What is an integrated reporting system?

An integrated reporting system represents a way of organising the reporting process with the aim of streamlining and improving reporting for both financial institutions and public authorities (prudential, resolution and central banks) and enhancing cooperation between public authorities. A key building block of an integrated reporting system is the adoption of a common language (a **common data dictionary** for defining reporting requirements) so institutions are able to report once to all types of authorities. In addition, some form of **common collection system** can facilitate the reporting and coordination process.
Why do we need an integrated reporting system?

The current EU reporting landscape consists of different European reporting frameworks for prudential supervisors, resolution authorities and central banks’ statistics. These EU harmonised frameworks coexist with many different national and ad-hoc data requests for different purposes (supervision, statistics, resolution, etc.) set-up by different authorities.

The current decentralised way of defining the reporting requirements and collecting data at EU level is complex and leads to inefficiencies in the reporting process (such as data duplications).

An integrated reporting system would create a single ecosystem with streamlined reporting process for both reporting institutions and authorities. Its design embodies the principle of “define data once and report once”. This will save money and increase analytical capacity. It will also facilitate information sharing between authorities, enhancing governance.

An integrated reporting system can make use of best practices in data management and facilitate the use of technology, thus ensuring a more digitalised reporting process.

What are the main areas of the integrated reporting system and its benefits?

The feasibility assessment of an integrated reporting system builds on three core areas: data dictionary, central data collection point and governance aspects.

The integrated reporting system main aim is to streamline and increase the efficiency in the reporting process by:

- Integrate business glossary, business concepts, validation and transformation rules
- Define a common data model
- Define unique data exchange formats
- Increase the efficiency of the data collection process
- Promote data sharing and reuse of collected data
- Uniformly define sets of reporting rules and align processes
- Foster collaboration among authorities for an efficient implementation and development of the integrated system
- Enhance coordination of authorities along the reporting process chain
- Define a legal framework to enhance data sharing
Key principles for building and an integrated reporting system

- **PRINCIPLE 1**
  Build an integrated reporting system by leveraging the work already done
  Leverage the work already done at European and national level and the lessons learnt.

- **PRINCIPLE 2**
  Step-by-step development of the integrated reporting system
  A series of core areas could be considered first for integration/implementing (detailed work on data definition), before further work could start on the other areas (work on data collection).

- **PRINCIPLE 3**
  Ensure a progressive transition to the integrated system
  Follow a non-disruptive approach to ensure continuation of the current reporting frameworks and the implementation and development plan of the integrated reporting system.

- **PRINCIPLE 4**
  Build an integrated reporting system following the proportionality principle
  Any future integrated reporting framework should rely on the proportionality principle and assess the cost-benefits impacting to all stakeholders.

Path towards integration

In order to achieve an integrated reporting system according to the principles mentioned above it is necessary to develop some initial steps towards integration. The list of actions provided serves as a basis to:

- Continue further discussions among the relevant stakeholders through an informal joint committee.

- Building a more detailed roadmap to be developed and implemented by the future Joint Reporting Committee.

The feasibility study provides input for initiatives developed by the European Commission such as the EU supervisory data strategy which aims to improve and modernise EU supervisory reporting and put in place a system that delivers accurate, consistent and timely data to supervisory authorities at EU and national level while minimising the reporting burden for all parties.

1) Identify and implement semantic integration
2) Achieve a common business glossary and common data concepts definition
3) Define a common data (meta) model
4) Further explore the feasibility to go more granular
5) Set up a Joint reporting committee
6) Develop and implement best practices for data integration
7) Develop and maintain a repository of ad hoc requests
8) Further investigation on the CDCP based on a cost/benefit analysis
9) Investigate the need for a common solution for the institution’s compliance processes (input approach)
10) Estimate the costs and number of resources needed

Useful links:

EBA Feasibility study on Integrated reporting
Strategy on supervisory data in EU financial services; European Commission, COM(2021)798