

Comments

On the EBA's Consultation Paper "On Additional Liquidity Monitoring Metrics under Article 403(2) of the draft Capital Requirements Regulation (CRR)" (EBA/CP/2013/18)

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Berlin, 13-08-09

The **German Banking Industry Committee** is the joint committee operated by the central associations of the German banking industry. These associations are the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), for the cooperative banks, the Bundesverband deutscher Banken (BdB), for the private commercial banks, the Bundesverband Öffentlicher Banken Deutschlands (VÖB), for the public-sector banks, the Deutscher Sparkassen- und Giroverband (DSGV), for the savings banks finance group, and the Verband deutscher Pfandbriefbanken (vdp), for the Pfandbrief banks. Collectively, they represent more than 2,000 banks.

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its

Comments “On Additional Liquidity Monitoring Metrics under Article 403(2) of the draft Capital Requirements Regulation (CRR)”

Discussion Paper “On Additional Liquidity Monitoring Metrics under Article 403(2) of the draft Capital Requirements Regulation”. The German Banking Industry Committee (GBIC) hereby gladly seizes the opportunity to share its respective comments.

I. General

Generally speaking, the amendments suggested in the present Consultation Paper appear extremely comprehensive and complex; what is more, they clearly exceed the scope of the additional supervisory reporting requested by the Basel Committee. Evidence to support this view consists, for instance, in the requested supervisory reporting of the funding costs or of the prolongation data: These metrics are absent from the Basel recommendations. Hence, we hold the view that they are not directly related to the actual LCR/NSFR reporting requirement. In our view, first of all, there should be a review whether there is a genuine need for the proposed strong breakdown of the individual reporting items. If there are any doubts over the underlying rationale, the respective breakdown should not be carried out. At this point, we have major concerns over the reporting of contractual cash flows; after all, these metrics do not provide any decision-useful information for the purposes of banking supervision. What is more, wherever possible, we suggest synchronising the additional supervisory reporting requirements with the supervisory reporting requirements for the LCR.

On page 8, the EBA reiterates the CRR reporting requirements on “significant currencies” (Article 415(2) CRR, previously Article 403 (2) CRR). The rationale for this reminder is not immediately obvious to us and we would appreciate a more detailed explanation. In our view, this should not be understood to the effect that the additional standards for liquidity monitoring have to be reported in each and any significant currency. Under para 194 of the Basel LCR recommendations published in January 2013, banks are merely required to provide a list of “the amount of assets and liabilities in each significant currency”. We hold the view that this presents a stand-alone metric. The Basel document does not link this to any other additional metrics. Potentially, based on the liabilities denominated in this currency, an item might indeed form part of the top ten largest exposures whilst, on the other hand, the counterparty’s aggregate liabilities stay below said limit. In such an event, banks shall and must not be required to report such top ten counterparties.

We would appreciate a review concerning the extent to which this additional requirement’s scope of application can be narrowed down. Supervisory reporting of the LCR/NSFR presents a major burden already. Whilst not limited to, this particularly applies to smaller banks meaning that such banks will have no spare resources for a potential implementation along with supervisory reporting of the additional monitoring metrics.

Furthermore, it is worth noting that the current proposals frequently require supervisory reporting of completely new data, i.e. data which have do not yet form part of any existing supervisory reporting scheme. As a result, the presently proposed approach will incur major implementation costs. Particularly with regard to the supervisory reporting of LCR or NSFR, at this juncture there should be a stronger focus on consistency.

Last but not least, we would like to point out that, in its present Consultation Paper, the EBA refrains from any proposal for first-time application of the new provisions. In the near future, banks will be faced with formidable challenges due to the CRR implementation. Whilst not limited to, this especially applies to the

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field of banks’ liquidity reporting. Hence, we would like to advocate a first-time application date of 1 January 2016 (at the earliest) for supervisory reporting of the additional monitoring metrics.

II. Specific Comments

Q1. Are the proposed remittance dates feasible?

Reporting will become necessary both on an individual basis and also on a consolidated basis – the consolidation scope is consistent with the consolidation scope for all liquidity ratios covered by the CRR (i.e. “EU parent credit institutions and investment firms and to credit institutions and investment firms controlled by an EU parent financial holding company or by an EU parent mixed financial holding company”; c.f. page 9 of the Consultation Paper). Under the current proposals, the remittance date shall be no later than 15 calendar days after the reporting reference date.

We hold the view that, per se, the remittance dates for the standards proposed in the Discussion Paper (which are consistent with the dates for all other reporting requirements) are essentially appropriate. Notwithstanding the foregoing, we doubt the feasibility of the 15 calendar deadline after the end of the month for submitting each and any liquidity reports. In other words, we hold the view that it is not possible to jointly submit the supervisory reports on LCR and NSFR metrics en bloc within this window of time. Our caveat is owed to operational reasons. The *conditio sine qua non* for comprehensive supervisory reporting within a period of 15 calendar days both at the level of the solo entity and at the consolidated level would consist in robust reporting by each and any relevant group entity within an even more ambitious window of time. However, the supervisory reports are fed with data (e.g. concerning collateral, market values etc.) which many entities will only possess a few days after the end of the month. Especially in the early stage of the new provision’s first-time application, more likely than not, there will still be a high degree of manual labour involved. Hence, remittance of the reports by the 15th calendar day already in the year 2104 would be unrealistic. As a result, at least for the review period up to 2015, the German Banking Industry Committee would like to strongly suggest using a minimum window of time of at least 30 calendar days. During the review of the feedback received on its Consultation Paper the EBA/CP/2012/05, for the interim monitoring period, the EBA is furthermore contemplating an extension of the deadline for supervisory reporting of the LCR/NSFR metrics to 30 calendar days. Hence, said an extension of the deadline for submitting supervisory reports to 30 calendar days would be consistent with the period contemplated for the LCR/NSFR. However even if the LCR and NSFR reporting requirement were to stay at 15 calendar days, the current proposal should allow for supervisory reporting within 30 calendar days. This is due to the fact that the most relevant information will have already been submitted in the form of the LCR and NSFR.

The EBA frequently mentions the fact that many of the data needed already exist in today’s systems. However, often these data do not feature the right format. Alternatively, they may be present in systems that have no direct or fully operational interface to the reporting systems. Manual labour and thus the potential error rate can only be reduced if there is a fully-fledged, end-to-end technical integration. Hence, there will be a need for various interface adjustments. Under effectiveness and efficiency aspects, in order to avoid unnecessary duplication of work and IT system troubleshooting as well as additional aggravation for staff, tackling the implementation would only be possible after submission of the final implementation standards (ITS).

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Based on the foregoing reasons, we advocate in favour of a solution where first-time supervisory reporting of the additional monitoring metrics will only become necessary as of 1 January 2016.

Q2. Are the proposed frequency dates feasible? Has the proportionality been adequately considered?

On principle, we hold the view that a quarterly frequency is sufficient and appropriate. Given the fact that, at this juncture, the supervisory reporting concerns additional monitoring metrics, the intervals do not necessarily have to be of the same high frequency as the LCR reporting.

However, the EBA proposes monthly supervisory reporting for the additional monitoring metrics. Unless banks are parents of a cross-border group and unless their balance sheet total exceeds the threshold of 1% of the aggregate balance sheet total of banks under the competent supervisor’s respective jurisdiction, the principle of proportionality shall apply; in other words: In such an event quarterly reporting would be sufficient.

There are going to be many new regulatory requirements (LCR, NSFR, Asset Encumbrance Reporting). Hence, banks will be faced with huge operational and technical challenges which go hand in hand with an extremely high implementation effort. Hence, we would hold the view that, initially, the new additional liquidity reports shall only have to be submitted on a quarterly basis. This should apply regardless of the size of the financial institution and regardless of the group structure (cf. Article 20(3) No. i and ii ITS).

Article 20(3) lit. i and ii ITS refer to proportionality criteria for quarterly reporting; we hold the view that these criteria are excessively restrictive. At this juncture, we have particular concerns over item (i) pursuant to which the financial institution shall not be part of a group with companies belonging to the group domiciled in another country. In our opinion this is excessively restrictive. At one point, financial institutions may become eligible for the derogation (waiver) set out under Article 8, CRR. Until such time, another regulatory option to be considered consists in granting subsidiaries a waiver from the general reporting requirement. Should the EBA drop the idea of introducing the reporting requirements not before 2016, institutions belonging to a group would then avoid incurring the high costs associated with implementation even though they would no longer have to submit reports once their waiver had been granted. In the absence of a clear indication that a waiver is likely to be withheld, there would be no loss of information for supervisors.

The calculation is highly complex and therefore ties up major personnel resources. Whilst not limited to, this especially applies to the behavioural inflows and outflows in the context of the maturity ladder. In order to measure these payment flows, banks require complex internal computational models and the forward looking figures for the purposes of cash flow management need to be integrated into the reporting scheme. Furthermore, in our view, the introduction of such reporting requirements strongly restricts bank’s freedom to choose their own methods. What is more, such an approach is incompatible with the principle of proportionality.

Hence, as an alternative regulatory choice, the EBA should consider the option of granting banks full or partial waivers with regard to the reporting scope. For instance, financial institutions with an extremely high LCR should be entirely exempt from the reporting requirement. Furthermore, small banks should not have to report behavioural inflows and outflows.

On page 24 of the Discussion Paper, the EBA quite rightly points out that the additional liquidity reports will require institutions to hire new staff. At this juncture, the EBA comes to the conclusion that there is a

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directly proportional relationship between the corresponding costs and an institution’s balance sheet; we do not fully subscribe to this point of view. Compared with large institutions, given their high fixed costs, for many smaller banks these supervisory reports even result in costs that are on a par if not even higher.

In table 1, the EBA mentions (cf. also page 24) that the current, heterogeneous liquidity reporting requirements incurred high costs for cross-border institutions. However, we do not share the EBA’s view that the additional uniform reporting requirements proposed in the ITS will reduce compliance costs of cross-border institutions. Furthermore, the EBA forgets the additional costs which the standard creates for small institutions without cross-border activities that, to date, are unprecedented.

Q3. Is the above size threshold of 1% of total assets suitable to determine a higher reporting frequency? Should such threshold be substituted or complemented by a liquidity-risk-based threshold or other quantitative criteria? If so, by which?

If the plans to introduce a general quarterly reporting frequency are abandoned, a higher reporting frequency should be geared towards an upper threshold the determination of which ought to be simple and which ought to be based on existing criteria, such as, e.g. the balance sheet total. In this context, we suggest adopting the materiality threshold proposed for the asset encumbrance reports. Under the provisions of the asset encumbrance threshold, banks with a balance sheet total below EUR30 billion should be eligible for a reporting waiver. Another alternative regulatory choice the EBA might wish to consider is using the threshold employed for supervision by the ECB. This ensures consistency between the various regulatory regimes.

If the predication on the aggregate balance sheet totals of the supervised financial institutions is upheld, this ratio would have to be published by the respective supervisory authorities. Furthermore, it is worth noting that the proposed threshold would have to see a (clear) increase if the supervision of larger banks in the Euro States became incumbent upon the ECB. After all, this would result in a marked reduction of the aggregate balance sheet total of banks supervised by national supervisors.

Q4. Are the reporting templates and instructions sufficiently clear? Shall some parts be clarified? Shall some rows/columns be added or deleted?

At first glance, the reporting templates basically appear sufficiently clear concerning the structure of the rows. However, during the financial institutions’ internal implementation of the reporting templates, the treatment of various products turns out to be unclear. Based on the foregoing, in order to clarify pending issues prior to the introduction of a reporting requirement, and before the final adoption of the ITS draft, there should be comprehensive testing runs involving financial institutions of each and any legal form and size. The comments below constitute a preliminary assessment of the reporting templates.

Maturity ladder

We would like to reiterate our earlier point made above (please cf. the section covering our general comments), i.e. there should be a review whether there is a genuine need for the proposed strong disaggregation of the individual reporting items. If in doubt, the proposed breakdown should be deleted. The proposed requirements concerning the contractual flows and the behavioural flows are very comprehensive

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and complex (in total, approximately 2,800 data fields). One way of achieving a slight reduction in the level of complexity could consist in focusing on the most significant payment flows.

The columns are structured in a way where particularly the behavioural inflows and outflows are based on an individual, economic calculation by the individual bank. At the present point in time it is not possible to foresee whether such a bank-specific differentiation will be technically and operationally feasible. However, past experience shows that the implementation would involve intense advisory and development burdens.

Hence, the additional reports should be as consistent as possible with the reports on the LCR. This applies, for instance, to the reports on the own issues. For the purposes of the maturity ladder reporting template (cf. 1.1), own issues should be broken down into sub-categories that differ from those of the LCR (cf. 1.2.2.10). By way of analogy, the same applies to the liquidity outflows from retail deposits. In the maturity ladder reporting template (cf. 1.4), merely one retail deposit sub-category shall be reported in this regard. The latter, however, are absent from the LCR reports (cf. 1.1). Furthermore, it is worth noting that, in the maturity ladder reporting template, intra-group items require continuous reporting, whilst in the consolidated LCR report, they cancel each other.

Above and beyond this, however, there are also inconsistencies within the maturity ladder reporting template itself. Evidence to support this view expressed is, for instance: The granularity of the breakdown of liquidity outflows from exposures to financial clients (cf. 1.6) is higher than the granularity of backflows from exposures to corporate clients (cf. 2.3).

Under retail deposits, non-resident deposits shall be reported separately. Apart from the fact that this differentiation is absent the LCR reporting template, it remains unclear, which deposits shall be subsumed under this item. One of the reasons for this uncertainty is the lack of a concept clarification for the language used (i.e. that there shall and may not be any domestic “centre of economic interest”). We suggest waiving the requirement of reporting these items separately.

The specific meaning of the concept “non-financial actives” is not clarified by the ITS. Furthermore, it is not clear beyond reasonable doubt whether the items specified (tax, bonus etc.) constitute supporting examples for illustration purposes or whether this should be seen as an exhaustive list of relevant items. If and when these items constitute examples, this begs the question, which criteria should be used in order to identify such items.

Furthermore, payment flows are broken down into contractual and estimated payment flows. This results from the fact that there are two separate reporting templates and the respective requirement under item 1.1 subsection 2 for recognition in these reporting forms. However, item 1.1 subsection 3 sets out that there is no need for a double recognition of payment flows. Is this requirement an additional requirement that belongs to subsection 2 or is it merely specifying the details of subsection 2?

Furthermore, we hold the view that more information is needed regarding the way in which non-fixed interest rate cash flows ought to be handled; the same applies to inter-banking derivatives featuring cash collateral.

As far as the behavioural payment flows are concerned, a concept clarification as to “estimated, planned and expected cash flows” would be helpful. In principle, the requirement concerning standardised reporting of the expected cash flows constitutes a new requirement. The description of the type of cash flows

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that have to be reported is very unspecific. Hence, the cost for implementing this requirement is deemed to be very high. Based on the foregoing, we feel that an introduction in 2014 will be impossible.

The descriptions of behavioural cash flows repeatedly require contractual cash flows to be reported, e.g.

- “1.8 Monies due to financial customers. ... Monies due shall be reported at the latest contractual date for repayment ...
- 2.2 Monies expected from customers that are not financial customers. ... Monies due shall be reported at the latest contractual date for repayment. Thus inflows from credit cards and overdrafts shall be reported at the end of validity of the card or at the end of the exposure period for overdraft.”

These requirements fly in the face of the supposed regulatory approach to introducing monitoring metrics outlined on page 7 (“...the behavioural flows should be based upon a base-case economic scenario used by the reporting institution in its current business planning (the scenario that the institution expects to happen, as opposed to pre-defined stressed conditions”))

Also regarding behavioural payment flows, the inflows and outflows are supposed to be assigned to the respective maturity ladders. However, for the purposes of internal governance, these model assumptions would only be calculated for a considerably shorter period of time. In our understanding, at this juncture, it would be useful to reduce the scope to a window of time of two to three years (maximum).

Last but not least: In the counterbalancing capacity, amongst the other eligible assets there shall be a distinction between marketable and non-marketable assets (cf. 3.3.6 and 3.4.6), whilst regarding non-eligible assets, on the other hand, there is merely a requirement to report tradable assets. Preferably, we recommend finding a definition that is as consistent as possible with the LCR definition.

Prices for various lengths of funding

To us, the reporting regime of prices for various lengths of funding is still rather opaque. By way of illustration: It is unclear whether the spread calculation shall be based on the deposit’s contractual maturity or on the modelled maturity.

Furthermore, we would like to point out that the reporting information reflects the business model or, moreover, the bank’s core functions. This also concerns the use of various products (asset as well as liability side) and a heterogeneous investor structure etc. From our point of view, it is difficult to compare apples and oranges.

Furthermore, we feel that the scope of the products that are liable for reporting as well as the corresponding window of time (entire portfolio, merely transactions of the last period) remain unclear. We would appreciate a clarification.

With regard to the prices that have to be reported, we wonder whether the reporting obligation also extends to the internal transfer prices (FTP). In this context, there should be a clarification whether the reporting obligation exclusively extends to funding sources that were provided through a treasury function or whether there is a need to equally disclose further funding sources. We would appreciate a clarification.

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In our view the measured average liquidity spreads allow no conclusions or, moreover, allow only insufficient conclusions regarding the bank’s economic position. After all, the latter may e.g. be materially influenced by balance sheet contraction or balance sheet growth and / or the asset side development. What is particularly unfeasible is a statement on the extent to which higher asset side liquidity spreads can be offered to customer. We would appreciate it if this point was taken into account when reviewing the reporting information.

In our view, achieving a consistent standard for the definition of liquidity spreads is extremely difficult and ties up major resources. The definition would have to factor in the following aspects:

- The premiums / discounts as well as unit costs (e.g. feeds etc.)
- Definition of benchmark swap rates (BID/MID/OFFER rates, real time, mid/end of day fixing (fixed ISDA?))
- Further embedded structures (e.g. equity/credit/interest rate linked issues)
- Specific, subsidised funding sources (e.g. by EIB, KfW etc.): These sources constitute a source of “low-cost” funding. Yet, factoring them into such a report would seriously distort any true and fair view. The funding is earmarked and needs to be passed on to the customer in its entirety.
- Averaging the liquidity spreads across currencies will further dilute the result or, moreover, the comparability of such a report (EUR banks vs. banks with primary funding in currencies versus banks obtaining their funding in foreign currencies exclusively via FX swap / CCS markets)

Concentration of funding

Concerning supervisory reporting of funding concentrations per counterparty, also the product types shall be reported for the 10 largest counterparties. At this point, it is worth noting that, Annex IV would also list a total number of five product categories that belong to the retail lending business. To us, the rationale for this is not immediately obvious. After all, under the definition of the LCR, the aggregate retail deposit volume shall not exceed EUR1 million (Article 411(2) CRR). As a consequence, in our preliminary understanding, more often than not, retail deposits will not form part of the ten largest counterparties. However, it is also possible that this section does not relate to the private individual client but, instead, to the aggregate retail clients. If this assumption were to be correct, there should be a clarification to this effect. Furthermore, in this context we would like to air our reservations over a breakdown of retail deposits into five categories. In our view, such a differentiation would be excessive.

Furthermore, it is worth noting that the product type categories are incomplete. For instance, we hold the view that operational deposits or funding from development banks are missing. Also, the treatment of bearer instruments remains unclear. These instruments play an important role in the product groups “CB” and “ABS”. At this juncture, the fact that the current owner will, more often than not, be unknown, constitutes a challenge. Hence, the disclosure requirement should be dropped for this product type.

Furthermore, we would like to point out that the ratios “Prices of Funding” and “Funding Roll-over” constitute entirely new proposals which were not requested in the Basel recommendations. As a consequence, the implementation will tie up human resources and will be time consuming; in addition to this, it will involve major IT implementation costs.

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Furthermore, the items that need to be reported under the heading “Prices of Funding”, constitute strategically important data that needs to remain classified. Furthermore, it is doubtful whether the data necessary for such a disclosure will be readily available within banks. Besides, it is highly unlikely that these reports will lend themselves to a comparison. After all, the benchmarks on the basis of which the institutions’ spreads are calculated differ from bank to bank. Hence, these reporting requirements should be dropped. Another moot point is whether the funding costs shall be calculated based on the yield curves as per the reporting reference date or as per the transaction’s closing date. Last but not least, it remains unclear whether the allocation to the maturity ladders shall be based on the residual maturity or whether it shall be based on the original maturity.

Furthermore, when it comes to the reporting of the “Funding Roll-over”, there is no specification concerning the transactions which shall be subsumed under this heading. First, this begs the question whether only transactions from money markets and capital market funding shall be included or whether the reporting scope shall also extend to commercial transactions. Second, it remains unclear whether only collateralised transactions shall be included or whether the reporting scope also extends to uncollateralised transactions. Third, it remains unclear whether the reporting scope only extends to funding transactions denominated in euro or whether, in the final analysis, each and any other currencies shall be included. In order to mitigate the reporting scope and its associated costs, it would also be possible to opt for a somewhat simplified approach without losing any decision-useful information. Our alternative regulatory choice which the EBA might wish to consider reads as follows: The structure of the columns shall remain the same. However, in lieu of the additional breakdown into the 31 days, the respective aggregate monthly funding volume shall be reported. Furthermore, we would like to point out that, depending on a detailed definition (which, at present, is limited), the scope of products which are subsumed under the reporting scope would be extremely broad. As a result, particularly in the implementation stage, the IT costs or, moreover, the IT / personnel costs would reach a rather considerable order of magnitude.

The relevant reporting amounts or, moreover the criteria for recognition in the columns entitled “Maturing” and “New funds” are not specified in greater detail. This should be remedied.

In our view, the recognition of short maturity transactions, i.e. transactions featuring a maturity of approx. 1 day (e.g. deposit accounts, overnight money accounts) does not deliver any decision-useful information. It would be helpful if there was a clarification as to which product types shall be relevant for reporting purposes.

Hence, for these two reporting templates there should be another cost-benefit analysis comparing desired benefit with the costs incurred by banks. Last but not least, more often than not, separating roll-over transactions from the actual new transactions will be virtually impossible (ex post). Hence, unless these reporting templates will be dropped, there is a need for a more detailed specification of these requirements. We particularly recommend a clarification concerning the fact that the table sees all agreed prolongations and new transactions as total new funding.

Q5. Could you indicate whether all the main drivers of costs and benefits have been identified in the table above? Are there any other costs or benefits missing? If yes, could you specify which ones?

On principle, the material cost drivers have been identified. However, the introduction of a corresponding reporting template requires a specific quantification of cost drivers. This is facilitated by discussions with banks and IT centres. We hold the view that especially the red tape costs incurred by smaller banks fail to

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live up to a cost-benefit analysis, i.e. they will not be offset by a corresponding degree of decision-relevant information for supervisors.

Q6. For institutions, could you indicate which type of costs (A1, A2, A3) are you more likely to incur? Could you explain what exactly drives these costs and give us an indication of their expected scale?

The biggest cost driver appears in the context of categories A1 and A2. IT infrastructure adjustments and upgrades are amongst the main cost drivers. At present, the LCR calculation is based on contractual cash flows. To date, the regulatory liquidity ratios do not cover any expected cash flows. In many banks, the additional liquidity standards require a timely integration of the expected cash flows from the internal liquidity risk model into the reporting software. This involves a major implementation effort, hence incurring extremely high costs. What is more, at present, in many banks, data on the costs of funding as well as the roll-over information has not yet been interfaced with the supervisory reporting systems. This is due to the fact that, to date, such information was not covered by regulatory requirements. Hence, the biggest cost driver consists in the data provision and its technical integration (A1/A2) – in combination with the ensuing one-off personnel costs. Particularly in the case of monthly reports, a manual supply of these figures at the level of the individual level would be virtually impossible. Hence, for an automated process, a technical integration of this information is a *conditio sine qua non*.

However, particularly in the implementation stage also the manual labour and thus the personnel costs for populating the reporting templates (which tend to be rather complex) is high instead of “low”; conversely, this equally applies to the associated staff costs. Certain reports will have to be automated. Otherwise, their exclusively manual production would prove to be a constant drain on time budgets. As a result, such an approach would equally lead to high in lieu of “low” staff costs.

The costs for banks’ internal implementation will particularly depend on the degree of technical support. Cf. also Q4 for a more detailed discussion of this matter: The various rows envisage a breakdown of information. In our preliminary understanding, this differentiated disaggregation would be possible on the basis of the reporting format used for the LCR. The main cost driver will be the implementation of the maturity ladder. However, prior to a more detailed technical definition, any more precise cost estimate would appear premature.

Q7. Do you agree with our analysis of the impact of the proposals in this CP? If not, can you provide any evidence or data that would explain why you disagree or might further inform our analysis of the likely impacts of the proposals?

The implementation of the present proposals will incur extremely high costs and tie up resources within banks. This will take place at a time when resources will be scarce, anyway. The latter is due to the simultaneous implementation of Basel III or, moreover, the CRD IV / CRR and the issues that will have to be resolved in this context. Hence, supervisors should strive for a prioritisation.

Banks’ compliance costs for reporting “Prices for various lengths of funding” are deemed to be “low”. In our view this is an underestimation of the real costs. Whilst the funding costs are basically available within systems, many banks still lack the technical interfaces to the supervisory reporting systems. In addition to this, in order to fit the structure requested in the reporting templates (e.g. average values and maturity ladders), the data will have to be aggregated in some way or other. We would like to reiterate the point made above: By labelling them as “low impact”, the one-off staff costs are being clearly under-

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estimated. This is due to the fact that the data integration, IT-implementation and tests will keep a large amount of resources tied up over a period of several months. This is all the more true given the fact that any costs are not only incurred at the level of the parent bank but also amongst each and any group entity that forms part of the consolidation scope.

Based on the foregoing assessment, an implementation prior to 2015 will be unfeasible for us.

Yours faithfully,

On behalf of the German Banking Industry Committee



Dr. Martin Lippert



Dr. Silvio Andrae