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SDD, BIRD, IReF, AnaCredit and RIAD
Integrated Reporting, what could we aim at?

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Overview

Purpose

The SDD is an ECB endeavour related to *metadata with definitions and concepts* for describing the content of datasets in use

Its goal is to *share a metadata dictionary* so as for the ECB to uniquely define the data it avails or is developing, and fully *exploit them in richer analyses*

Benefits for involved parties

- **ECB** *data users and producers*
    - Users benefit by having datasets described following the *same standard*
    - Producers benefit when *monitoring consistency* or *combining different datasets*

- The **ESCB** and the **financial industry** by using the SDD in data collection e.g. via the *Banks' Integrated Reporting Dictionary*

The multiple codes problem

Securities Holdings Statistics

| ISSUER_SECTOR Issuer ESA 2010 sector |
|---|
| S_13 - General government |
| S_121 - The central bank |
| S_122 - Deposit-taking corporations except the central bank |

FINREP

CPS Counterparty sector
x1 - General governments
x10 - Central banks
x12 - Credit institutions

MFI Balance Sheet Statistics

BS_COUNT_SECTOR BS counterpart sector
2100 - General Government
1100 - Central Bank (S.121)
00BK - Non-resident banks

AnaCredit

INSTTNL_SCTR Institutional sector
S13 - Central government (excluding social security funds)
S121 - Central banks
122_A - Credit institutions
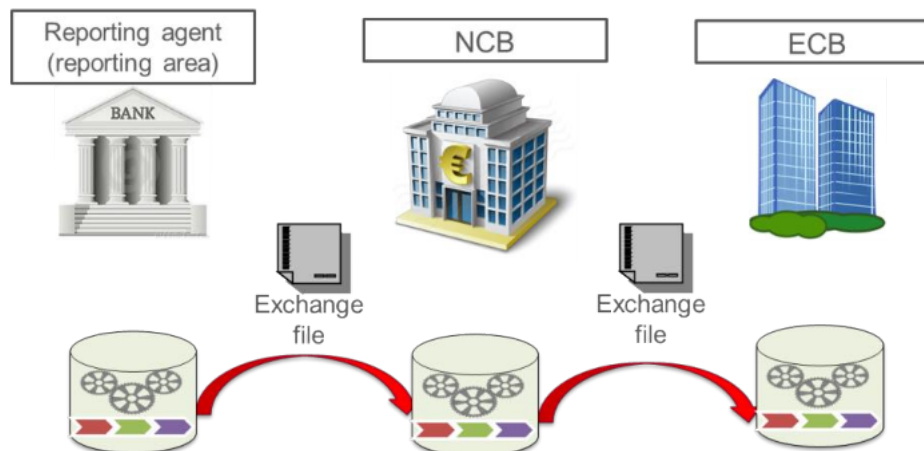
SDD reference dictionary integration
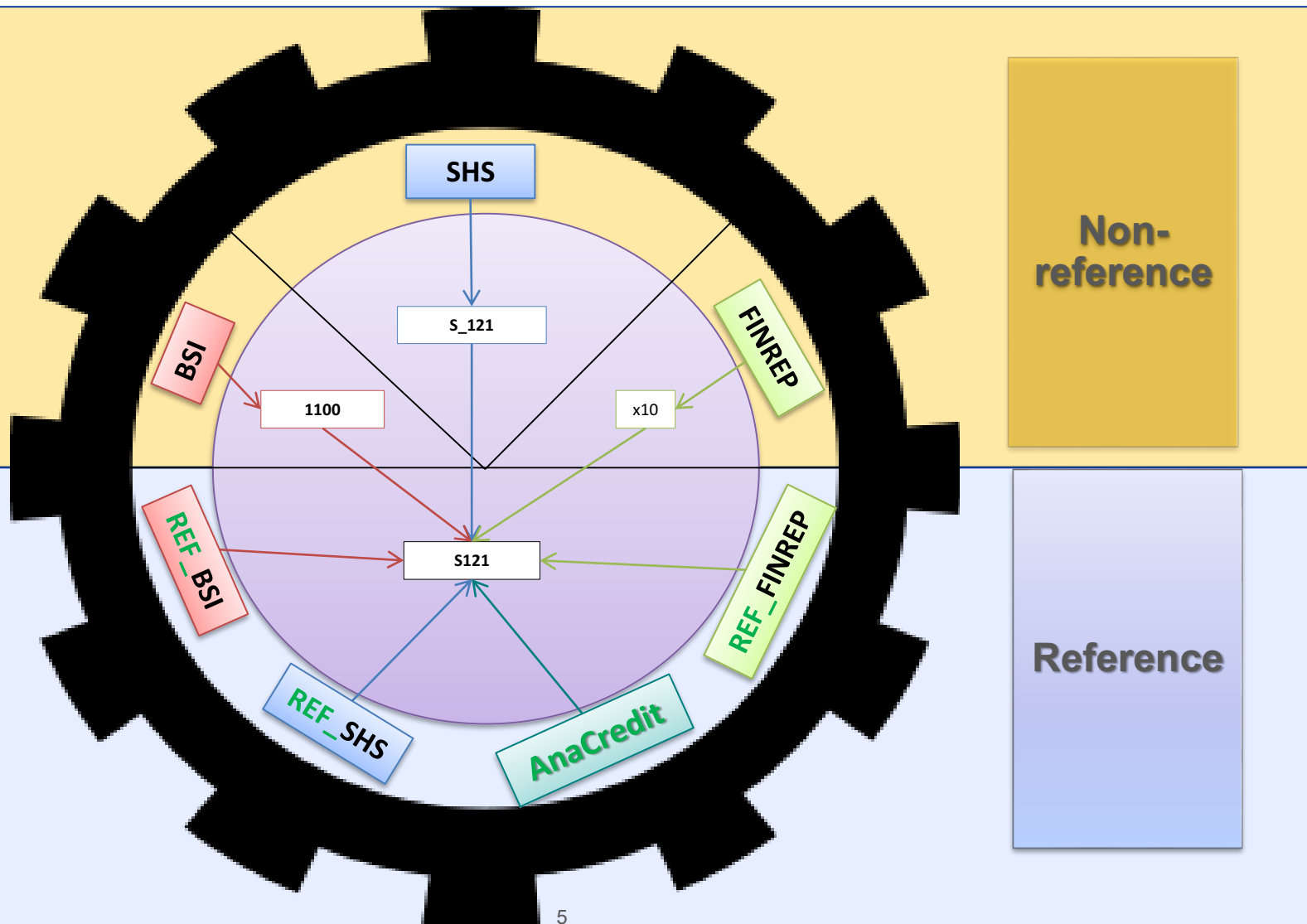
- ESCB statistics to keep supporting policy making while minimising the reporting burden for banks via:

  – Engaging in a regular dialogue with the banking industry

  – Standardising and integrating existing frameworks for banks' reporting across *domains* and across *countries*

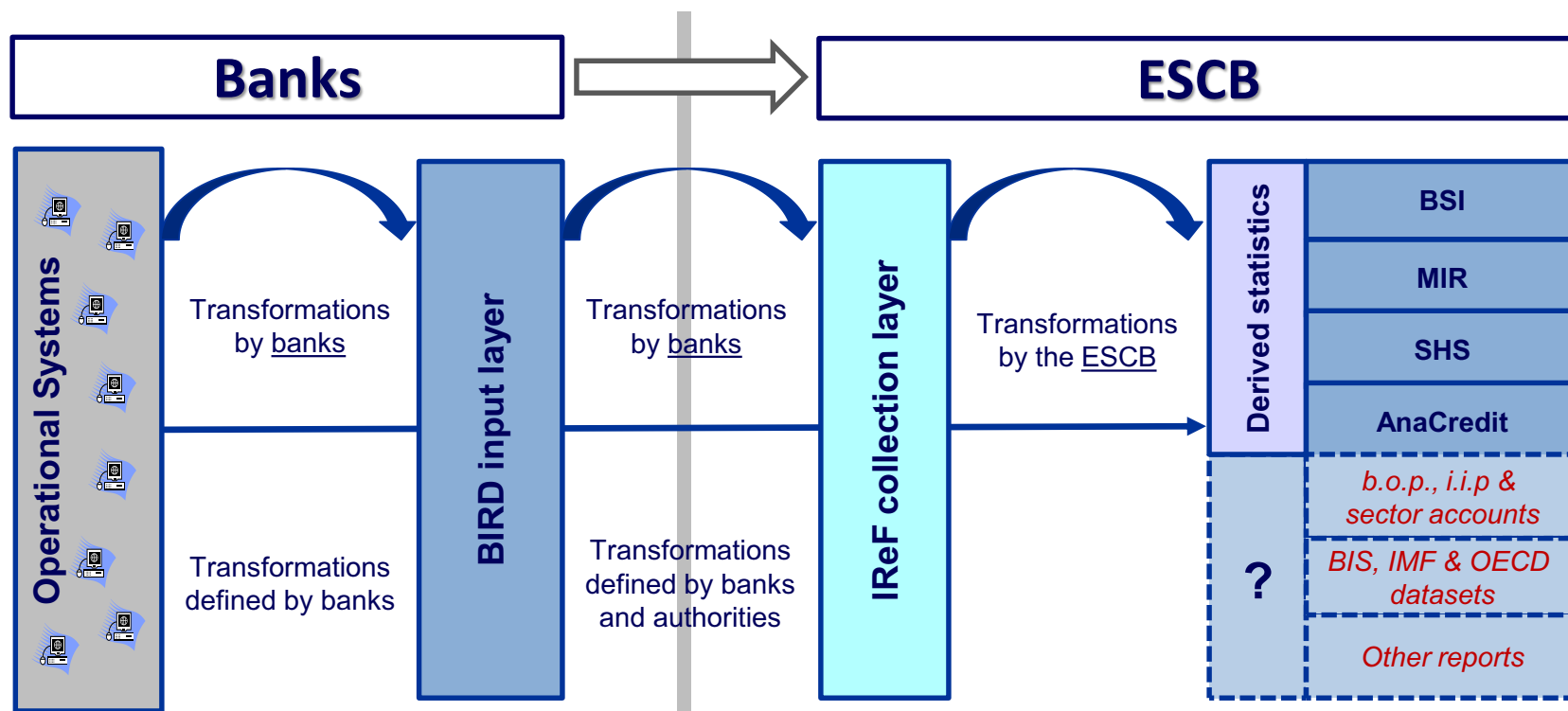| *IReF*	*BIRD*
Integrated Reporting Framework	*Banks' Integrated Reporting Dictionary*
Collect the data only once, via integrated reporting scheme	*Support reporting agents* to optimally organise the information available in their internal systems
Focus on *ESCB statistical requirements*	

Envisaged approach to data collection from banks
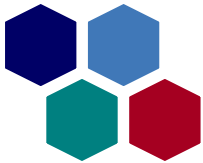
The Banks' Integrated Reporting Dictionary

What is BIRD?

Based on *a harmonised data model* it describes

- the data to be extracted from the banks' internal systems, the "*input layer*", and
- the *transformation rules* to be applied to the input layer

… so as to derive regulatory reports

Main characteristics

- Carried out and maintained by *banks* and *authorities* in *close cooperation*

- Available as a *public good* to *banks* and other parties

- *Adoption is voluntary:* joining is easy[*]

- Described in a natural and a formal language readable by IT solutions; but it is *not an IT tool* itself

* contact your NCB or http://banks-integrated-reporting-dictionary.eu

BIRD Benefit

Reducing the reporting burden

- *Different reports* produced from *a single input layer* by applying harmonised algorithms

- No need for separate data extractions

- *Decreased time and effort* to analyse and prepare new reports exploiting the knowledge available in the BIRD group

Advantages for the Institutions

- *Unique, shared interpretation* of the requirements and consequent increase in data quality

- *Awareness of* reporting agents' *cost drivers* by regulators

- Ability to *fine tune the reporting* and better shape/automate the data processing

BIRD in a nutshell

What is BIRD

- BIRD as set of *definitions* & *transformation rules*
- Jointly developed with and *voluntarily* applied by banks
- Help the regulatory reporting

Main characteristics

- The BIRD documentation is on a public website http://banks-integrated-reporting-dictionary.eu
- Use of BIRD is free & voluntary for reporting agents

Work done

- AnaCredit Manual
- SHS Group reporting
- FinRep (nearly completed)

Next steps

- Define a governance
- Define a work plan

Aim

Assess jointly with the banking industry
the IReF impact prior to any decision on implementation

➢ Various scenarios will be evaluated
    - combining *reporting*, *production* and *dissemination* aspects

➢ Different from the *ESCB procedure for establishing a legal act*

➢ Two main steps are envisaged

    - starting with a *qualitative stock-taking exercise, and*

    - continuing with a (more quantitative) *cost-benefit questionnaire*

➢ *Cost-benefit analysis* is expected to run over 2018 and 2019

- The draft scheme

  - *Integrated set of reports*

    - Actual number and structure depend on outcome of the cost-benefit analysis

  - *Higher granularity* only if required for the multipurpose use of data

  - *Combination* of different granularity levels, plus anchor values

  - *Minimise reporting burden*, through

    - Less redundancy in reporting

    - More stability over time

  - *Proportionality* to be ensured via a suitable derogation scheme

- No single taxonomy or standard for reporting, left to NCBs to assess

AnaCredit, in a nutshell

WHY

- Financial crisis triggered new policy questions

- Available information inadequate:
  need to zoom in beneath aggregates, need for *harmonised definitions*

- Decision to "*move beyond the aggregates*" (also) with credit data

WHAT

- AnaCredit = Analytical Credit Datasets

- Information on **each loan** by euro area banks   *70 attributes*

- Identity of **creditor** (banks) & **debtor** (mainly corp.) *20 attributes*

WHEN-HOW

- **First reporting *in Nov. 2018***   (ref. *Sept. 2018*)

- On a monthly basis, quarterly in some cases (e.g. proportionality)

- Decentralised approach: banks → NCBs → ECB

- Proportionality: derogations for smaller banks (<2% of total volume)

Big efforts now

- Converge to common concepts and definitions in all countries
  → *initial cost of standardisation*

- Develop adequate *IT infrastructure* to manage very large and confidential datasets

- *Uniquely identify* all counterparties across all respondents across countries
  - ➤ ca. 15 million legal entities (in RIAD)
  - ➤ synergies with *KYC (AMC, MIFID II)*

- Need to *assist users* in – complex – data analysis (cubes or datamarts)

For higher benefits tomorrow

- Granular *data can be re-arranged ex post* to respond to new policy needs

- Lower reporting burden in the medium term: *more stable requirements*

- Requirements closer to *data as they are in the banks' systems*

- Better assessment of credit-worthiness, through ***feedback loops*** set up by NCBs

- Possibility for a better "*benchmarking*"

- Banks to '*Speak a common language*'
  → *benefits of standardisation*

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

❑   AnaCredit page on ECB website   link

❑   AnaCredit *Regulation* approved in May 2016   link

❑   Publication of *Reporting Manual* completed in May 2017   link
in turn, Reporting Manual is *fully attuned to BIRD*

❑   Release of *validation checks* performed on data   link

❑   *Q&As section* on website based on queries from banks   link

The ***Register of Institutions and Affiliates Data*** (RIAD) is accessible to ***all members of the ESCB***

- *To collect business information on (financial) counterparties **–***
  for statistical and several other business purposes

- *To share data provided* to the full ESCB, SSM and other (selected) users

- *To assure high data quality of information on reporting populations*
  - *complete*
  - *timely*
  - *accurate, and*
 - *homogenously defined*

RIAD - Salient features (1/3)

- RIAD holds reference data on ~**470.000 individual units** …

  — resident *euro area* (~90%)

  — resident in *pre-in countries*

  — resident in the *'rest of the world'*

- … and structural data about ~**6.500 groups**

- The RIAD platform allows the ECB to currently publish lists of

  - *Monetary Financial Institutions*   ~ 7.000 MFIs

  - *Investment Funds*   ~ 60.000 IFs

  - *Financial Vehicle Corporations* involved in securitisation ~ 4.000 FVCs

  - *Payment Statistics Relevant Institutions* ~ 7.000 PSRIs

  - *Insurance Corporations*   ~ 2.000 ICs, and soon

  - *Pension Funds* (reporting to the ECB)   ~ 2.000 PFs

- *Thousands of users* in the ESCB and SSM have on-line access rights

RIAD - Salient features (2/3)

- **Comprehensive data model**

  incl. reference data on individual units plus relationships among them

A.	*Identification*	e.g. *identifiers*, *address*
B.	*Stratification*	e.g. *industrial activity*, *geographical allocation*
C.	*Demographic developments*	e.g. *birth/closure date*, *corporate actions*
D.	*Relationships between units*	e.g. *ownership*, *control*, (*fund*) *management*

- Strict separation of the **transactional** and **reporting** aspect
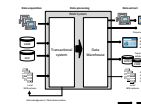
- **Multiple source** management
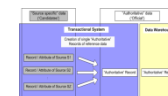
- Full **historisation** of all data

- Elaborate **access management**

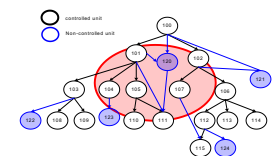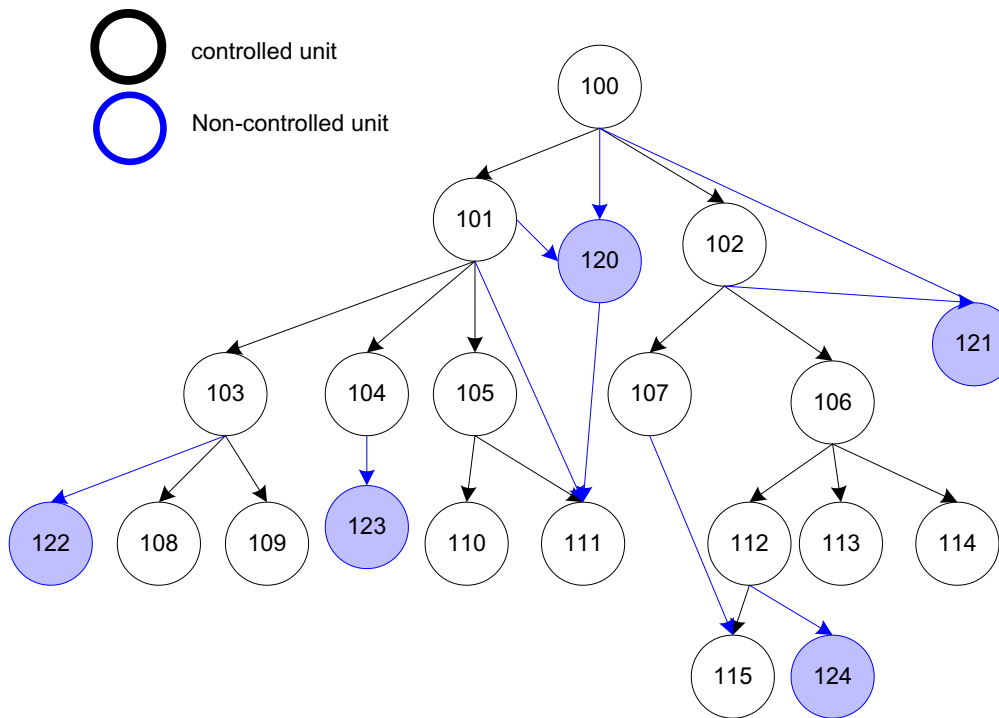 e.g. *special roles* and *different levels of confidentiality*

- RIAD offers the functionality to identify, store and present **two types of 'groups'**
  - Type A – connecting only 'controlled' units
  - Type B – subsuming all units with ownership relationships

- Group structures are updated at request based on
  - reference data on *all relevant entities* as well as
  - *ownership / control (o/c) information* or other relationships between them

- RIAD entails *reference data on the members of (significant and less significant) supervised groups* and their *subsidiaries in non-participating countries*

- RIAD is on the way to cover *information on nearly all legal entities* (and groups) across the euro area (and potentially all EU countries) – 15 million entities

Type of 'Group structures' in RIAD

Type "A" group: based on "control"

Type "B" group: based on "pure ownership"

Thank you!

Questions