifier (LEI)?  
Harmonization of accounting standards instead of mapping

## Conclusions

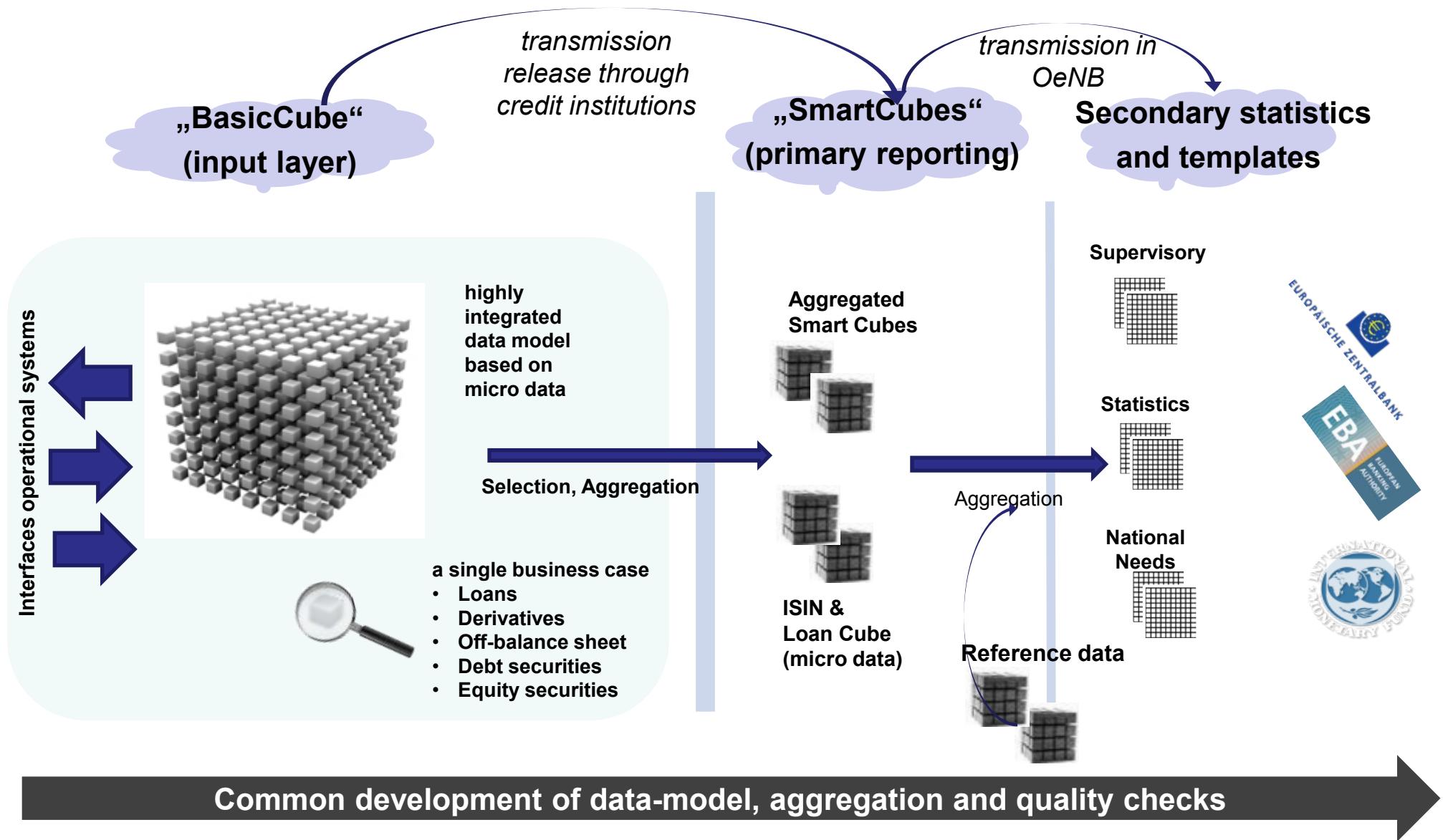
- An integrated data model has the **potential** to solve the problem of the “information bottleneck”
- It represents a **paradigm shift** in bank supervision and statistical **data remittance**
- It allows **greater reconciliation** between data collected for various purposes and **minimises redundant** data deliveries
- In so far the Austrian approach takes a kind of **pioneering role** regarding both the organization model (joint venture / regulatory reporting factory) and the innovative, cube-based data model

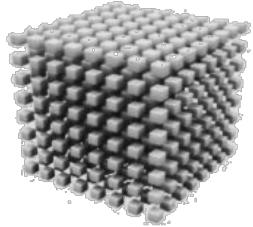
# Appendix – the Austrian integrated data model

# Austrian new ways in reporting with integration of

- **IT-Systems**
  - ❖ Reporting Tools
  - ❖ Calculation Engine
  - ❖ Analysing Tools
- **Structures**
  - ❖ Re-organisation of the Statistics Department
  - ❖ One stop shop philosophy
- **Processes**
  - ❖ Harmonised co-operation and communication with banks
- **Contents**
  - ❖ Integrated data model & shared documentation

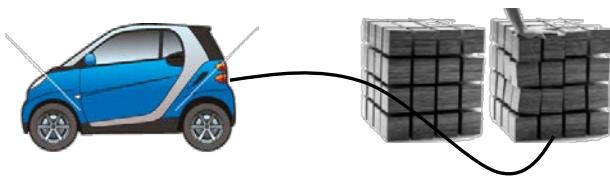
# The Austrian integrated data model





## Basic Cube (~ Input Layer)

- ... Provides an exact, **standardised**, unique and hence unambiguous definition of individual business transactions and their attributes
- ... Establishes a **harmonised** database model at a very **granular** level
- **Consistency**, the **absence of redundancy** and ease of **expandability** are key features of the Basic Cube
- ... Has been **developed jointly** by banks and the OeNB, but OeNB staff will not be allowed to access the Basic Cube
- ... Will be the **basis for** (almost) all **reporting obligations** and it is the harmonised basis for additional data requests
- ... Is **not a legally binding** but banks committed to its implementation in a cooperation agreement



## Smart Cubes (~ Primary Reporting)

- ... Describe multi dimensional **primary reporting**
- ... Derived by **jointly defined** transformation rules from the Basic Cube
- ... Are the **basis for** the production of **final** (secondary) **products** (e.g. BSI, MIR, SHS, supervisory templates)
- Allow **drill down** from final products and – especially in the case of micro cubes – flexible and detailed analysis of special cases
- Delivery is **obligatory**
- They are based on **shared standardised entity reference data**

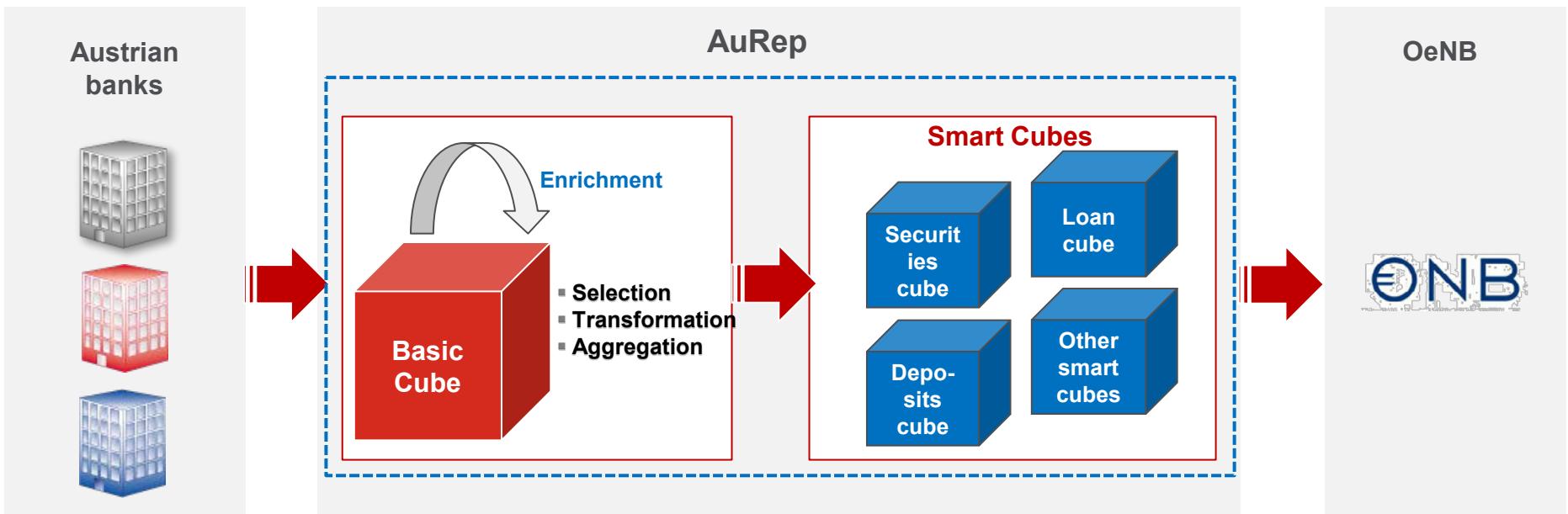


## Co-operation with Austrian banks

- Establishment of a **joint Standing Committee (SCom)**
- **Development** of the integrated data model in **SCom Working Groups** (consisting of OeNB, staff members of banks and software developers)
- Joint development of a market standard through **know how transfer**
- **Decisions** regarding the data model are taken in meetings of the **SCom Steering Group**
- SCom Steering Group consists of OeNB, mid management of big banks, Austrian Bankers' Association, Austrian Economic Chamber, Financial Market Authority (observer)

# Austrian Reporting Services GmbH

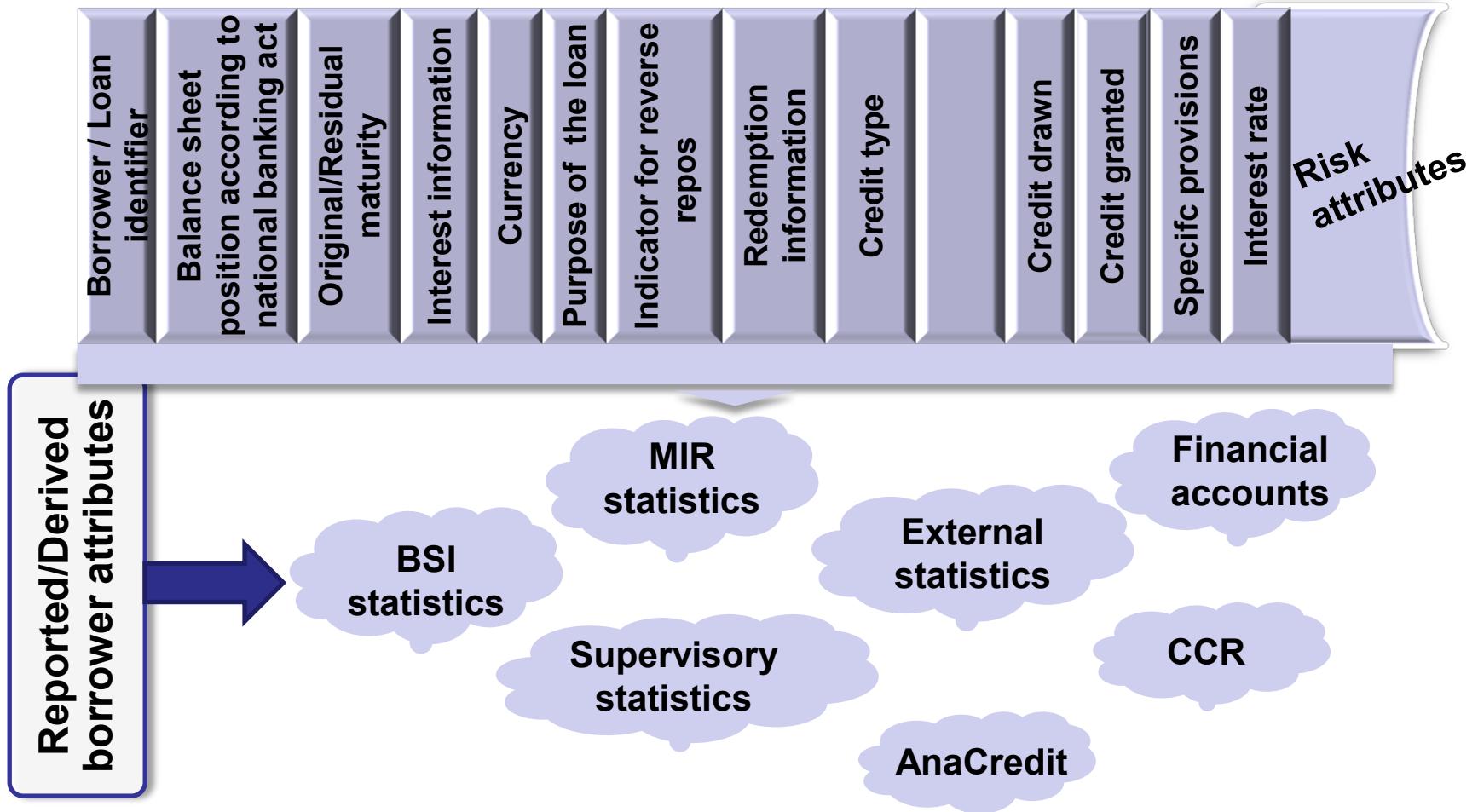
- Founded in 2014 by 7 banks as **central reporting platform**
- With Raiffeisen as a new partner AuRep covers about 90% of the Austrian banking sector
- Banks are still responsible for correctness of the reports and their content



## Loan Cube

- **Stepwise** introduction of the Loan Cube
- **First stage** of the multidimensional (aggregated) loan cube will primarily serve “**statistical needs**”
- **Second stage** will include additional attributes and the business of foreign branches → it will meet some national needs of **supervisors** and **financial market stability analysts**
- **Third stage** will be the extension of existing concepts to loan-by-loan reporting to fulfill the needs of **CCR** and ECB’s **AnaCredit**
- The cube is aimed at **replacing** respective parts of some existing reporting templates in the field of monetary and financial statistics as well as – in the long run - supervisory templates
- Risk information, e.g. non performing loans, ratings and risk weighted assets, as well as collateral information will be also integrated.

# Use of the Loan Cube



# Stepwise implementation of regulatory reporting requirements using the example of FinRep solo

