

POSITION PAPER



ESBG common response to the European Banking Authority to the consultation on the draft Data Point Model related to the technical standards on supervisory reporting requirements for liquidity coverage and stable funding. EBA/CP/2013/04

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First of all, the European Savings Banks Group (ESBG) welcomes the opportunity to share its views on the suggested draft Data Point Model related to the technical standards on supervisory reporting requirements for liquidity coverage and stable funding. EBA/CP/2013/04.

I. General observations

The defined template for LCR & NSFR contains a description of the data point model that will provide banks with guidance on the technical implementation for reporting. However, further details on the overall concept and the underlying methodology is needed in order to provide feedback on the data point model approach. Therefore, for the time being, the ESBG is only able to provide the following considerations.

General remarks on the reporting templates:

In particular, concerning the final draft of the LCR and NSFR reporting templates the ESBG would like to share the following ideas.

- In order to ensure a proper implementation and monitoring of the defined ratios, we believe that the reporting template should include the actual calculation logic of the ratios itself, comparable to the QIS templates. Without the disclosed details on the final calculated ratios, there is a risk of different interpretation at bank level and different results with regards to the results of the competent authorities. Therefore, we would like to ask for the incorporation of the formulas for the calculation in the Excel reporting templates as well.
- The level of granularity of required details / information in the template is very high (e.g. relative to the categories for liquid assets which apply the same factors). The implementation of this granular information requires an important implementation effort from financial institutions. On the other hand, the additional granular information does not have an impact on the calculated ratio and the added value of this additional granular information in the reporting template is very limited. Therefore, the ESBG would recommend reconsidering the required level of granularity in the template.
- Furthermore, the ESBG would welcome the inclusion of the validation rules in the final templates as well, in order to ensure an adequate data quality in the templates.
- The ESBG is in favour of considering all required reporting currencies in the template in order to calculate to the LCR & NSFR ratio in the template itself.
- Additional categories should be considered to reflect that, for example, outflows will be defined differently under national discretions. Otherwise, it should be considered whether individual factors might be selected in the template for individual requirements as they are defined by the competent authority (e.g. selection of weighting factors and selection of the effected country).
- The current version of the templates already contains several fields which are not clearly specified at this stage (e.g. liquid assets or deposits which are subject to a higher outflow rate). Therefore, the specifications of these fields have to be developed and incorporated by



banks without having clear guidance and specification (which is not expected within the near future). Future modifications, which will be necessary, will cause additional effort and costs for the banks. Thus, these additional fields should not be included until a clear definition is provided.

Potential issues in respect to the data point model as a standard for technical implementation:

In general, the defined approach of standards for the technical implementation seems interesting, but the following constraints need to be clearly pointed out:

- The suggested standard Data Point Model is characterised by a high degree of complexity which would require a deeper documentation of the underlying concepts and the approach.
- Therefore, in order to provide a proper analysis of the potential administrative cost of the implementation of the data point model itself, additional information and documentation of the concepts and the final outcomes of some categories are needed.
- The ESBG considers that this Data Point Model should serve as a basis, upon which financial institutions should set up the long term technical implementation of the new liquidity reporting rules.
- The ESBG would like point out that a possible IT implementation would mean enormous administrative effort and costs for financial institutions and would require a longer implementation period.
- Considering the effort in terms of costs and time of the implementation of this Data Point Model, the ESBG does not see the added value of the suggested implementation approach.



About WSBI-ESBG (European Savings Banks Group)

WSBI-ESBG – The European Voice of Savings and Retail Banking

WSBI-ESBG (European Savings Banks Group) is an international banking association that represents one of the largest European retail banking networks, comprising of approximately one-third of the retail banking market in Europe, with total assets of over €7,631 billion, non-bank deposits of €3,500 billion and non-bank loans of €4,200 billion (31 December 2011). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

WSBI-ESBG members are typically savings and retail banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their region. WSBI-ESBG member banks have reinvested responsibly in their region for many decades and are a distinct benchmark for corporate social responsibility activities throughout Europe and the world.



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