



## Template for comments

### ECB Guide on effective risk data aggregation and risk reporting

#### Institution/Company

WSBI-ESBG

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#### General comments

Best practices are not shared in an appropriate level detail.

Overall key concerns:

- 1.Challenges in the implementation of the Guide in already existing organizational and architectural frameworks of institutions
- 2.Responsibilities for RDARR topic on Board members
- 3.Broad scope of RDARR
- 4.Difference and value added of Validation Unit vs. Internal Audit
- 5.Higher need of onboarding the NCAs to further strengthen the RDARR framework also nationally
- 6.Responsibilities need to be ensured, but the allocation of those should be done on an individual basis, considering the business model of an institution and the specific need

## Template for comments

### ECB Guide on effective risk data aggregation and risk reporting

Please enter all your feedback in this list.

When entering feedback, please make sure that:

- each comment deals with a single issue only;
- you indicate the relevant chapter/ section/ paragraph, where appropriate;
- you indicate whether your comment is a proposed amendment, clarification or deletion; and
- you include a rewording suggestion in case of a proposed amendment.

**Deadline:** 6 October, 2023

ID	Chapter/ section	Sub-point/ bullet/ paragraph	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board
1	3 Supervisory expectations				Except for responsibilities of the Management Body, we believe that the 6 supervisory expectations identified as priority areas by ECB are appropriate and give additional specifications for particular sub-topics to be considered in the future. It would be beneficial for the banks to have more granular details on the priority areas.	it would add clarity and hence, better implementation results
2	3 Supervisory expectations				Potentially, "data taxonomies" could be considered as a separate key area besides integrated data architecture. In addition, it would be beneficial for the institutions to provide more details on the expectations of data lineage requirements and BCBS 239 assessment of new initiatives.	it would add clarity and hence, better implementation results
3	3.1 Responsibilities of the management body	1.			Clear differentiation between accountability and responsibility should be stated. Accountability for these topics shall be certainly with the Board members but the responsibilities need to be delegated Top-down.	it would add clarity and hence, better implementation results
4	3.1 Responsibilities of the management body	3.			Details on best practices are not shared in deep detail	it would add clarity and hence, better implementation results

5	3.1 Responsibilities of the management body	3.1.3	5	Deletion	<p>According to the last sentence of paragraph 3.1.3, "<i>The management body should <u>select at least one of its members to exercise this responsibility</u></i>". We believe that selecting one or more members of the management body as responsible -individually considered- of the adherence to the BCBS 239 principles and of the consideration of any potential limitations that prevent full risk data aggregation in technical or legal terms, to the detriment of the responsibility of the management body as a whole, is not appropriate. It lacks a global vision and it will lead to an unintended fragmentation. In addition, it unduly limits the self-organising capacity of credit institutions.</p> <p>In our view, as it has been pointed out in other cases where this has been attempted, greater flexibility should be introduced in the determination of responsibility of the members of the management body to allow its adaptation to the different models of corporate governance in Europe.</p> <p>Therefore, we ask for the deletion of the reference to the individual responsibility of concrete members of the management body in this regard.</p>	Introducing flexibility in the determination of the responsibilities of the management body to adapt them to the different corporate models in the EU.
6	3.1 Responsibilities of the management body	6.			<p>With regards to confirming the report's meaningfulness, it is providing added value for internal risk reports but not for supervisory reports and financial reports since the reporting requirement is pre-defined. As the reporting requirement is defined internally, the report's recipient view on the meaningfulness of the information provided, supports, and enhances the steering and decision-making processes.</p>	it would solve inconsistencies
7	3.2 Sufficient scope of application				<p>The enlargement of the scope is extensive and therefore needs to be done step by step including a proper strategic planning on the banks level and has to consider also the as is status of the BCBS 239 implementation.</p>	it would guarantee sound implementation over time, in which feedback loops can be considered. Scope enlargement at high speed entails further implementation risks because feedback return effects cannot be considered. A mature system cannot be enforced at once in one implementation phase but needs to mature over time
8	3.3 Effective data governance framework	1.			<p>Role concept needs to be done on individual basis and needs to consider the business model. Therefore, overall responsibilities are fine, but dedicated roles are not appropriate to be specified.</p>	would ensure appropriateness
9	3.3 Effective data governance framework	2.			<p>Specific responsibilities of Data Governance unit are partially not in accordance with bank's need. Overarching responsibilities need to be displayed with an organization, but this should not be solely on Data Governance Unit level.</p>	it would add clarity and hence, better implementation results
10	3.3 Effective data governance framework	3.			<p>Details for validation unit needs to be specified. Difference and value added vs. 3<sup>rd</sup> line of defense are not visible and needs to be further elaborated.</p>	it would add clarity and hence, better implementation results

11	3.3 Effective data governance framework	4.			Details for validation unit needs to be specified. Difference and value added vs. 3 <sup>rd</sup> line of defense are not visible and needs to be further elaborated.	it would add clarity and hence, better implementation results
12	3.4 Integrated data architecture				More details needed on:  "Data capture for all risk indicators and metrics within the scope of application" (front office/back office systems, or an input into a central solution, in case of entities with more subsidiaries).	it would add clarity and hence, better implementation results
13	3.5 Group-wide data quality management and standards				Further details needed for: 'The full integration' of end-user computing or end-user developed applications	it would add clarity and hence, better implementation results
14	3.5 Group-wide data quality management and standards				Further details needed for: 'Adequate consideration of data quality risks' (should data quality be considered as a separate risk in ICAAP and ILAAP or rather seen that data quality has an impact on the other risks)	it would add clarity and hence, better implementation results
15	3.6 Timeliness of internal risk reporting				Expectations towards production time of a report are insufficiently described. "Timeliness of internal risk reporting" being the 6th out of seven key areas of concern, more details on expectations are beneficiary to improve capabilities in terms of timeliness in internal risk reporting.	it would add clarity and hence, better implementation results
16	3.7 Effective implementation programs				Best practices need to be shared on behalf of the authority. Higher transparency on expectations is needed to execute these programs in a cost-efficient manner.	it would add clarity and hence, better implementation results
17	3.7 Effective implementation programs				Higher need of discussion possibilities with ECB and the industry for sharing views and exchange.	it would add clarity and quality to the implementation process (possibly on both ends, regulators and banks)
18	3.7 Effective implementation programs	3.7	11 & 12	Deletion	<p>The last paragraph of section 3.7 indicates that "<i>As specified in point three of the list in Section 3.1, (...) Good project management practices provide that <u>at least one member of the management body should have responsibility for the execution of the programme</u></i>". We believe that selecting one or more members of the management body as responsible -individually considered- of the adherence to the BCBS 239 principles and of the consideration of any potential limitations that prevent full risk data aggregation in technical or legal terms, to the detriment of the responsibility of the management body as a whole, is not appropriate. It lacks a global vision and it will lead to an unintended fragmentation. In addition, it unduly limits the self-organising capacity of credit institutions.</p> <p>In our view, as it has been pointed out in other cases where this has been attempted, greater flexibility should be introduced in the determination of responsibility of the members of the management body to allow its adaptation to the different models of corporate governance in Europe.</p> <p>Therefore, we ask for the deletion of the reference to the individual responsibility of concrete members of the management body in this regard.</p>	Introducing flexibility in the determination of the responsibilities of the management body to adapt them to the different corporate models in the EU.

19	4 Supervisory approach	4	13	Deletion	<p>According to the sixth paragraph of section 4, “<i>Within the context of supervisory reporting, ECB Banking Supervision has consolidated and complemented the measurement of data quality by introducing a Management Report on Data Governance and Data Quality. When completing this report, institutions are asked to respond to a set of open questions, <u>with at least one member of the management body signing the answers</u> to further foster management body accountability</i>”. We believe that selecting one or more members of the management body as responsible -individually considered- of the adherence to the BCBS 239 principles and of the consideration of any potential limitations that prevent full risk data aggregation in technical or legal terms, to the detriment of the responsibility of the management body as a whole, is not appropriate. It lacks a global vision and it will lead to an unintended fragmentation. In addition, it unduly limits the self organising capacity of credit institutions.</p> <p>In our view, as it has been pointed out in other cases where this has been attempted, greater flexibility should be introduced in the determination of responsibility of the members of the management body to allow its adaptation to the different models of corporate governance in Europe.</p> <p>Therefore, we ask for the deletion of the reference to the individual responsibility of concrete members of the management body in this regard.</p>	Introducing flexibility in the determination of the responsibilities of the management body to adapt them to the different corporate models in the EU.
20	3.2 Sufficient scope of application	2	6	Amendment	<p>We agree the topic of materiality is a key factor in incorporating subsidiaries into the governance framework, according its importance and the criteria defined by the entity itself.</p> <p>We suggest expanding the criteria to include relevant reports in order to prioritize and distinguish them based on their materiality and impact. We understand it is essential to explicitly state this in our governance document</p>	It would help Entities on fair management on subsidiaries and resources. It would lead capability & proportionality principles. Responsibility through impact. It would give a framework of prioritization and focus on critical templates.