Irving Fisher Committee on
Central Bank Statistics

BANK FOR INTERNATIONAL SETTLEMENTS

IFC-Bank Indonesia Satellite Seminar on *"Big Data"* at the ISI Regional Statistics Conference 2017

Bali, Indonesia, 21 March 2017

Integrated management of credit data - Turning threats into opportunities[1]

Luis Teles Dias,
Bank of Portugal

[1] This presentation was prepared for the meeting. The views expressed are those of the author and do not necessarily reflect the views of the BIS, the IFC or the central banks and other institutions represented at the meeting.

Integrated management of credit data

Turning threats into opportunities

BANCO DE PORTUGAL
EUROSYSTEM

Luís Teles Dias

Deputy-Director • Statistics Department

IFC – Bank Indonesia Satellite Seminar on "Big Data"

Bali, Indonesia | 21 March 2017

BANCO DE PORTUGAL
EUROSISTEMA

Central banks "love" credit data

- Central banks (CBs) have a vested interest in credit data
- Usefulness for a number of CBs' functions:
  - Monetary policy
  - Supervision
  - Financial Stability
  - Statistics
  - Research

Credit Registers

- **Credit registers** (CRs) are the **main source of credit data** for many central banks
- Depending on their scope, number of data attributes, threshold, frequency of reporting or level of granularity, CRs are quite often one of the **largest databases managed by central banks**
- Although not complying with the five Vs commonly used to describe Big Data, CRs are frequently referred by central banks as *Big Data projects*

Credit Registers and the five Vs

Volume	High, at least for CBs' standards
Velocity	Low, although daily reporting can introduce extra challenges
Variety	None; data are typically very structured and uniformly formatted
Veracity	Data refers to individuals (natural and legal persons) who are normally entitled to access their own credit information, thus the trustworthiness of the data is crucial
Value	High, either for the CB and the credit institutions (when the CR is also a service provided by the CB)

The AnaCredit project

- The financial crisis increased the need to **explore indebtedness** across the European Union
- In order to address this desideratum, the ECB (together with the euro area and some non-euro area NCBs) launched the **AnaCredit** project in 2011
- **Harmonized and highly granular credit data** was considered crucial to support several CB functions, such as decision-making in monetary policy and macroprudential supervision

Challenging EU central banks

A big challenge ahead for EU central banks !

Not only because of the volumes of data but also due to very different backgrounds

The "long and winding road" to comply with AnaCredit

- The impact of the AnaCredit project was very diverse among the euro area national central banks (NCBs)

STARTING POINT		IMPACT
NCBs running a CR	Loan-by-loan CR	**Low-Medium**
	Debtor-by-debtor CR	**High**
NCBs not running a CR		**High**

BdP case

- Furthermore, the wide range of data attributes originates a high degree of complexity

Strategic approach to the AnaCredit challenge

- Managing a CR is a long-time legal responsibility of *Banco de Portugal* (since 1978)
- Triggered by AnaCredit, it was **inevitable to develop a new CR** (and not simply revamp the existing one)
- Before embarking in the development of the new CR we have decided to **look at the challenge strategically**:

  How could we profit from this threat to became more efficient and, at the same time, to convey this efficiency to the reporting obligations of credit institutions?

The new CR – an opportunity for BdP

The new CR is a golden opportunity to rationalize all the reporting of credit data to the central bank, irrespectively of the purpose behind the different existing reports

The reporting to the new CR will integrate all credit data needs of the different departments of the Bank and will operate as a "single-entry point" for all those data

Expected benefits of the chosen approach

- Rationalization of reports
- Harmonization of concepts, granularity, frequency and timeliness related to credit data
- Minimization of efforts required to ensure the coherence of credit data used for different purposes
- Efficiency in the management of quantitative data
- Existence of a single moment and a single entry-point for communicating credit data
- Contribution for reducing context costs of the financial system regarding their reporting obligations

Full support of this approach by credit institutions

The new Credit Register in a nutshell

Current CR
(24 attributes)

+

AnaCredit
(62 attributes)

+

Other existing credit reports
(51 attributes)

+

New internal requirements
(42 attributes)

Scope of the rationalisation

New CR
(179 attributes)

For each individual loan granted to any natural or legal person by any resident credit institution (banks + non-banks) with an outstanding amount over 50€

BANCO DE PORTUGAL
EUROSISTEMA

The new Credit Register in a nutshell

Monthly (all attributes):

- Credit data
- Credit risk data

Daily (small subset of attributes):

- New loans above 15K €
- Full anticipated repayments
- New overdue loans
- Repayment of overdue loans

Managing information in a strategic way

- The new CR will be an important cornerstone of the ***Integrated Management of Information*** – a strategic approach adopted by BdP two years ago
- Information, a major asset of a CB, should be managed in an integrated way – like other resources such as HR, IT or Budget
- The new CR will contribute to reinforce the role of the Statistics Department as the operational manager (not "owner") of quantitative information of the Bank

The new Credit Register project

Major milestones

SEPTEMBER 2015

Start of the Investigation Phase

OCTOBER 2016

Start of the Realisation Phase

... TODAY ...

JUNE 2018

Go-live!

Thank you for your attention!

ldias@bportugal.pt