

SIXTH DIALOGUE MEETING
BETWEEN MEMBERS OF THE ESCB STATISTICS COMMITTEE AND
REPRESENTATIVES OF THE BANKING INDUSTRY

Tuesday, 18 June 2024

Minutes

1. Welcome and adoption of the agenda

The Chairperson of the European System of Central Banks (ESCB) Statistics Committee (STC) welcomed the participants to the sixth Dialogue meeting on ESCB statistics and integrated reporting between the STC and the representatives of the banking industry. She recalled that the purpose of the meeting is to update each other on recent developments and engage in active discussion on relevant topics. The Chairperson introduced the agenda of the meeting and thanked the European Banking Federation (EBF) for the good cooperation in preparing the meeting and organising the industry participation. She then gave the floor to the representative of the EBF, who thanked the European Central Bank (ECB) for the organisation of the event and was looking forward to a fruitful exchange of views.

2. State of play towards European integrated reporting

Summary of the presentations

2.1 The Joint Bank Reporting Committee (JBRC)

The ECB and the European Banking Authority (EBA) gave a joint presentation on the recently established Joint Bank Reporting Committee (JBRC). They provided an overview of the organisation, tasks and objectives of the JBRC and summarised the important milestones already achieved during its first meeting on 23 May 2024:

- The appointment of the JBRC Steering Committee.
- Broad agreement on the public call of nominations to set up the Reporting Contact Group with stakeholders from the banking industry.
- Broad agreement on the draft mandate of and call for experts for the Expert Group on Semantic Integration.

The presenters emphasised the important role that the JBRC plays in the integration of statistical, supervisory and resolution reporting by banks. This requires strong commitment and coordination not only from the authorities but also from the banking industry. Finally, the presenters thanked the European and national authorities for their participation in the JBRC.

2.2 Update on the ESCB's Integrated Reporting Framework (IReF)

The ECB updated the Dialogue participants on the recent and upcoming developments around the IReF. The presenter linked the IReF to the broader integration of regulatory reporting and pointed out that some semantic work has already started under the IReF, for example in the context of the foreseen alignment between the IReF and Financial Reporting (FinRep) at solo level, which could be reused by the JBRC Expert Group on Semantic Integration.

In terms of syntax, the presenter clarified that the Data Point Model (DPM) metamodel will be used to describe the IReF requirements and that work is ongoing with other authorities to align the way the DPM would be used even in a context where the approaches to data collections differed (e.g., templates for the EBA Implementing Technical Standards (ITS) and logical data models for the IReF). It was also clarified that the Eurosystem strategy aimed to align the IReF with the Banks' Integrated Reporting Dictionary (BIRD) and that in terms of data exchange format, the IReF would align to the standards used for prudential data.

The presenter also explained that the IReF extended technical layer would enable National Central Banks (NCBs) to model and describe their country-specific requirements, for instance those related to central credit registers, in a way that would be consistent with the IReF.

It was recalled that the so-called matching of the costs and benefits was still ongoing, but that the ECB had started drafting the IReF Regulation.

The presenter explained that a detailed communication on the IReF timeline would take place at the end of the ongoing investigation phase. Some broad communication on the timeline was planned to take place in the months after the meeting to clarify the immediate next steps (e.g., the public consultation on the draft IReF Regulation) and the expected start of the IReF reporting.

2.3 Report from the BIRD Steering Group

The co-Chairs of the BIRD Steering Group updated the Dialogue participants on the developments in BIRD since last year's Dialogue meeting. The presentation first recalled the benefits of BIRD and described the BIRD priorities for the industry and the authorities. The banking industry considers the input approach, i.e., a complete data lineage from banks' input to data collection by authorities a key to an end-to-end integration, and in this respect, BIRD deliverables can support and facilitate the work of the JBRC.

The presentation continued with a summary of the main milestones and recent developments. These included the publication of a new version of the BIRD data model, improvements in the description and publication of the semantic transformation rules on the BIRD website and the testing of the draft IReF Logical Data Model. In general, interest in BIRD had increased, and a number of new banks, consultants

and software vendors had joined the initiative, in particular the Work Stream on Prototyping which had resumed its work earlier this year. The presentation continued with the next steps for BIRD, including fine-tuning the transformation rules, finalising of the inclusion of Asset Encumbrance into BIRD and investigating the feasibility of including parts of Common Reporting (CoRep) into BIRD. Support to the IReF would continue in parallel. The presenters also stressed the importance of maintaining and updating frameworks already included in BIRD, in addition to the inclusion of new frameworks into BIRD.

The presentation continued with the foreseen challenges for the way forward. In this respect, the operational and technical activities for the timely publication of BIRD content as well as the resourcing of BIRD by the banking industry would need to be strengthened. On the latter, as resources are scarce, banks' management level would need to be made aware of the importance of the work.

Regarding the streamlining of the BIRD processes, the presenters updated the Dialogue participants on the ESCB BIRD Operational Tasks project, aiming to assess whether and how certain operational activities, still being carried out by the ECB, could be carried out by one or more NCBs in the future. Banks had also been involved in the discussions on the way forward.

2.4 The views of the banking industry

The representatives of the banking industry presented the industry's views on integrated reporting, which expressed support for the work of the JBRC. The banking industry representatives emphasised that BIRD should play a crucial role in the JBRC's work on semantic integration to which the industry is ready to provide its input.

The industry requested a clear implementation plan for the IReF on issues such as the decommissioning and/or recalibration of the existing national collections, the accounting standards used and the reporting for multinational banks.

In addition, the industry representatives stressed that a start of the IReF reporting in 2027 did not appear feasible. Since the IReF is the first step towards full integration of statistical, supervisory and resolution reporting, the industry representatives also called for clarity as regards the timelines and expected milestones for the development of a fully integrated reporting system.

2.5 Exchange of views

Summary of the discussion

The Chairperson thanked all presenters, and the floor was opened for an exchange of views. Regarding the IReF and the accounting standards, it was pointed out that the IReF reporting should be aligned with FinRep reporting at solo level, as otherwise the decommissioning of some FinRep templates will not be possible.

The banking industry representatives expressed their support to the three-pillar approach (JBRC, IReF and BIRD) for integration. At the same time, they reiterated their concerns as regards the timeline for the IReF. They stressed that changes in banks' IT architecture would need to be planned well in advance. This applies to new reporting but also to the decommissioning of existing reporting. It was also pointed out that the

timeline would not only affect banks, as the Eurosystem (and beyond – e.g., central credit registers) would be heavily affected as well.

The ECB representatives clarified that regarding accounting standards, the plan was to align the IReF reporting with the accounting standards of FinRep solo by making a direct reference to Article 24 of the Capital Requirements Regulation (CRR).

On the timeline, all participants agreed on the importance of clear communication. However, as was already pointed out, the investigation phase of the IReF programme would need to be closed first. In conclusion, the ECB representatives assured that the plans would be made as concrete as possible when finally communicated at the end of the investigation phase.

On the JBRC, there was broad agreement that all authorities would need to commit to include the advice provided by the JBRC into their regulatory processes. The industry representatives reiterated that such a step would convince banks to commit resources to the work supporting the JBRC.

3. Supervisory Data

3.1 Management Report on Data Governance and Data Quality

3.2 Resubmission framework, risk data aggregation and risk reporting

Summary of the presentations

The ECB presenter recalled that the ECB had recently changed the way it collected supervisory data from banks which had had an impact on Data Quality Indicator (DQI) scores. Regarding the resubmission framework, the new way of working had increased the number of data points that the ECB received every quarter. In general, by analysing the resubmission patterns, the ECB tried to assess the reliability of the banks' data aggregation processes.

A specific indicator, namely the Composite Indicator on Reliability (CIRe), measuring whether a bank could generate reliable data and assessing possible weaknesses in banks' IT systems, had been developed to support the Joint Supervisory Teams (JSTs) and the supervisory function in general.

The pilot on significant resubmissions had shown that applying a threshold on Key Risk Indicators (KRIs) was not a relevant measure to assess the significance of resubmissions. Therefore, the analysis might need to be done at data point level, which had been requested by several banks participating in the pilot. The presenter also summarised the main reasons for resubmissions collected from the reporting banks. The ECB announced it would continue the work to establish a comprehensive resubmission framework and to improve the DQIs and CIRe.

On the Management Report, the presenter explained that the aim of the report is to increase banks' senior management's awareness of the quality of the reports submitted to the authorities. The presentation also included some high-level results from the first exercise after the pilot a year earlier. It concluded with some feedback on the DQI received from banks, including examples of the main drivers that had resulted in a high DQI score.

The final presentation of the meeting, from a banking industry representative, explained the industry's views on supervisory reporting. The presenter appreciated the work done by the ECB, while at the same suggesting some improvements.

On the data quality dashboard, he suggested that the tool could be fine-tuned so that it would give a clearer message to the banks' senior management. Furthermore, the presenter proposed that validation rules would be tested by the industry in collaboration with the authorities before they would be put into use. The industry representative also asked whether new templates were planned to be included in the dashboard. Finally, he also mentioned the close linkage between the Management Report and the IT questionnaire and explained that both included the same indicators which needed to be signed twice. In general, banks would need more time to carefully review the reports.

3.3 Exchange of views

Summary of the discussion

In the exchange of views on the presentations under item 3 of the agenda the ECB expressed its appreciation of the suggestion to fine-tune the data quality dashboard. On the Management Report and IT questionnaire, it was clarified that they were not targeted to the same audience, which explained why some questions were repetitive. Furthermore, the data quality and Management Report are part of the Risk Data Aggregation and Risk Reporting (RDARR), hence contributing to the implementation of Basel Committee on Banking Supervision's (BCBS) standard 239.

The industry representatives mentioned that answering questions and sending feedback to the national authority was a heavy and manual process which called for more streamlining, digitalisation and alignment with the ECB process. It was also mentioned that some questions recurred from quarter to quarter. Finally, some concerns were raised by the industry representatives as regards the Management Report for the first and second quarter of 2025. Due to the new ITS, including new taxonomy and validation rules, the DQI scores might get worse.

The ECB representative acknowledged the possible negative impact of the new ITS on the DQI scores and clarified again that the DQI had originally been developed for the JSTs. In particular, the JST could decide to upgrade or downgrade the score for the Supervisory Review and Evaluation Process (SREP). He stressed that changes in reporting always caused an increase in validation errors, but what was important was how quickly the banks could go back to the usual quality. On the automatisisation of the DQI dashboards, the ECB is working on this with the EBA, but not all validation rules can be automated and implemented in eXtensible Business Reporting Language (XBRL). On the recurring questions on validation checks, the ECB said that in principle the files are provided with answers already submitted by banks.

4. Conclusions

The Chairperson of the STC thanked everyone once again for their active participation in the Dialogue and the fruitful exchange of views. She assured that the work on integrated reporting would continue in good collaboration. The representative of the EBF thanked the authorities for an open discussion and concluded that the word of the day is "commitment", as only commitment would mitigate the risk of running the separate

initiatives into different directions. The Chairperson closed the meeting, informing everyone that the following Dialogue meeting would be organised a year later.

Meeting participants**Participating institution****Name of participant**

European Central Bank	Claudia Mann	Chairperson
	Hanna Häkkinen	Secretary Dialogue
	Vitaliana Rondonotti	Secretary STC
Banque Nationale de Belgique	Martine Druant	
KBC Group	Dorothy Van Saen	
Danmarks Nationalbank	Bent Christiansen	
Danske Bank	Lotte Østergaard	
Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Andrea Knaus	
Deutsche Bundesbank	Stefan Brunken	
Commerzbank	Nils Gerstengarbe	
DZ BANK	Marc Ziegler	
Landesbank Baden-Württemberg	Oliver Scharr	
Finantsinspeksioon	Helene Trušina	
Central Bank of Ireland	David Duignan	
Banking & Payments Federation Ireland	Derrick Burke	
Bank of Greece	Nikolaos Tsaveas	
Alpha Bank / Hellenic Bank Association	Stylios Maridakis	
Banco de España	Carmen Fernandez Duran	
Banc Sabadell	Fernando Elipe	
BBVA	Julen Amuriza	
CaixaBank	Maria Monfort	
Autorité de contrôle prudentiel et de résolution (ACPR)	Bertrand Couillault	
Banque de France	Marie-Laure Barut-Etherington	
	Guy Levy-Rueff	
	Mathieu Damien	
	Cécile Golfier	
	Zélia Villeneuve	
BNP Paribas	Paul Margerie	
Crédit Agricole	Michel Bilger	
Hrvatska narodna banka	Tomislav Galac	
Banca d'Italia	Massimo Casa	
	Bruno Mastroianni	

UniCredit	Laura Mellone
Central Bank of Cyprus	Luca Guarinoni
	George Kyriacou
	Christina Nicolaidou
	Eleni Nicolaou
	Chryso Xenophontos
Latvijas Banka	Aiga Ose
SEB banka	Uvis Zemitis
Central Bank of Malta	Jesmond Pule
Malta Financial Services Authority (MFSA)	Nathan Chatland
	Roberta Darmanin
Bank of Valletta	Marisa Abdilla
De Nederlandsche Bank	Fabienne Fortanier
ABN AMRO Bank	Rolf Otten
Rabobank	Mike Velthaak
Oesterreichische Nationalbank	Johannes Turner
Erste Group	Claus Marihart
Banco de Portugal	Homero Gonçalves
Portuguese Banking Association	Pedro Fernandes
Banca Națională a României	Enache Jiru
Banca Transilvania	Gheorghe Tomoiaga
Banka Slovenije	Irena Drmaž
Nova KBM	Silva Matko Gosak
Národná banka Slovenska	Ivana Brziaková
	Tomáš Eder
Suomen Pankki – Finlands Bank	Elisabeth Flittner
OP Financial Group	Anita Mäkinen-Jäntti
Swedbank	Jason Mckee
European Banking Authority	Gaetano Chionsini
European Banking Federation	Francisco Saravia
European Commission	Pavel Diko
European Savings and Retail Bank Group	Andreea Lungu
Single Resolution Board	Tracy Cox
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