

THE OBSERVATIONS OF POLISH BANK ASSOCIATION ON CEBS CONSULTATION PAPER ON FINANCIAL REPORTING

The Polish Bank Association welcomes the CEBS consultation paper on financial reporting. We find the idea to create the consolidated financial reporting framework as very useful for banking community. The implementation of the unified system should limit the cost of preparing the consolidated financial reporting framework and give the banking supervision information which can be easily compared in international scope.

The Polish Bank Association would like to give some general remarks to the proposed CEBS document. These observations have the general character and do not indicate any detailed matter included in the proposed consolidated financial reporting framework.

First of all, the draft of this document is prepared a little to late. All banks in Poland had to implement the IAS beginning 1st January 2005. According to Polish law all banks listed on the Warsaw Stock Exchange have to prepare the full consolidated financial report for the period of 1st half of 2005. It would have been better if the time of introduction of IAS in banking sector and the introduction of new reporting system was the same. It would have let to diminish the problems and cost of introduction of new accounting standards in banks.

The main concern of the banks in Poland is the problem of a sufficient degree of harmonization. In our view the sufficient level of harmonization has not been achieved in the proposed framework. According to the proposal the scope of information required by national supervisors will still differ significantly. The proposed package does not make sufficient progress towards achieving an internal market in European Union. The proposed framework can be seen more as the combination of requirements made by different banking supervisors than as the real proposal to create one consolidated financial reporting framework in Europe.

The main effect of this conclusion is therefore, that the CEBS package will not reduce substantially the reporting burden imposed on banks. The consequences will be following:

- there are the big differences in information given by banks to local banking supervisors and it will be impossible to compare the data presented by banks in different countries,
- new system will not contribute to lowering of costs connected with preparing the consolidated financial report. It will be especially important for banks which play on the international levels or are the members of banking group which is active in different countries of EU.

The important topic of proposed framework is also the question of scope of information collected by banking supervisors. We understand that the supervisors need some dates which go beyond the existing disclosures required by IAS. To some extent it can be reasonable to collect such information but the scope of this date should be limited. This scope should be restricted to the information which can be effectively used by the supervisors.

There is also the urgent need to reduce the number and the scope of different requirements which exist in EU countries, also in Poland. In this area it should be considered distinguishing between information that have to be given by banks on a quarterly basis or semi-annual basis and the dates reported only on the annual basis.

The introduction of any new reporting system demands the implementation of big changes in existing IT systems or the introduction of new IT system. The sufficient period is needed to introduce new reporting framework and this framework should not cause the necessity to rebuild the IT system in bank completely. The proposed framework should therefore take in the consideration the IT systems most often used in banks in Europe.

In Polish Bank Association view, taking into account the above-mentioned comments the CEBS proposed consolidated financial reporting framework should be reviewed and not be adopted in its present form. The present proposal is a good background to make the progress to go deeper in the creation of unified and simply reporting scheme.