The EBA’s agenda on reporting

Cristina Abascal | Loans Management, Reporting and Transparency Unit
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Agenda

1. Where are now

2. What is next
   2.1. New reporting mandates
   2.2. Towards a more proportionate and efficient reporting framework
Where we are now: A maximum harmonised framework

| In general...                                                                 |
| A single set of rules applicable for all institutions operating across the European Union is **crucial to achieve financial integration**: |
| ▪ Ensure consistency of implementation of regulatory requirements            |
| ▪ Key element contributing to a level playing field – avoids regulatory arbitrage and fosters competition |
| ▪ Keeps compliance costs for cross-border institutions down                  |
| ▪ Facilitated crisis management, and recovery and resolution procedures       |

| Specifically in reporting...                                                 |
| ...the benefits of maximum harmonisation are                                |
| ▪ A set of **high quality data** with a common dictionary and format        |
| ▪ Established communication channels and technical solutions, including **common approaches to the solution of common issues** |
| ▪ **Continuous accumulation of know-how** in competent authorities and institutions |
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Reporting mandates

New banking reporting package

CRR 2
- Reporting requirements
  - General changes (legal basis, implementation time, ...)
  - Content changes
    - Leverage ratio
    - CCR
    - NSFR
    - Market risk
  - Internal and External TLAC
  - other smaller am.
  - Disclosures

BRRD 2
- MREL / Reporting and disclosure requirements

Regulation on minimum coverage of NPE

CRR amend.
- prudential backstops addressing potential under-provisioning of NPE

Investment firms regulatory package

IFR & IFD
- New reporting requirements for investment firms
Reporting mandates

- Prudential and financial reporting including backstop (CRR/CRD)
- Resolution reporting (BRRD)
- Investment firm reporting (IFR)

- New ITS on supervisory reporting replacing Commission Implementing Regulation (EU) No 680/2014
- New ITS on reporting on the new market risk requirements (FRTB)
- New ITS on MREL/TLAC reporting
- New ITS on Investment firms reporting (IFR)
Timelines

Timeline – New ITS on supervisory reporting and MREL/TLAC

- **October 2019**: CRR2/BRRD2 regulation enters into force
- **June 2019**: EBA publication of CP*
  - (3 months consultation period)
- **Public hearing - Dec**: EBA to submit the final ITS to the EU Commission
  - Final draft ITS
- **October 2020**: Expected EU Commission Publication
- **June 2021**: CRR2 application date

* MREL/TLAC publication of CP in November
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Towards a more proportionate and efficient reporting framework

EBA work to increase proportionality and enhance efficiency

- Proportionality in reporting requirements
- Cost of compliance study
- Feasibility study on integrated reporting
- Integration of Pillar 3 disclosures with the reporting framework
- Compliance tool, change management, implementation timelines, validation rule management

EBA reporting framework

- Prudential and financial reporting (CRR/CRD)
- Resolution reporting (BRRD)
- Investment firm reporting (IFR)
Proportionality in reporting requirements

Current proportionality in supervisory reporting

<table>
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<tr>
<th>Size / significance criteria</th>
<th>Significant</th>
<th>O-SII</th>
<th>G-SII</th>
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<tbody>
<tr>
<td>Less Significant</td>
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- Small banks
  - Size criteria
  - Implicit – regulation based, activities based
  - Size and risk-specific criteria

- Medium-sized banks
  - Risk specific criteria

- Large banks
  - Full reporting expected

Way forward ...

CRR2 new definitions

- Large institutions
  - Small and non-complex institutions
  - other

EBA will review the criteria and thresholds to take them into account

Further inputs on how to increase proportionality expected from the cost of compliance study
Cost of compliance

Article 430(8) of the CRR2 tasks EBA to

- assess the costs and benefits of the reporting requirements...
- ... and make recommendations on how to reduce the reporting requirements at least for small and non-complex institutions

The mandate is an opportunity to

- review and revisit existing approaches to proportionality
- Understand the cost drivers better to improve future reporting design

For a fair assessment, it is important to distinguish the cost of reporting from the cost of compliance with the ‘substance’ of the underlying regulation
→ Is the necessary data available?

- Reporting framework undergoes significant changes in the near future due to the CRR2, CRD5, BRRD2
→ Reporting cost will be considered

- Study may look into other measures than just the pure ‘reduced data point count’

- Recommended measures may not translate into equal cost reduction for all (targeted) institutions
Feasibility study on integrated reporting (i)

Mandate and objectives

CRR2 mandate: Integration at EU level

- Article 430c: 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
- Coordination of the project to be done by EBA as an EU institution where all EU countries interests/needs are represented/covered

Important considerations for the feasibility study:
- Understand the cost drivers of institutions’ reporting processes
- The usability for the public sector
- The future proofing of the data ecosystem

Integrated system’s objectives

- Increase efficiency of reporting
- Reduce the cost for banks
- Facilitate the exchange of data and its usability
- Improve data quality
Feasibility study on integrated reporting (ii)

EBA feasibility study - project overview

2019

Scoping:
• Data to be covered
• Reporting institutions
• Functionalities of system to collect and share data and coordinate requests
• Close interaction with stakeholders

Fact Finding and Research:
• Data currently collected
• Current reporting practices
• Current existing data dictionaries
• Existing projects:
  o ECB and national projects
  o State of play
  o Challenges & solutions
  o Lessons learnt
• Existing technologies
• Close interaction with stakeholders

2020-2021

Report writing & analysis:
• Analysis of the options identified in the scoping:
  o Data coverage
  o Systems
• Feasibility study on the different options
• Cost/benefit analysis
• Process: Regular consultations/discussions with stakeholders

Consultation:
• Public consultation of the draft report
Integration of Pillar 3 requirements into supervisory reporting

EBA is currently already working on...

Integration of Pillar 3 information (disclosure) into the reporting framework

- Improve comparability and standardisation of Pillar 3 disclosures by developing a draft ITS
- Review of Pillar 3 requirements, to reduce the implementation costs by credit institutions
- Reducing costs, especially for small non-listed banks

EBA acting as a Pillar 3 hub

Facilitate compliance with both