EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Draft amendments to the ECB regulation on reporting of supervisory financial information

Frequently asked questions

1 Why are you amending this ECB regulation?

In July 2014 the International Accounting Standards Board issued “IFRS 9 – Financial Instruments”, which supersedes the reporting standard for financial instruments in force in the European Union since 2005 (IAS 39). IFRS 9 fundamentally changes the way financial instruments are accounted for. Consequently, the templates that banks use to report financial data need to be adjusted.

Other modifications are also proposed, based on the experience gained since the first implementation of the ECB regulation as of 31 December 2015.

2 Does this ECB regulation apply to all banks in the euro area or only to those directly supervised by the ECB, i.e. significant banks?

All banks (significant and less significant) have to report supervisory financial information. However, in accordance with the principle of proportionality, less significant supervised institutions and supervised groups are subject to reduced reporting requirements.

3 Do the significant banks deliver/report their data directly to the ECB or via the national competent authorities (NCAs)?

The NCAs are the entry point for supervisory reporting from banks. Both significant and less significant banks will therefore submit the information to the NCAs. The NCAs then transmit the information to the ECB.

4 How does the transmission of data work within the Single Supervisory Mechanism (SSM)?

The SSM is a system of banking supervision composed of the ECB and the NCAs of participating Member States. In the particular case of supervisory reporting, the NCAs collect the data reported by banks, perform the initial data quality checks and make the information available to the ECB. In addition to the checks performed at the national level, the ECB performs its own quality checks to ensure the completeness of the information received and the consistency of the validation across participating Member States.

5 Why does the ECB need a separate regulation in addition to the technical standards of the European Banking Authority (EBA)?

Under Commission Implementing regulation (EU) No 680/2014, supervisory financial reporting is only mandatory for institutions applying International Financial Reporting Standards (IFRS) at the consolidated level. The ECB regulation has extended the regular reporting of supervisory financial information to the consolidated reports of banks under national accounting frameworks (national GAAPs), as well as to reports at the solo level (i.e. including a single legal entity).

6 Will the draft amendments make the ECB regulation more demanding than Commission Implementing regulation (EU) No 680/2014 in terms of implementing FINREP?

The Commission Implementing regulation is not intended to be the only source of regular standardised information to be used in day-to-day supervision. It provides for maximum harmonisation of supervisory information in key areas. Nevertheless, it does not cover the entire spectrum of supervisors' needs concerning regular reporting. The aim of the draft ECB regulation is rather to close the existing data gaps by collecting:

1. the full set of FINREP templates from significant banking groups that compile financial information according to national GAAPs;
2. a "common minimum" of financial information, taking into account the principle of proportionality, from significant banks at the solo level and from less significant banks (at both the solo and consolidated level).

7 Do participating Member States need their own national laws to implement FINREP or does the regulation have immediate effect in all EU Member States?

An ECB regulation is binding in its entirety and directly applicable in the Member States whose currency is the euro. The ECB regulation on reporting of supervisory financial information gives NCAs a degree of flexibility to decide on the formats, frequency and remittance dates for their collection and reporting of supervisory financial information. This enables NCAs to continue running, or to set up, integrated reporting systems (i.e. reporting systems that, in addition to supervision, also serve other purposes, such as statistical functions), thereby increasing efficiency in collecting data. Any areas in which the draft amendments to the ECB regulation give flexibility to NCAs could potentially be subject to national implementations.

8 Is it true that the ECB is asking the significant banks to report not only at a consolidated level, but also at a "per subsidiary" level?

Yes, this is necessary to ensure high quality supervision. The collection of supervisory financial reporting at the solo level (i.e. at the parent or subsidiary level):

1. allows the ECB to obtain consistent data in order to run, among other things, a centralised risk assessment system;
2. has been a key step towards common reporting requirements within the SSM;
3. is consistent with the need to perform supervision at both the consolidated and solo level, as envisaged by the Core Principles for Effective Banking Supervision of the Basel Committee on Banking Supervision.

9 Is the ECB imposing the use of international financial reporting standards (IFRS)?

No, the draft amendments to the ECB regulation neither affect the accounting standards applied by banks in their consolidated accounts or annual accounts nor change the accounting standards applied for supervisory reporting. As banks each apply different accounting standards, only information related to valuation rules (including methods for the estimation of credit risk losses, which exist under the relevant accounting standards and are effectively applied by the corresponding supervised group or entity) should be submitted. For these purposes, specific reporting templates are provided for banks applying national GAAPs.