



EUROPEAN CENTRAL BANK

EUROSYSTEM

Integrated Reporting Framework (IReF)

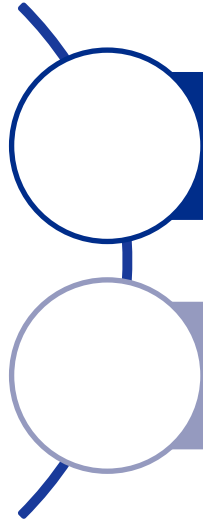
Complementary cost-benefit
assessment



Eurofiling conference 2023
13 June 2023

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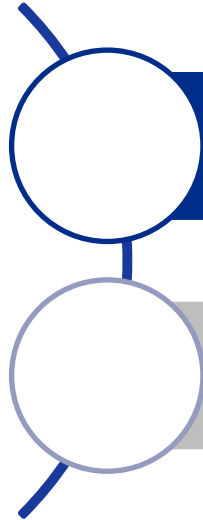
Agenda



1. Background

2. The complementary CBA questionnaire

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1. Background

2. The complementary CBA questionnaire

Why an Integrated Reporting Framework (IReF)?

NCBs defined reporting requirements

Reporting overlaps existed

... One regulation
... Redundancy-free

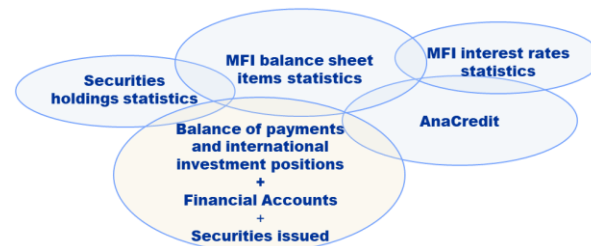
Standardisation via the IReF

IReF
collection
layer



ONE euro area
↓
ONE directly applicable regulation
↓
ONE largely standardised implementation

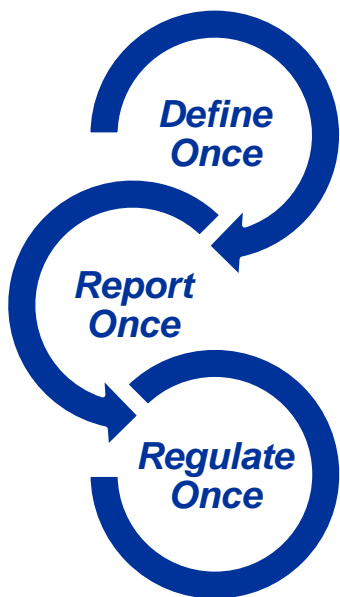
Datasets currently in scope of the IReF



➤ Plus supranational regulatory contents

Principles of the IReF

IReF is part of a larger European initiative on integration of prudential, resolution and statistical reporting to reduce bank reporting burden

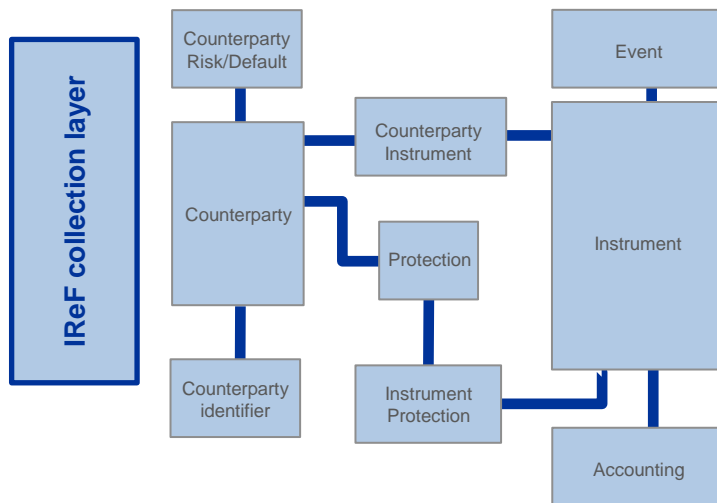
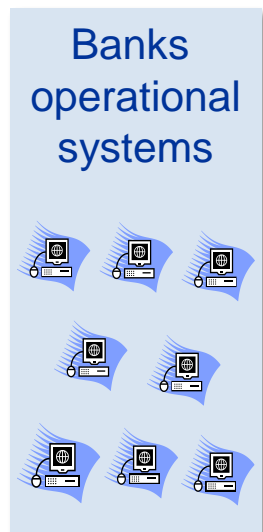


by using a *common data dictionary* with all the data definitions

by enhancing *reusability and interoperability* of the data

by consolidating all banks ESCB statistical requirements in *a unique legal act* applicable across the euro area (might be adopted by other EU Member States)

What does it mean to integrate requirements in the IReF?



Notes: Depiction used to support the IReF public consultation of 2020-2021

- Common (entity-relationship) model
- Same dictionary “standardisation”
 - In principle, common with prudential and resolution requirements
- Same reporting schedules
- Additional granularity compared to existing datasets
 - Integrate existing reporting lines and avoid duplications

Embedding BIRD and IReF in an end-to-end process

BANKS

**EUROSYSTEM & OTHER EUROPEAN
AUTHORITIES**

Banks
operational
systems

Transformations
by banks

Transformations
defined by banks
and authorities

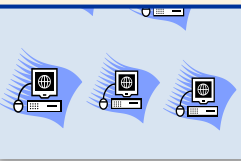
Harmonised
transformations
by the ESCB

**A dedicated IReF subgroup
within the BIRD already
exists to support the
development of the IReF.**

BIRD

IReF collection layer

ESCB statistics



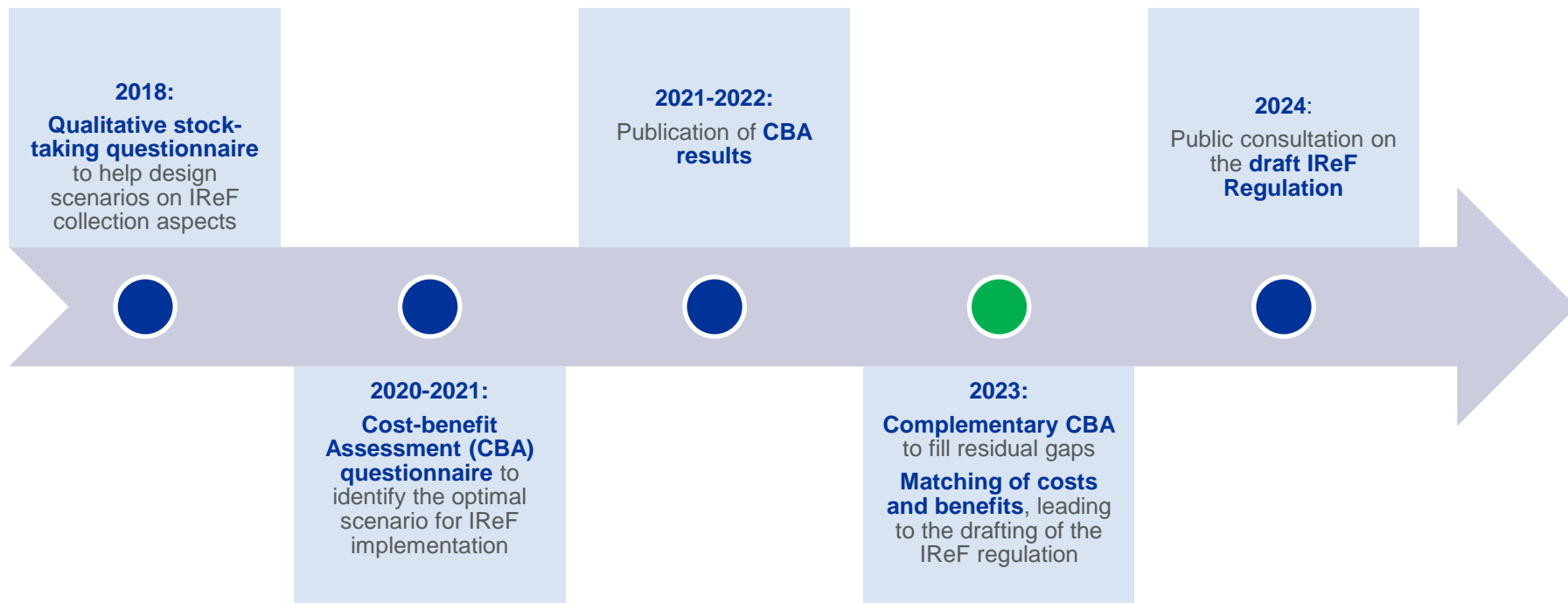
Supervisory/resolution reporting
EBA, SSM and SRM

Redundancy-free input

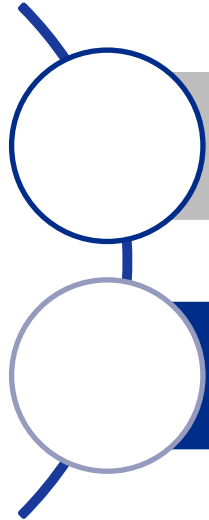
Common data dictionary across domains

Steps of the cost-benefit analysis

Adapted version of merits and costs procedure in line with Article 3 of Council regulation (EC) 2533/98



Agenda



1. Background

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Complementary CBA – Rationale

Follow-up to the 2020-2021 CBA

- **Country-specific requirements** represent a cost-driver for statistical reporting
- Alignment to **FINREP solo** could be beneficial going forward

Scenarios on how this can be achieved effectively have been worked out

- The resulting **complementary CBA** provides for a comprehensive assessment
- Rather than new requirements, these should be interpreted as **an opportunity to simplify and standardise the overall approach to the data collection**, considering that:
 - **national collections** will not disappear, e.g. to fulfil NCBs' statutory tasks
 - the broader objective aims to achieve integration across statistical, prudential and resolution domains

Complementary CBA – Key facts

Aim:

Address additional topics of relevance for setting up IReF

Target stakeholders:

Banking industry, Eurosystem compilers and ESCB user groups

The questionnaire

How to participate:

NCBs invited the institutions. However, the questionnaire is open to every institution that wishes to participate

Way of implementation:

The survey will be conducted in **EPSILON**, similar to the CBA conducted in 2020-2021

Structure of the complementary CBA

1. Introduction

2. Information on respondents

3. Extension of the IReF Regulation to cover country-specific requirements (CSR)

4. Additional features to optimise the IReF analytical value

5. Modalities of the IReF reporting

6. Closer alignment with FINREP solo

3. Extension of the IReF Regulation to cover CSR [1/5]

ESCB approach on two pillars

- Country Specific Requirements (CSR) **common across several NCBs might be considered for inclusion in the IReF Regulation**
- CSR **not common across several NCBs will continue to be collected based on national legislation** (ideally modelled in the IReF extended technical layer)

3. Extension of the IReF Regulation to cover CSR [2/5]



Assess costs and benefits of including common CSRs in the IReF Regulation

Approach to the collection of information on granular loans

More granular description of real estate loans

Additional level of detail on the loan purpose

Reporting of the type of termination and origin of loans

Standardised non-negotiable instruments classified as loans or deposits

Additional information on deposits (liabilities)

Type of control of counterparties

Reporting of relationship information

Direct investment income from equity

Information on the securities transferred in repurchase agreements and other lending operations

Off-balance sheet items vis-à-vis legal entities (excluding derivatives)

3. Extension of the IReF Regulation to cover CSR [3/5]

Key proposals – Loans granular anonymised

- **Approach to the collection of information on granular loans**
 - Collect **loans to natural persons** at the granular level but anonymised
 - **Main advantage:** facilitate the collection of requirements stemming from the IReF and national central credit registers in an integrated way, minimising double-reporting

	Common	Country specific requirements	
Granular	IREF	National	
Aggregated	IREF	National	IREF duplications

Granular enables national authorities to design true add-ons to the IReF without requiring the same information again!

3. Extension of the IReF Regulation to cover CSR [4/5]

Key proposals – Loans granular anonymised

- Data would be anonymised to limit reporting burden and address data protection considerations
- The basic proposal consists of collecting only attributes that are needed for the derivation of secondary statistics (which represents a smaller requirement compared to the one regarding legal entities in AnaCredit)
 - E.g. for Loan debtors only the country and the institutional sector are foreseen

3. Extension of the IReF Regulation to cover CSR [5/5]

Key proposals – Other

- **More granular description of real estate loans**
 - Standardise the collection of data on real estate loans arising from ESRB recommendations
- **Off-balance sheet items vis-à-vis legal entities (excluding derivatives)**
 - Additional insights on the undrawn credit amounts granted by the banks
 - Considering the proposal to extend the off-balance sheet information:
 - Re-evaluate the proposal to introduce a **contract level table** to solve the complex allocation currently required in AnaCredit for **multi-instrument contracts**

4. Optimise the IReF analytical value [1/3]



Assess costs and benefits of including additional features (not yet regulated) in the IReF Regulation

Split of outstanding nominal amount

Tracking changes of instrument identifiers

Statistics related to climate change

Protection allocated value eligible for credit risk mitigation under the CRR

Governing law of loan agreements

Reporting of protection issuers

Reporting of probabilities of default

4. Optimise the IReF analytical value [2/3]

Key proposals

- **Split of outstanding nominal amount**
 - Report the main components of the outstanding nominal amount (principal amount, unpaid past-due interest, other fees)
 - **Main advantage:** allows the implementation of a reporting threshold for granular loans
 - For example, ‘dormant-account’ could be excluded from the collection
- **Statistics related to climate change**
 - Relevant for assessing climate change risks that can affect the **monetary policy** and the **financial stability**
 - No duplications with other existing data collections

4. Optimise the IReF analytical value [3/3]

Key proposals

- **Reporting of protection issuers**
- **Protection allocated value eligible for credit risk mitigation under the CRR**
- **Reporting of probabilities of default**
 - Strengthen the analytical value of the information reported in IReF with the inclusion of information on:
 - bank's risk management policies
 - bank's sensitivity to risk

5. Modalities of the IReF reporting [1/2]



This section assesses different modalities for data submission in different countries with the objective to standardise (i.e. assess best-practices).

Types of data submission

Reporting schedules

Early submission of counterparty reference data

5. Modalities of the reporting [2/2]

The reporting process is a vital component for the success of a reporting framework

- Investigate with the stakeholders the optimal solutions
- Standardisation of existing heterogenous national practices

Aspects under consideration

- **Types of data submission**
 - Full replacement, dynamic or at change
- **Reporting schedules**
 - Simplify the **IReF reporting schedules** to the highest degree possible
 - Further develop the analysis of the precedent CBA, keeping into consideration the trade-off between timeliness and accuracy
- **Early submission of counterparty reference data**
 - Interaction with the reference information (i.e. counterparty information)

6. Closer alignment to FINREP solo [1/3]



Topic applies to credit institutions only

Extensions related to concepts already available in IReF

Extensions related to concepts that are not included in the IReF baseline

Extensions related to off-balance sheet items vis-à-vis natural persons (anonymised)

Dynamic adjustment of IReF to changes in the EBA Implementing Technical Standards (ITS)

6. Closer alignment to FINREP solo [2/3]

In line with the broader objective to strengthen the integration of statistical, prudential and resolution data

- Target of alignment is FINREP solo simplified
- IReF and FINREP solo are relatively close in terms of scope
 - Legal entities vs institutional units

FINREP solo might represent an anchor for granular IReF reporting

- Potential use to benchmark IReF granular data

More use of the IReF dataset for supervisory purposes

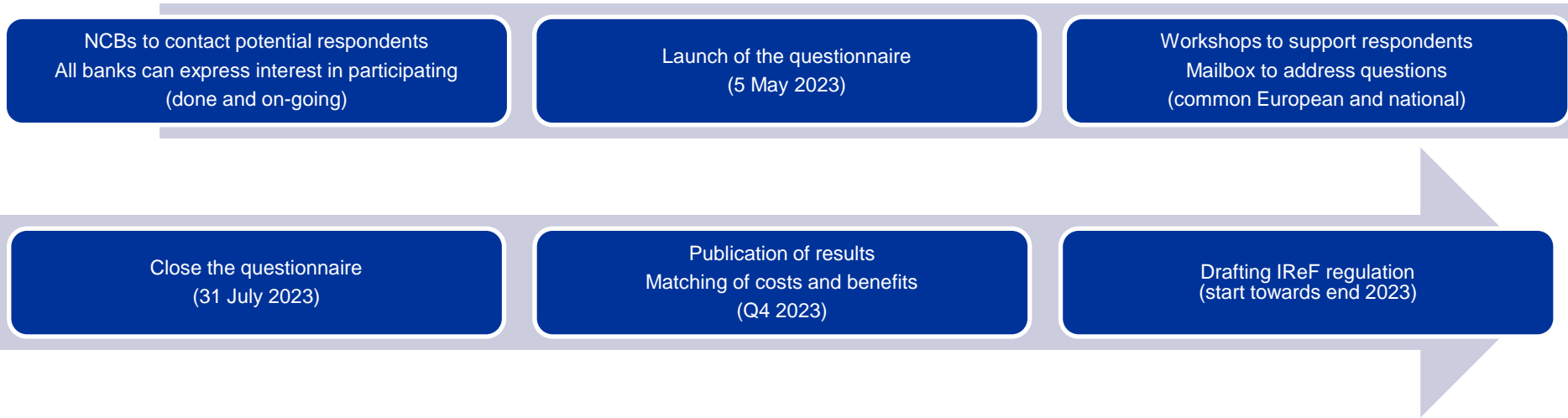
- Reducing ad-hoc requests to reporting agents due to a more analytical and stable dataset
- Possible redundancies between IReF and FINREP templates may lead to the simplification of FINREP solo

6. Closer alignment to FINREP solo [3/3]

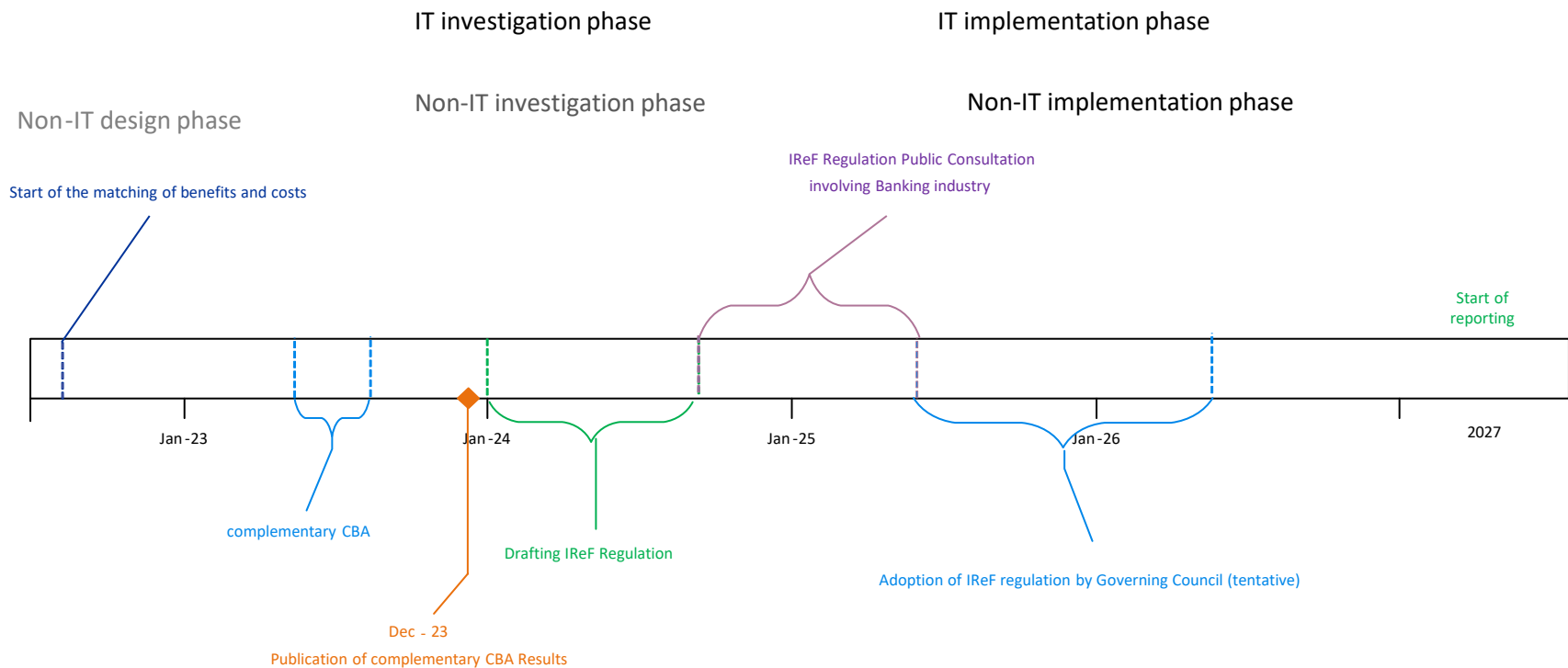
Key proposals

- **Extensions related to concepts already available in IReF**
 - IReF baseline scenario already includes several FINREP concepts (mostly in the “accounting table”)
 - The proposal is to **extend them** to all **relevant instruments**
 - For example, the attributes in the “accounting table” for granular loans (e.g. performing status, impairment status) could be extended to securities held (when applicable)
- **Extensions related to concepts that are not included in the IReF baseline**
 - Possibility to include FINREP concepts not available in the IReF baseline, specifically
 - **Advances that are not loans**
 - Instruments that are part of a disposal group classified as **held for sale**
 - **Gross carrying amount**
 - **Maximum amount of the collateral or guarantee that can be considered**
 - Information on **fair value hierarchy**
 - Additional **requirements on derivatives**

Way forward and timeline for the cCBA



The broad envisaged timeline



Thank you!

