

Introduction to the EBA study on cost of compliance with supervisory reporting requirements

June 2020

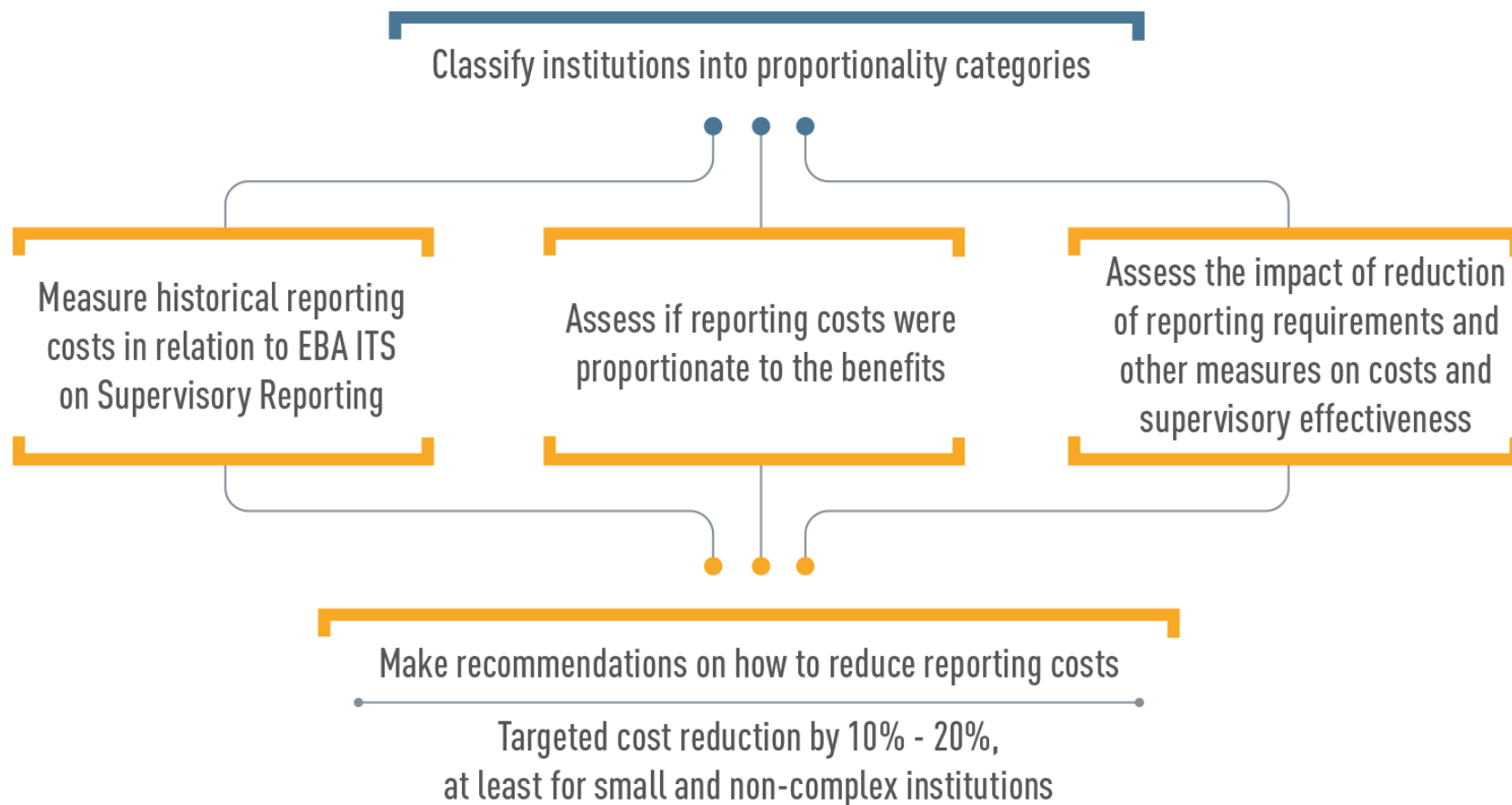
Background

- Proportionality is an important aspect for the EBA to take into account when developing the Single Rulebook
- Supervisory reporting and the costs borne by institutions for the compliance with the reporting obligations is often cited by the industry as the important element of the overall proportionality in supervisory requirements
- The EBA has been working over the years to ensure proportionality in supervisory reporting, whilst ensuring that competent and resolution authorities have all necessary information and data on the institutions to perform their tasks
- The EBA work on proportionality in supervisory reporting has been reinforced by specific mandate in the revised Capital Requirements Regulation (CRR): Article 430(8) of the CRR asks the EBA to perform a study of the institutions' costs of compliance with the standardised supervisory reporting, and find ways to reduce such reporting costs primarily for small and non-complex institutions.
- The cost of compliance study represents one element in the EBA's overall work on further enhancing the proportionality of the regulatory and supervisory frameworks and reducing reporting cost for institutions
- In parallel to the cost of compliance study, the EBA is also working on a feasibility study on a consistent and integrated system for collecting statistical data, resolution data and prudential data ('feasibility study') → both studies have synergies and complement each other, and the EBA is capitalising on these synergies
- The information collected as part of the study will be also used by the EBA as evidence in other work aimed at improving reporting efficiency

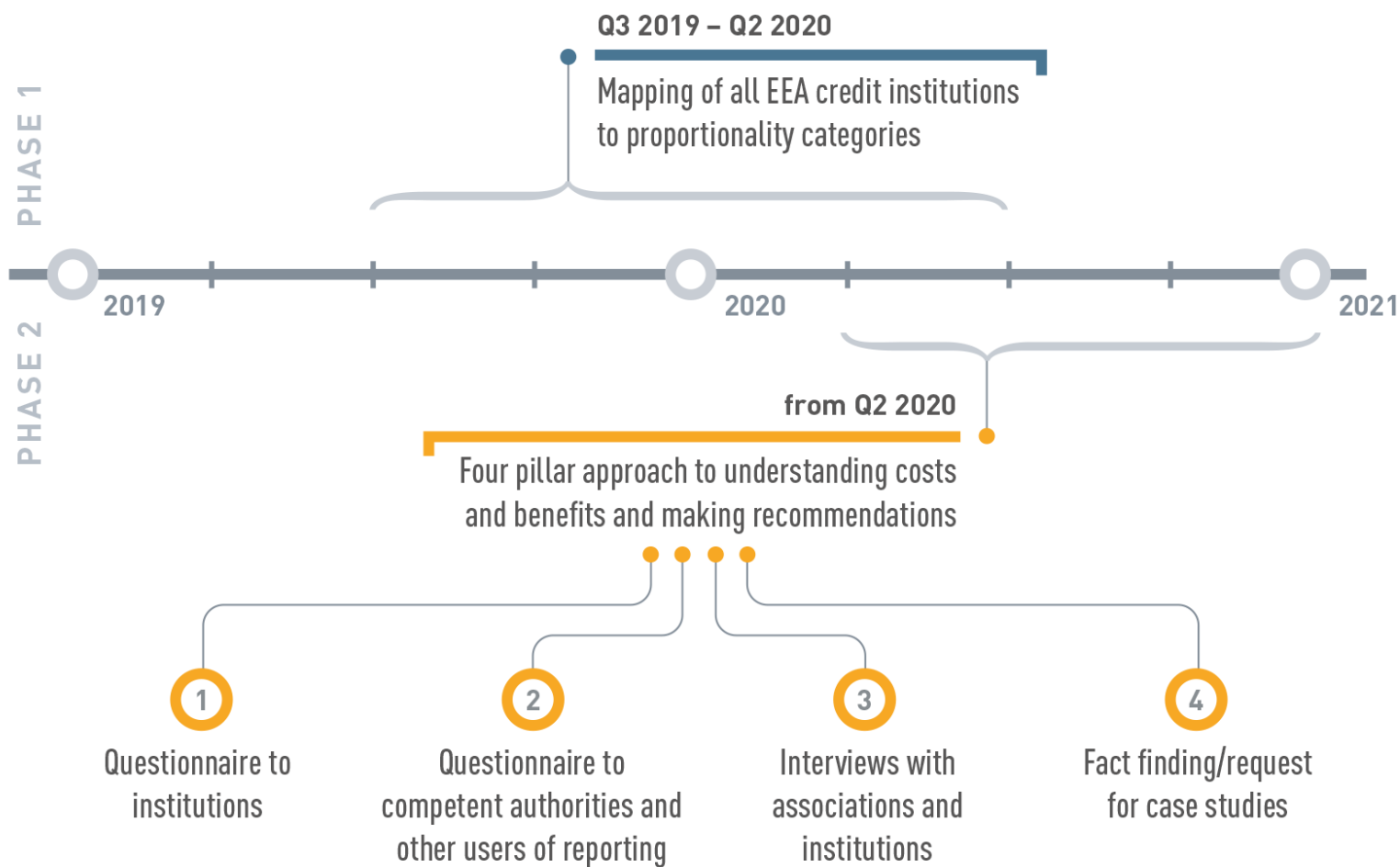
EBA study on cost of compliance with supervisory reporting requirements:

understanding reporting costs and
increasing the efficiency of the reporting requirements

Mandate and objectives

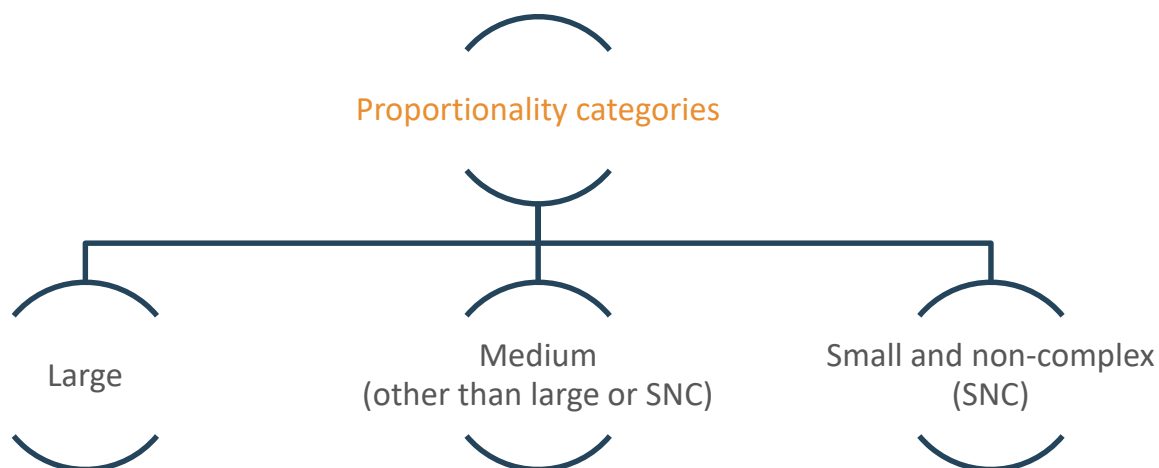


Working methods



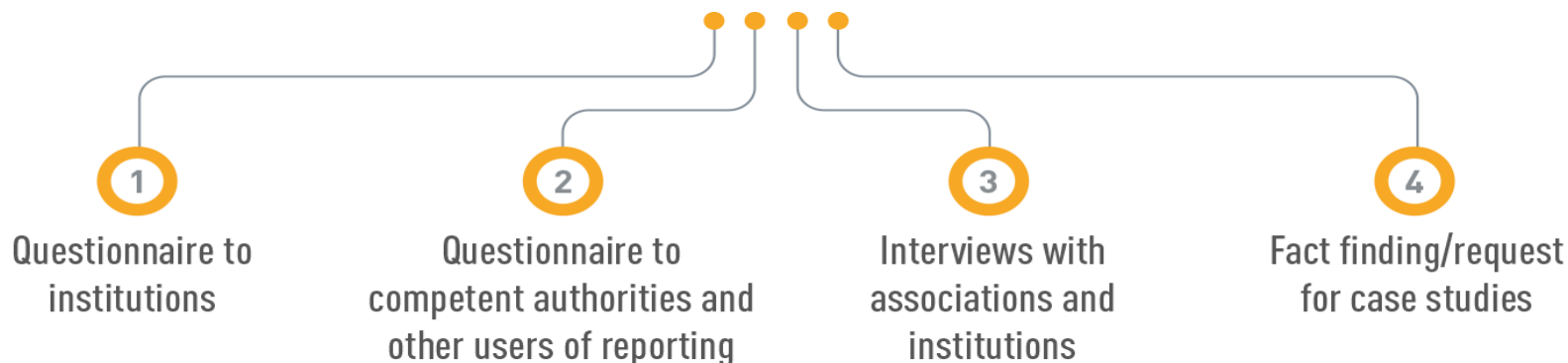
Working methods: Phase 1

- The Objective is to map the entire population of the EEA credit institutions into the proportionality categories defined by the CRR, i.e. small and non-complex, large and other
- The work is being done with the EEA competent authorities based on already reported data
- No involvement of the industry was necessary
- The results will of the mapping will not be published on a standalone basis and will be used in the study to inform Phase 2 planning and the assessment



Working methods: Phase 2

To fulfil its mandate for this study, the EBA is planning to organise the Phase 2 the analytical work aimed at understanding reporting costs and benefits and making recommendation based on four components requiring interaction and contribution from the industry



Voluntary questionnaire open to all EEA credit institutions and their reporting service providers focusing on understanding reporting cost, challenging areas in the existing supervisory reporting framework, identifying options to reduce reporting costs, also by means of technology

Questionnaire to the public sector as the user of the supervisory reporting, focusing mostly on benefits of supervisory reporting

Follow up discussions based on the results of the questionnaire to institutions (1) with selected sample of institutions and industry associations

Voluntary deep-dive case study analyses of practical examples or specific areas of reporting, to be provided by interested stakeholders

Next steps

May 2020

- Publication of the **general information** regarding the study
- Publication of **draft questionnaire** and **specification for the case studies**
- **Feedback from the industry** to the draft questionnaire and case studies

June 2020

- Launch of the **final questionnaire**
 - deadline for answering the questionnaire: 4-6 weeks after launch
- Call for submission of the case studies

September
2020

- Deadline for submission of case studies
- Interviews with the sample of institutions

Questions for discussions

- EBA considers the engagement with the industry as **essential for the study** in order to ensure that the input received is of good quality and serves to perform a proper analysis. The draft questionnaire and specification for the case studies are published upfront to collect industry views and feedback on them. It is important for the EBA that the **objectives of the exercise and the questions are fully understood** and that institutions see themselves in the position to answer them in a reasonable way
- The industry feedback is particularly essential in the current circumstances, where institutions may concentrate their efforts on maintaining smooth operations despite the COVID-19-outbreak

Questions:

1. What are the views on the draft questionnaire, its content, clarity and understandability?
2. What are the views on the institutions ability to provide answers, in particular to quantitative questions?
3. What are the views on the timeline for answering the questionnaire in the current circumstances considering both the launch in June and estimated deadline for answers of 4-6 weeks after the launch?
4. What are the views on the specifications for the case studies, and timeline for submitting answers to the EBA by September 2020?
5. What are the views on the overall timeline of the exercise under the current circumstances (where the results should be delivered to the Commission by December 2020)?



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