Discussion paper on the Feasibility study on Integrated reporting

Public hearing - 4th May 2021

Guidance for participants

- ✓ Remain on mute at all time when not speaking, to reduce background noise

- ✓ Turn off your video during the whole workshop

- ✓ Feel free to use the online-chat function available

- ✓ Via public chat to raise a question

- ✓ Via private chat (to Matthias Guggenbichler): to ask any technical questions

- ✓ In case of IT issue, you are encouraged to log out and log in again and, if that does not work, to dial in via phone through one of the local access numbers which will be provided in the separate Webex e-mail

Outline

INTRODUCTION,
by EBA Executive Director, François-Louis Michaud

1   *Discussion Paper Overview and main objectives*

2   Timeline and next steps

TECHNICAL SESSIONS ON CORE AREAS
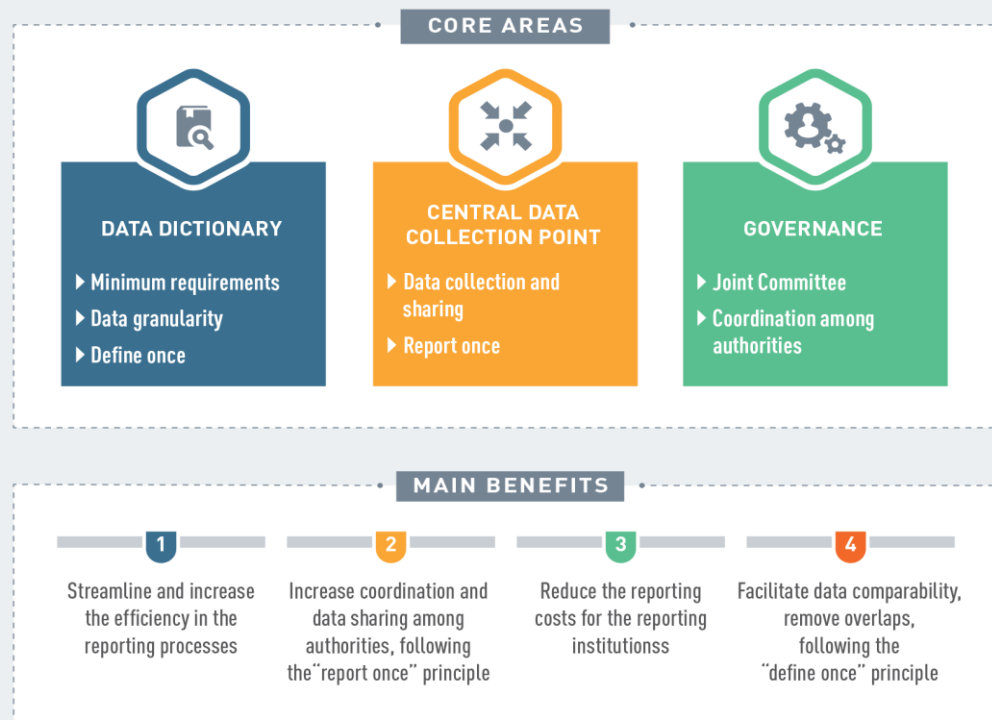
3   Integration analysis: a holistic approach

4   Data Dictionary and Granularity

5   Central Data Collection Point

6   Governance

7   Q&A and Wrap-up

1. Introduction: core areas overview

CORE AREAS

DATA DICTIONARY
- ▸ Minimum requirements
- ▸ Data granularity
- ▸ Define once

CENTRAL DATA COLLECTION POINT
- ▸ Data collection and sharing
- ▸ Report once

GOVERNANCE
- ▸ Joint Committee
- ▸ Coordination among authorities

MAIN BENEFITS

1 Streamline and increase the efficiency in the reporting processes

2 Increase coordination and data sharing among authorities, following the "report once" principle

3 Reduce the reporting costs for the reporting institutionss

4 Facilitate data comparability, remove overlaps, following the "define once" principle

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Other European Commission intiatives

- EU Data strategy
- EU Data spaces
- EU staretegy on supervisory reporting

1. Discussion paper - overview

The discussion paper analyses...

the feasibility of <u>various options</u> for <u>creating an integrated reporting system</u> as a way forward to increase efficiencies and reduce costs for the entire reporting ecosystem

in specific it aims to analyse how to...

✓ streamline and increase the efficiency in the reporting processes,
✓ reduce the reporting costs for the reporting institutions,
✓ facilitate data comparability, remove overlaps (following the "define once" principle),
✓ facilitate data sharing and increase coordination among authorities (following the "report once" principle)
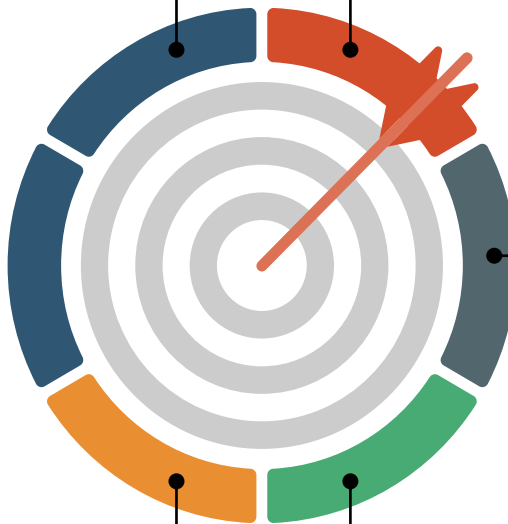
The discussion paper is not...

proposing any specific approach or solution but rather is limited to describing the various options that could lead to an integrated reporting system and achieving the stated objectives
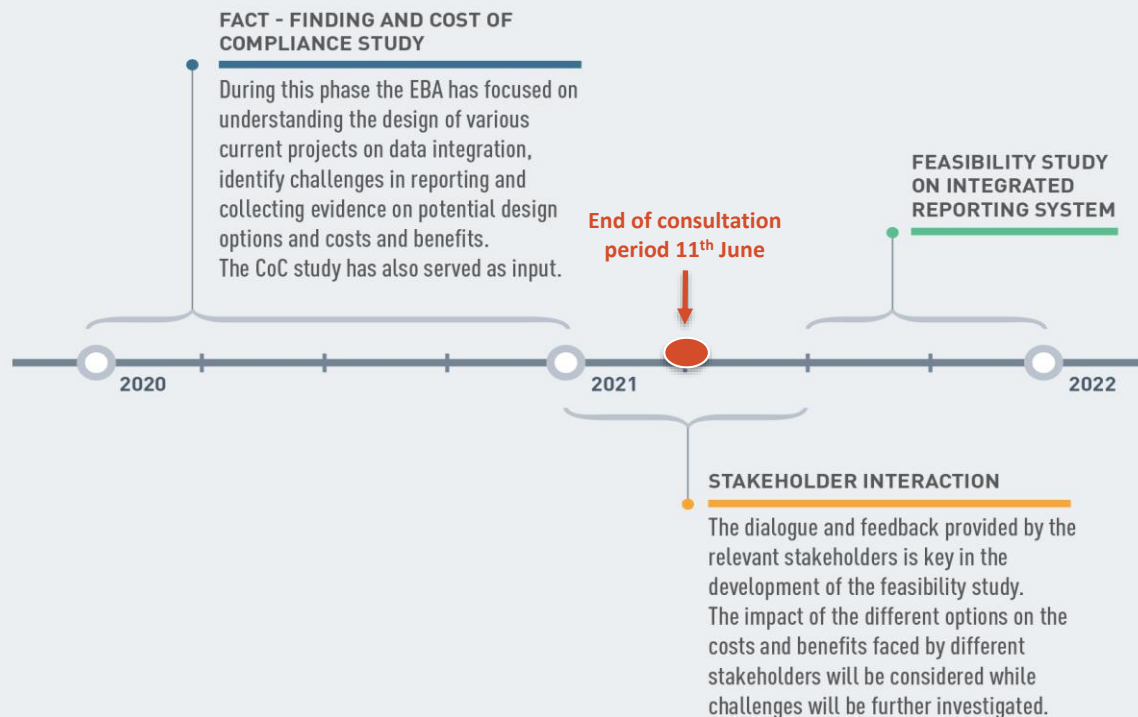
Costs and benefits

✓ Qualitative, high level assessment
✓ Key aspects like resources, costs or necessary investments for authorities and institutions will be analysed more in detail for the final study
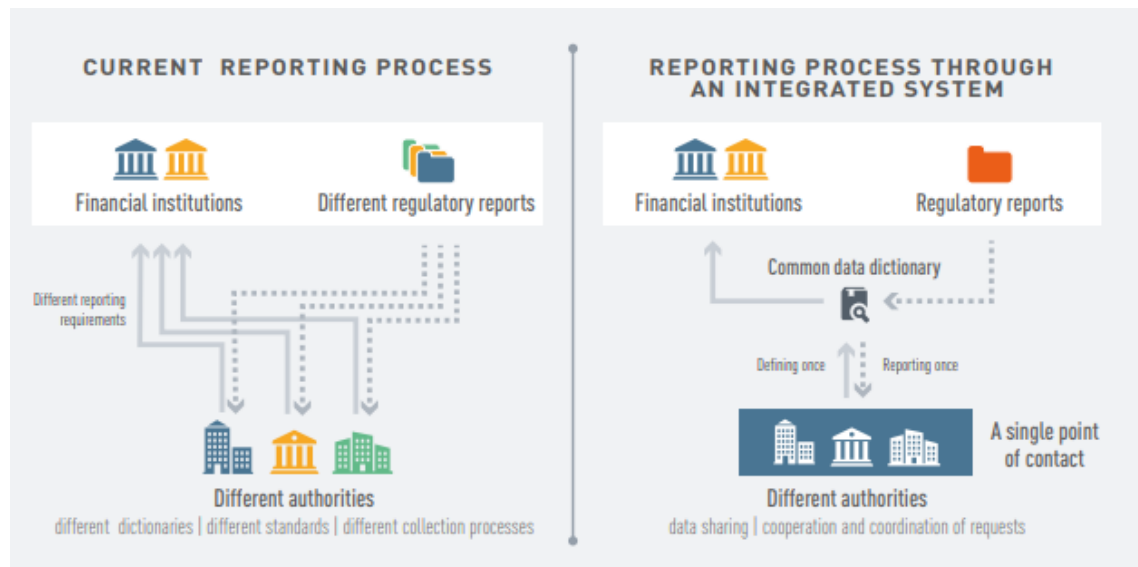
Feedback and discussions

✓ Workshops, meetings, dialogues to get feedback and evidence
✓ Specific questions have been included in the DP to get feedback on cost/benefits, challenges and preferences over options

FACT - FINDING AND COST OF COMPLIANCE STUDY

During this phase the EBA has focused on understanding the design of various current projects on data integration, identify challenges in reporting and collecting evidence on potential design options and costs and benefits.
The CoC study has also served as input.

End of consultation period 11th June

FEASIBILITY STUDY ON INTEGRATED REPORTING SYSTEM

2020   2021   2022

STAKEHOLDER INTERACTION

The dialogue and feedback provided by the relevant stakeholders is key in the development of the feasibility study. The impact of the different options on the costs and benefits faced by different stakeholders will be considered while challenges will be further investigated.

TECHNICAL SESSIONS ON CORE AREAS

3. Integration analysis: overview and scope

CURRENT REPORTING PROCESS

Financial institutions | Different regulatory reports

Different reporting requirements

Different authorities
different dictionaries | different standards | different collection processes

REPORTING PROCESS THROUGH AN INTEGRATED SYSTEM

Financial institutions | Regulatory reports

Common data dictionary

Defining once | Reporting once

A single point of contact

Different authorities
data sharing | cooperation and coordination of requests
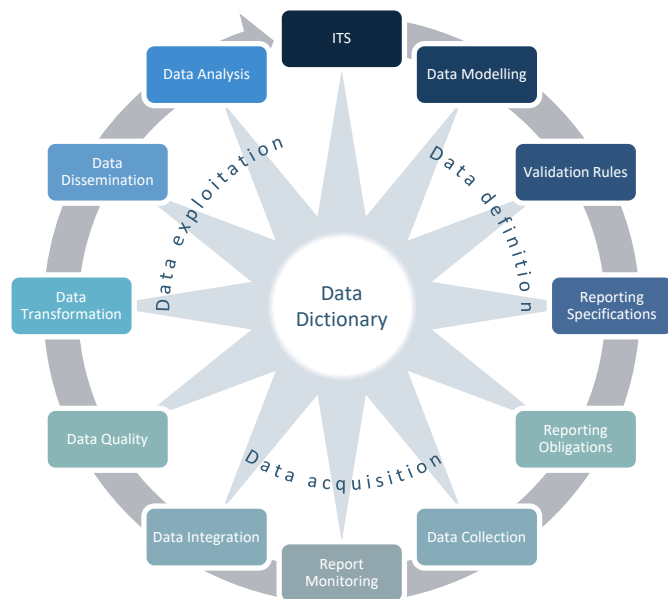
Feasibility study scope

- Prudential
- Resolution
- Statistical

3. Integration analysis: Holistic approach

Reporting process chain

Cost and benefits for institutions and for authorities
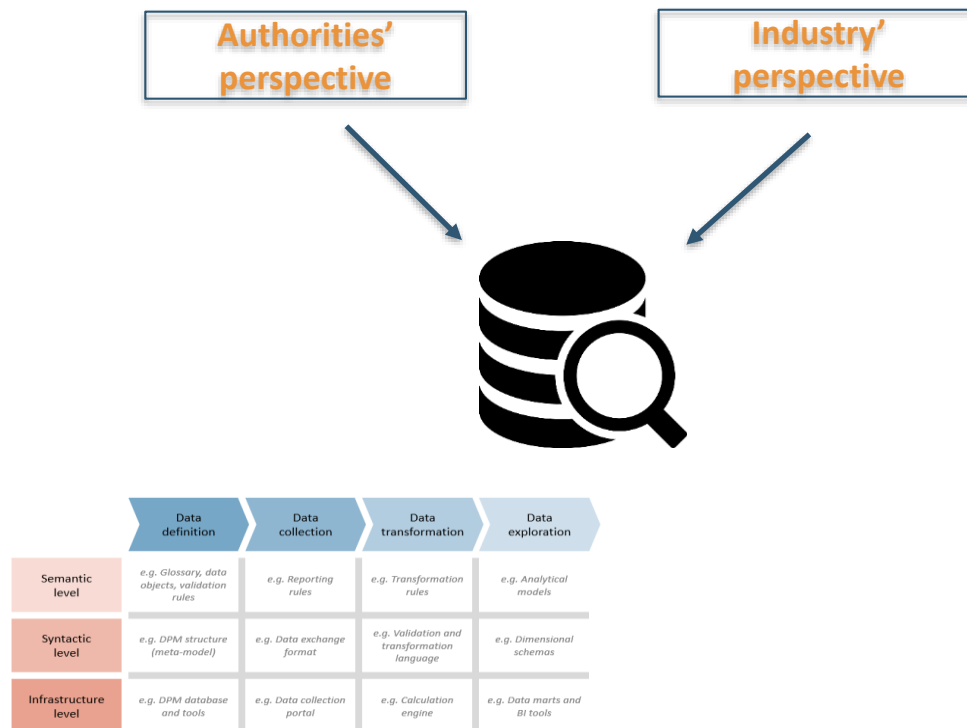
Integration analysis

- Study will assess key question of the feasibility of reporting integration at each of these levels
- In some cases there can be indirect interdependencies, and impacts on costs and benefits can be different if different components are integrated together vs independently

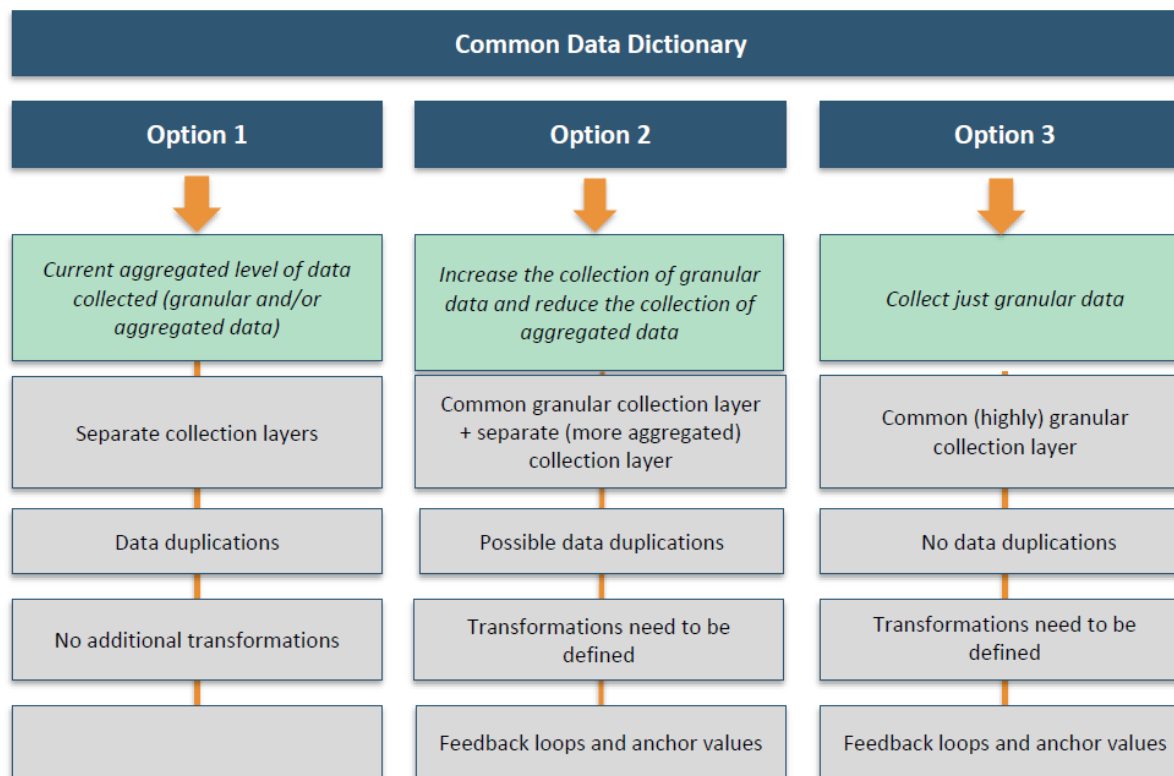|	Data definition	Data collection	Data transformation	Data exploration
Semantic level	e.g. Glossary, data objects, validation rules	e.g. Reporting rules	e.g. Transformation rules	e.g. Analytical models
Syntactic level	e.g. DPM structure (meta-model)	e.g. Data exchange format	e.g. Validation and transformation language	e.g. Dimensional schemas
Infrastructure level	e.g. DPM database and tools	e.g. Data collection portal	e.g. Calculation engine	e.g. Data marts and BI tools

4. Data dictionary: the core of the IRS

Characteristics of a common data dictionary

- Comprehensive and complete
- Incrementally implemented
- Centrally managed
- Centered in a common and unique vocabulary
- Focus on data comparability
- Common platform of understanding
- Ready for digital processing
- Ready for human interface
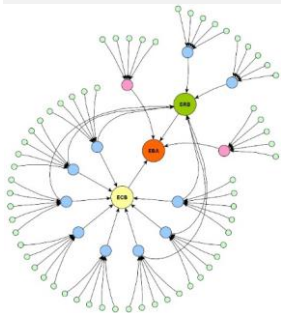- Serving all process of regulatory data chain

Authorities' perspective
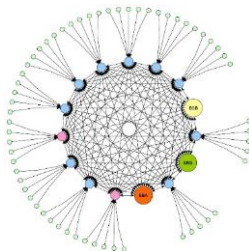
Industry' perspective

	Data definition	Data collection	Data transformation	Data exploration
Semantic level	e.g. Glossary, data objects, validation rules	e.g. Reporting rules	e.g. Transformation rules	e.g. Analytical models
Syntactic level	e.g. DPM structure (meta-model)	e.g. Data exchange format	e.g. Validation and transformation language	e.g. Dimensional schemas
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4. Granularity considerations

Common Data Dictionary		
Option 1	**Option 2**	**Option 3**
Current aggregated level of data collected (granular and/or aggregated data)	*Increase the collection of granular data and reduce the collection of aggregated data*	*Collect just granular data*
Separate collection layers	Common granular collection layer + separate (more aggregated) collection layer	Common (highly) granular collection layer
Data duplications	Possible data duplications	No data duplications
No additional transformations	Transformations need to be defined	Transformations need to be defined
	Feedback loops and anchor values	Feedback loops and anchor values

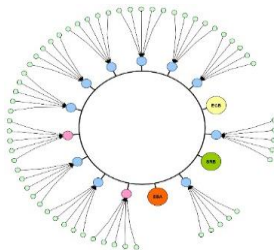# 5. Central data collection point: different possible system designs
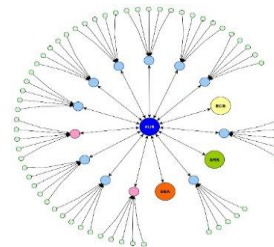

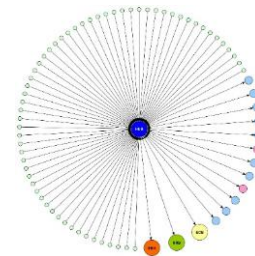
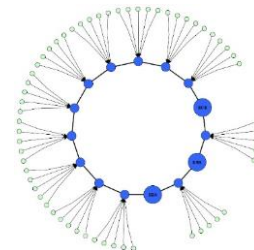| *Sequential approach* | *Point-to-Point approach* | *Service Bus approach* | *Hub-and-Spoke approach* | *Centralised approach* | *Distributed approach* |

System with aim to streamline processes, increase and facilitate data sharing, move towards "report once"

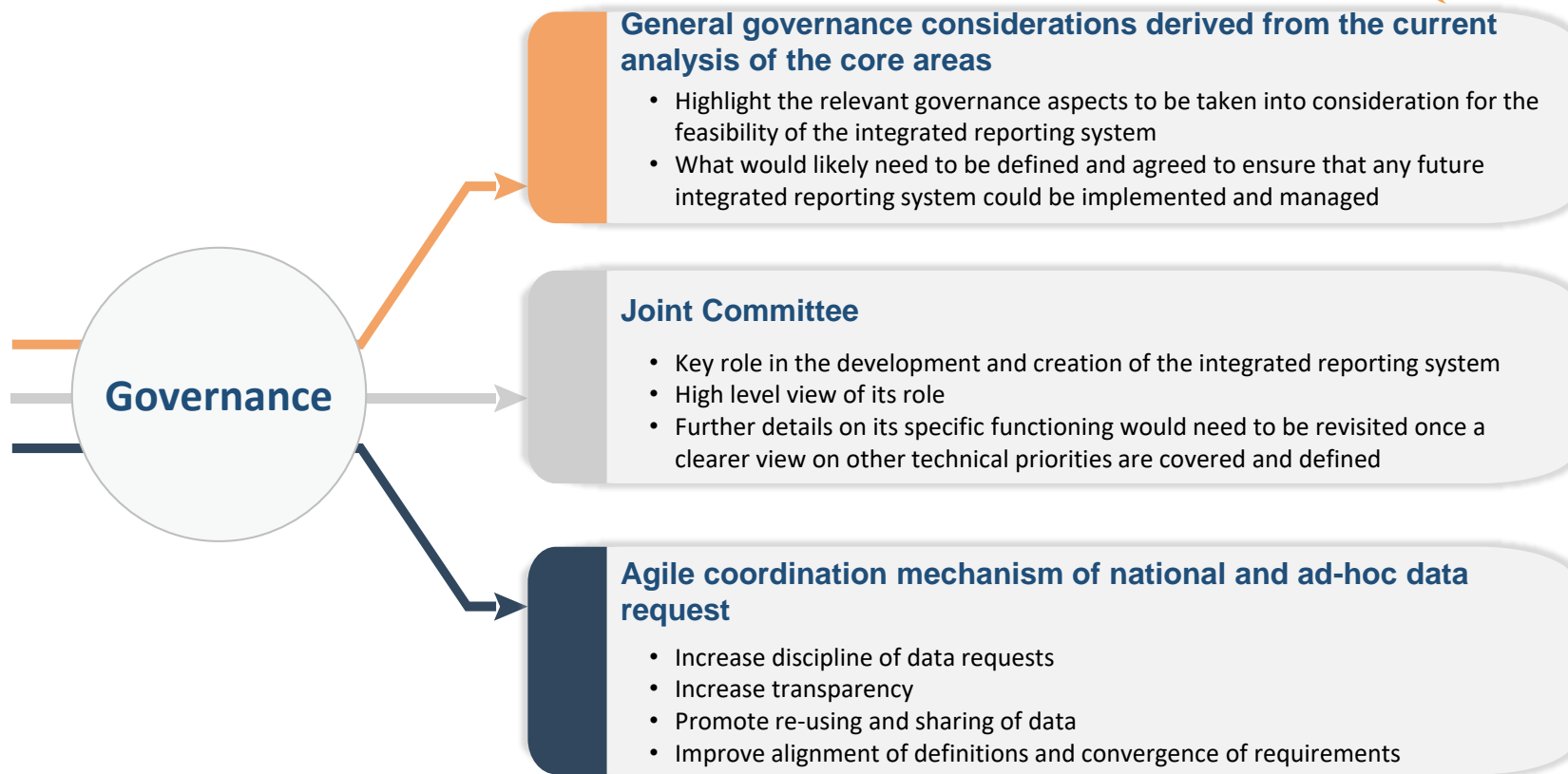## Technology considerations and future of reporting

How can RegTech support integrated reporting?

- Possible uses of technology and for which part of the reporting process chain
- Main considerations for the use of technology for reporting purposes

Pull vs push model for data collection

- understand the **preferences** for one model or the other for the future integrated reporting system as well as **feasibility and possible implementation design**

- **gather more evidence** on the costs and benefits for competent authorities and reporting institutions
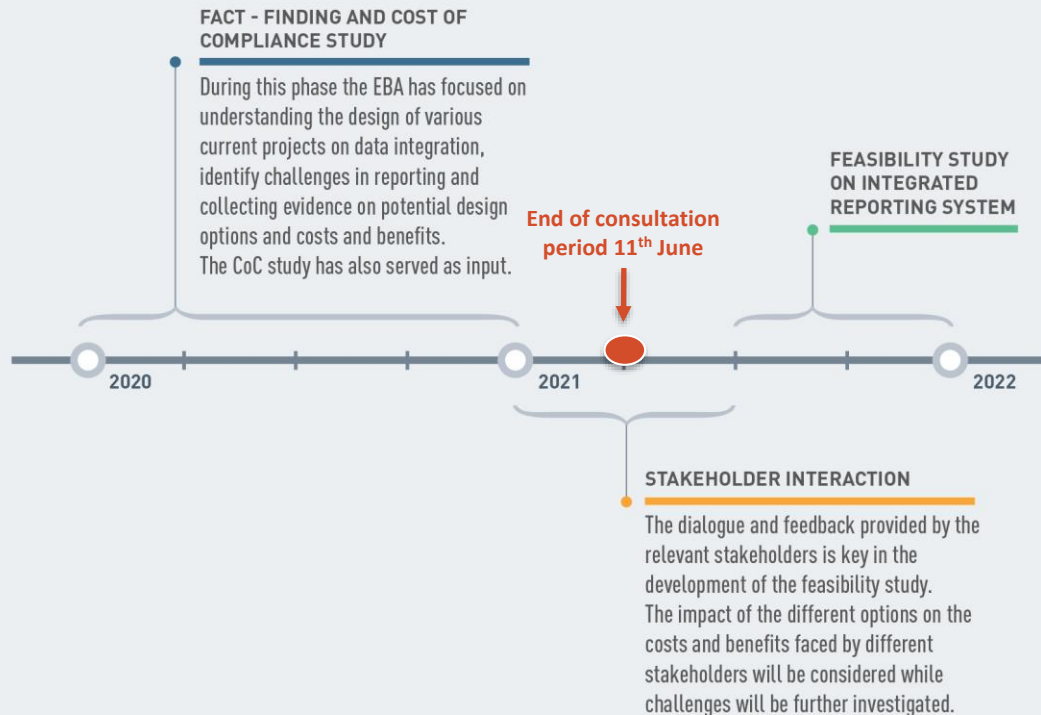
6. Governance

General governance considerations derived from the current analysis of the core areas

- Highlight the relevant governance aspects to be taken into consideration for the feasibility of the integrated reporting system
- What would likely need to be defined and agreed to ensure that any future integrated reporting system could be implemented and managed

Governance

Joint Committee

- Key role in the development and creation of the integrated reporting system
- High level view of its role
- Further details on its specific functioning would need to be revisited once a clearer view on other technical priorities are covered and defined

Agile coordination mechanism of national and ad-hoc data request

- Increase discipline of data requests
- Increase transparency
- Promote re-using and sharing of data
- Improve alignment of definitions and convergence of requirements

Questions

Questions and Answers

- ✓ General and overview
- ✓ Data Dictionary and Granularity
- ✓ Central Data Collection Point
- ✓ Governance

Wrap-up

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End of consultation period 11ᵗʰ June

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Relevant links
- **EBA page on IR**
- **Factsheet**
- **Info graphs**
- **Discussion paper**
- **Consultation form**

- ***Important***: *the feedback received during the consultation period will help the EBA to finalise the feasibility study and the analysis of the different options. The consultation runs until 11 June 2021*

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1. Introduction - mandate of Article 430c CRR

Mandate scope and deadline	1. EBA shall **prepare a report on feasibility** regarding the development of a consistent and integrated system for **collecting statistical data, resolution data and prudential data** and report its findings to the Commission **by 28 June 2020.**
Stakeholders involvement	2. When drafting the feasibility report, EBA **shall involve competent authorities, as well as authorities that are responsible for deposit guarantee schemes, resolution and in particular the ESCB.** The report shall **take into account the previous work of the ESCB** regarding integrated data collections and shall be based on an overall **cost and benefit analysis including as a minimum:**

Feasibility report minimum content

- Data dictionary
- Joint Committee
- Central data collection point

(a) an overview of the **quantity and scope of the current data collected** by the competent authorities in their jurisdiction and of its origins and **granularity;**

(b) the establishment of a **standard dictionary of the data** to be collected, in order to increase the convergence of reporting requirements as regards regular reporting obligations, and to avoid unnecessary queries;

(c) the **establishment of a joint committee**, including as a minimum EBA and the ESCB, for the development and implementation of the integrated reporting system;

(d) the **feasibility and possible design of a central data collection point** for the integrated reporting system, including requirements to ensure strict confidentiality of the data collected, strong authentication and management of access rights to the system and cybersecurity, which:

(i) contains a central data register with all statistical data, resolution data and prudential data in the necessary granularity and frequency for the particular institution and is updated at necessary intervals;

(ii) serves as a point of contact for the competent authorities, where they receive, process and pool all data queries, where queries can be matched with existing collected reported data and which allows the competent authorities quick access to the requested information;

(iii) provides additional support to the competent authorities for the transmission of data queries to the institutions and enters the requested data into the central data register;

(iv) holds a coordinating role for the exchange of information and data between competent authorities; and

(v) takes into account the proceedings and processes of competent authorities and transfers them into a standardised system.