

EBA's Workshop for banks: improving  
reporting practices and data quality

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# EBA's Workshop for banks: improving reporting practices and data quality - opening remarks and introduction to the workshop

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Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort

Good morning, ladies and gentlemen,

and a warm welcome to the first EBA workshop for banks on reporting data. Today's workshop was organised in the context of the important milestone which was reached by the EBA in 2021 as it started receiving regular reporting information for the entire population of banks in the EU and as it is onboarding other types of entities and activities. This achievement opens up a new era in the EBA's 10-year existence: this will help our authority to further improve the quality of its regulatory and risk analysis work, and also to best serve all its stakeholders.

**The EBA has always been at forefront in the area of banking and financial data.** Since its inception in 2011, the EBA has rooted its work in data, striving for innovation and digitalisation, in order to offer evidence-based decisions, opinions, reports, and regulation. Over the past 10 years, we have constantly demonstrated our commitment to making a wise and efficient use of data to assess risks, improve regulation and produce policy-relevant research. Now that reporting data will be available at the EBA for all EU banks and on a number of other related topics, these efforts to serve as an EU centre of analytical excellence can take a new dimension.

**Our approach is based on three main pillars. The first pillar is to serve as a EU-data hub for banking and financial activities and services.** All possible value should be extracted from the

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collected data and it should be disseminated internally and externally via sound data analytics processes and tools. **The second objective is to ensure an efficient and proportionate reporting frameworks for entities in the EBA’s remit.** This means a fit-for-purpose reporting requirements and processes, with reduced reporting costs thanks, in particular, to automated processes and routines with minimal human intervention while ensuring high quality. Finally, **the third and not less important pillar is to work closely together with all relevant stakeholders to develop an efficient and consistent financial data ecosystem within the entire EU.** This includes of course the other European Supervisory Authorities, the European Commission, the Single Resolution Board, the ECB and all national Authorities, without forgetting financial institutions, consumer representatives and academia.

**Let me start with our role as an EU-data hub.** This journey started in June 2013, when the first EU banking package was officially published and the first steppingstone for EU-harmonised reporting requirements was launched. This common EU reporting framework allowed to substitute a plethora of national reporting requirements with all their disparities and diversities. It was a key enabler to the convergence of supervisory practices, and it made dialogue between institutions and supervisors more efficient and effective. Coming into effect in 2014, the EBA received the first data under the harmonised CoRep and FinRep frameworks, for a sample of over 190 institutions (including from the UK).

The following step was for the EBA to establish its EU Centralised Infrastructure of Data (a.k.a EUCLID) which has become fully operational at the beginning of this year. EUCLID enables the EBA to better govern, manage, analyse, and disseminate its unique datasets and information through common practices, methodologies, infrastructures and tools, for the full population of over 4000 EU institutions. This wealth of information will reinforce the capacity of the EBA to develop regulatory work for the entire banking system taking into account the characteristics of the various types of players, and will allow it to fine tune its risk and vulnerabilities analyses. This will benefit institutions of all sizes. This will ensure consistent regulation and a level playing field across the EU for all types.

Importantly, EUCLID will help to further address the current EU public sector efforts to reduce the current inefficiencies and costs of supervisory reporting. EBA has taken a leading role in this regard, making proposals and recommendations to simplify and streamline regulatory reporting requirements, and as a result the cost of compliance.

One example is our work on transparency which includes publication of bank-by-bank data on capital positions, risk exposure amounts and asset quality through EU wide stress tests and Transparency exercise. The enhancement of the existing EBA’s data hub could allow for Pillar III requirements to be met by banks via EBA’s datasets and platform(s), particularly for small and non-complex size institutions, but also medium-size institutions.

A second example is the enhancement of the EBA’s analytical abilities, which will lead to a more comprehensive analysis with regards to risks, proportionality and impact assessment, without increasing the burden for reporting agents, since the change will allow addressing, among other

things, the lack of data on smaller institutions and specialised business models in the EBA work. Last but not least, EUCLID could be functional to the objective of ‘define once, report once’, enabling data flows between diverse endpoints and provide access to high-quality, curated data and insights to other competent Authorities by employing advanced technical capabilities.

With EUCLID the EBA will also be better fit to ensure level playing field and to cope with the emerging new frontiers of the banking and financial system which brings us to the **second pillar, that of an efficient and proportionate reporting framework**. Proportionality was always and will remain at the core of the EBA’s decisions and proposals to add or amend the EBA reporting framework. At the same time, supervisors are required to monitor implications of digital innovations, dealing with what is sometimes called the “big data paradox”: on the one hand, new technologies promise a better, faster and safer provision of financial services and a more efficient use of data; on the other hand, financial regulators are struggling to understand the implications of digital innovations because there is hardly any consistent statistical information on how those innovations change market structures.

Understanding how the lower-for-longer environment will keep on rocking the profitability boat banks have been navigating in, could also require additional data breakdowns to be collected by supervisors. Collecting regular data on crypto or software assets, as well as data on cloud use, outsourcing or digital resilience, for instance, will likely become a reality in the medium-term to assess the business models of new market entrants and to monitor the impacts on banks’ balance sheet. When such need for additional reporting requirements arises, we will of course be conscious of the impact on reporting agents.

The lifeblood of EUCLID is the data that the EBA collects, which needs to be fit-for-purpose and to deliver the expected insights. A key prerequisite for high-value analysis and insights is high quality data and inputs. In turn, rigorous data quality assurance processes and robust feedback loops from authorities and institutions will foster data improvements. Reporting institutions constitute the first layer of defence against bad quality data and an inefficient reporting system. While authorities will certainly build an informed view regarding the quality of the data received from each reporting institution, and ensure this customised view will be shared with each reporting agent, it is firstly within the institution’s remit to endeavour all possible efforts to provide authorities with accurate data. Institutions and authorities will need to increasingly work together to ensure the efforts to compile the data and to maintain the reporting framework are not in wasted. Change management and testing, for example, are domains where both sides can work together and can work more closely.

The cost for reporting high quality data should be reduced to the extent possible and the EBA is fully committed to this. It is indeed our firm commitment to improve the processes as much as possible and to be accountable for the outcomes. We have recently published a study of the cost of compliance with supervisory reporting requirements, an in-depth exercise to understand reporting costs and the underlying respective cost drivers. It makes proposals and recommendations to reduce costs and find ways to improve processes at the EBA in coordination with national authorities. The information collected in the cost of compliance study provided useful

insights that may lead to an improvement of the future reporting design. Among other things, institutions are asked to report various types of data to different authorities. The process of obtaining the different data from the institutions' legacy systems and preparing the final reports to be submitted to the authorities has sometimes led to inefficiencies and increased reporting costs.

So, how can we ensure we have efficient, and fit-for-purpose data, along with meaningful data insights for banks, authorities and the wider public? Cooperation, as in many contexts, will be the key success factor.

Allow me to stress again its importance when moving to **the third pillar that of the necessary cooperation in the integration of reporting and data**. The EBA will be actively contributing to the ongoing integration efforts regarding the reporting framework. Indeed, the EBA has been mandated under Article 430c of the CRR to prepare a feasibility study on an integrated reporting system. The main aim of this mandate is to analyse the key steps of the reporting process and propose ways for further enhancing efficiency. Furthermore, as the EBA is completing its mandate on the feasibility study of an integrated reporting system in the EU, we are in contact with the European Commission, the SRB and the ECB, including Banking Supervision, to discuss how to best prepare the ground for future cooperation and work in the area of integrated reporting.

The ultimate objective of this joint effort for integrated reporting is to streamline reporting processes and to make data requirements and submission workflows more efficient. Such a system could benefit reporting entities and authorities by providing a coherent set of definitions in the proposed data dictionary following the 'define once' principle, making it much easier to understand and compare data. Key for this process will be to achieve a right balance between national and supranational level concepts, requirements and submissions, in order to reduce costs as much as possible.

Recycling and reusing as much as possible the available datasets across the regulatory and different authorities' community will be a constant concern, with the view of reducing overlapping requests and redundant interactions for the industry. Although the EBA will always promote the single market and safeguard its single rulebook by allowing for those institutions wishing to serve the EU market in its entirety to be able to do it efficiently and by placing all EU citizens in equal footing, the EBA will keep in mind the views and seek solutions to allow for sound institutions, at local or regional levels, that may not wish to go abroad, to be sustainable and to face proportionate requirements.

As you can see, we are fully committed to delivering on these three objectives. As a result, we have also recently adjusted our internal set-up. From 1 June we have indeed established a new department for Data Analytics, Reporting and Transparency ("DART") which demonstrates the importance we give to these topics and which will be a key interface with all our stakeholders. You will be hearing later today from a number of my colleagues and in particular from Meri Rimmanen, who has just been appointed as the Director for this new DART department. We believe this change to our internal structure will help us reach our objectives. To deal with the full lifecycle of data, from the design of reporting to the collection and management of data, and to their dissemination.

Let me stop here and allow for the different sessions to start. You have a rich agenda ahead and I am hoping for you to find the topics relevant and useful for the overall understanding of what the EBA does and how our efforts and products may ease your own work at the different reporting institutions level.

I wish you a very good workshop!