



EUROPEAN CENTRAL BANK

BANKING SUPERVISION

# Supervisory Data Reporting: The Sequential Approach

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Supervisory Reporting Conference

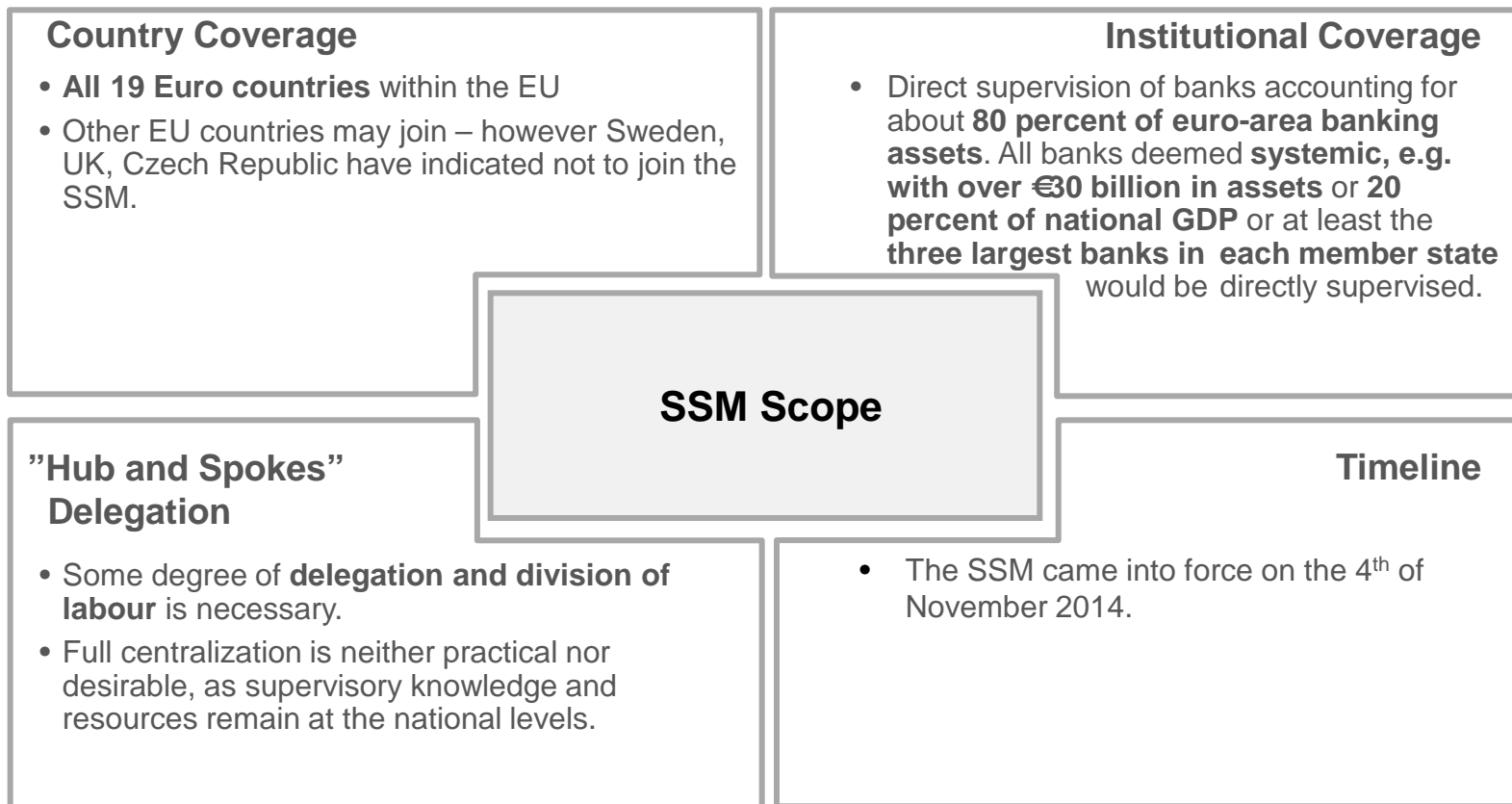
28 November 2016

*European Central Bank, Frankfurt*

# Overview

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## SSM Scope



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## Sound basis for regular reporting of supervisory data

- **CRR**: Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms
  - Own Funds and Capital Requirements
  - Financial information
  - Asset Encumbrance
  - Lending collateralized by Immovable property
  - Large exposures, Leverage Ratio
  - Liquidity Coverage, Stable Funding and Additional Liquidity Monitoring Metrics requirements
- **EBA ITS**: Commission Implementing Regulation (EU) No 680/2014 (as amended) laying down **implementing technical standards** for supervisory reporting
- **Decision ECB/2014/29** on the provision to the ECB of supervisory data reported to the NCAs by the supervised entities pursuant to Commission Implementing Regulation (EU) No 680/2014 (ITS data)
- **Regulation ECB/2015/13** (EU 2015/534) on reporting of supervisory financial information (**FINREP**)
- **Regulation (EU) No 1024/2013** defines the ability of the ECB to request for information (Article 10), in order to carry out the tasks on prudential supervision, providing the grounds for additional ad-hoc reporting.

# ITS Data: Scope and coverage

First reference date reported for all SSM Reporting Requirements based on the EBA ITS (and EBA Guidelines) by reporting entity type (remittance group)

SSM Reporting requirements		Significant Institutions				Less Significant Institutions			
		SI Highest		SI Remaining		LSI Highest		LSI Remaining	
		CONS (Ultimate Parent)	SOLO	SUB-CONS (Parent with SUB)	SOLO (Separate Parent / SUBs)	CONS (Ultimate Parent)	SOLO	SUB-CONS (Parent with SUB)	SOLO (Separate Parent / SUBs)
(Stand Alone)	(Stand Alone)								
<b>EBA Implementing Technical Standards (ITS)</b>									
COREP		Mar-14	Mar-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
	incl. Leverage Ratio (LR)	Mar-14	Mar-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
	incl. Immoveable Property losses	Jun-14	Jun-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
FINREP	IFRS	Sep-14	Dec-15	Dec-14	Jun-16	Dec-14	Jun-17	Dec-14	Jun-17
	nGAAP	Dec-15		Jun-16		Jun-17		Jun-17	
Liquidity Coverage Ratio (LCR)		Mar-14	Mar-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
Net Stable Funding Ratio		Mar-14	Mar-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
Large Exposures		Mar-14	Mar-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
Asset encumbrance		Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
ALMM	Monthly	Apr-16	Apr-16	Apr-16	Apr-16	Apr-16	Apr-16	Apr-16	Apr-16
	Quarterly	Jun-16	Jun-16	Jun-16	Jun-16	Jun-16	Jun-16	Jun-16	Jun-16
Amended LR (as part of COREP)		Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16
Amended LCR		Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16
Supervisory Benchmarking Portfolios <sup>(1)</sup>		Oct-15 / Dec-15	Oct-15 / Dec-15	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16
<b>Non - ITS / EBA Guidelines</b>									
Funding Plans <sup>(2)</sup>		Dec-14 / Jun 15	Dec-14 / Jun 15	Dec-14 / Jun-15	Dec-14 / Jun-15	Dec-14 / Jun-15	Dec-14 / Jun-15	Dec-14 / Jun-15	Dec-14 / Jun-15

- EBA ITS data collected by the ECB and transmitted to the EBA
- Additional EBA ITS data collected by the ECB
- Additional data requirements collected by the ECB (according to the ECB FINREP Regulation)

(1) For SI Highest, including EBA List for Supervisory Benchmarking Portfolios

(2) Data to be collected for a list of entities defined between the Competent Authority and the EBA, which may include reporting entities from all remittance groups.

## Additional ad-hoc reporting – Covering information gaps

### Ad-hoc reporting to cover information gaps

- Short Term Exercise for SIs, designed for Pillar 2 purposes. 127 SIs and 50 main subsidiaries under the scope, supporting the Supervisory Review Process (SREP) with data not available under the ITS.
- LSI Pilot Exercises for the entire set of LSIs at the highest level of consolidation, supporting an harmonized Risk Assessment for LSIs and the Significance Assessment

### Regular data collections still being carried out in Excel

- EBA EU-wide stress test / SSM supervisory stress tests for around 100 participating banks
- Fee Factors data collection, covering over 3000 reporting entities

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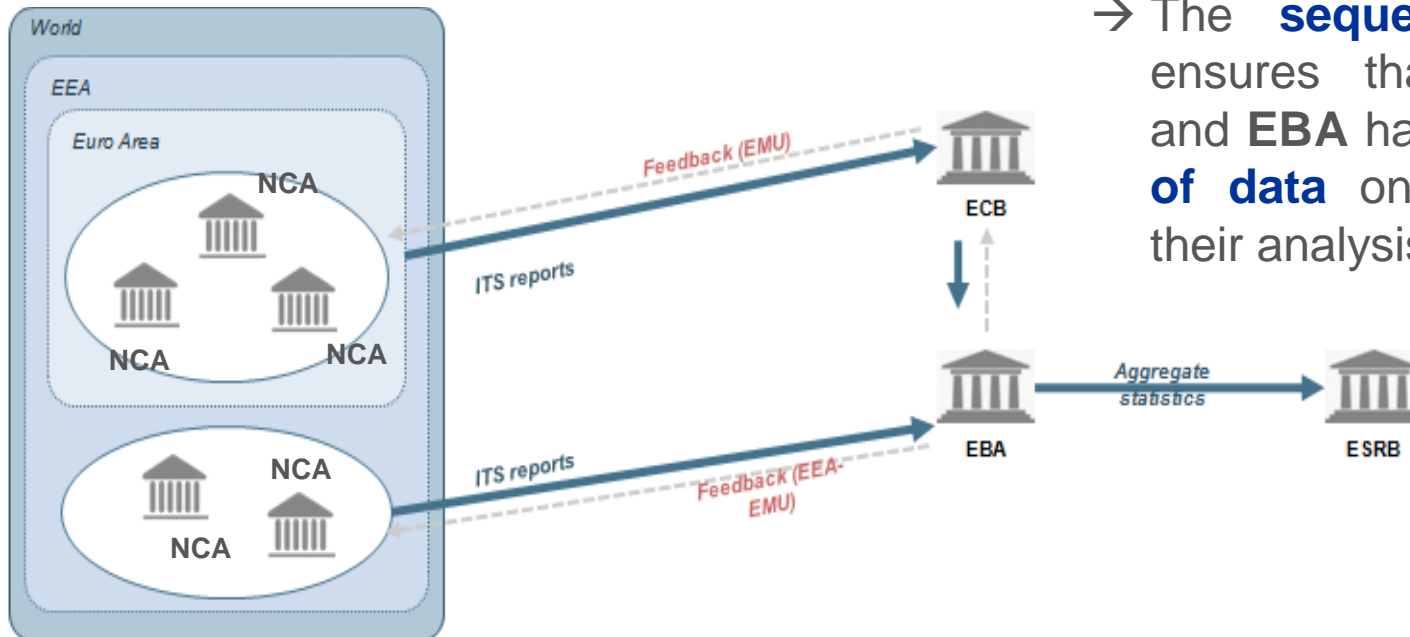
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## One common approach to data collection

### Sequential Approach - process for reporting ITS data – Significant Institutions

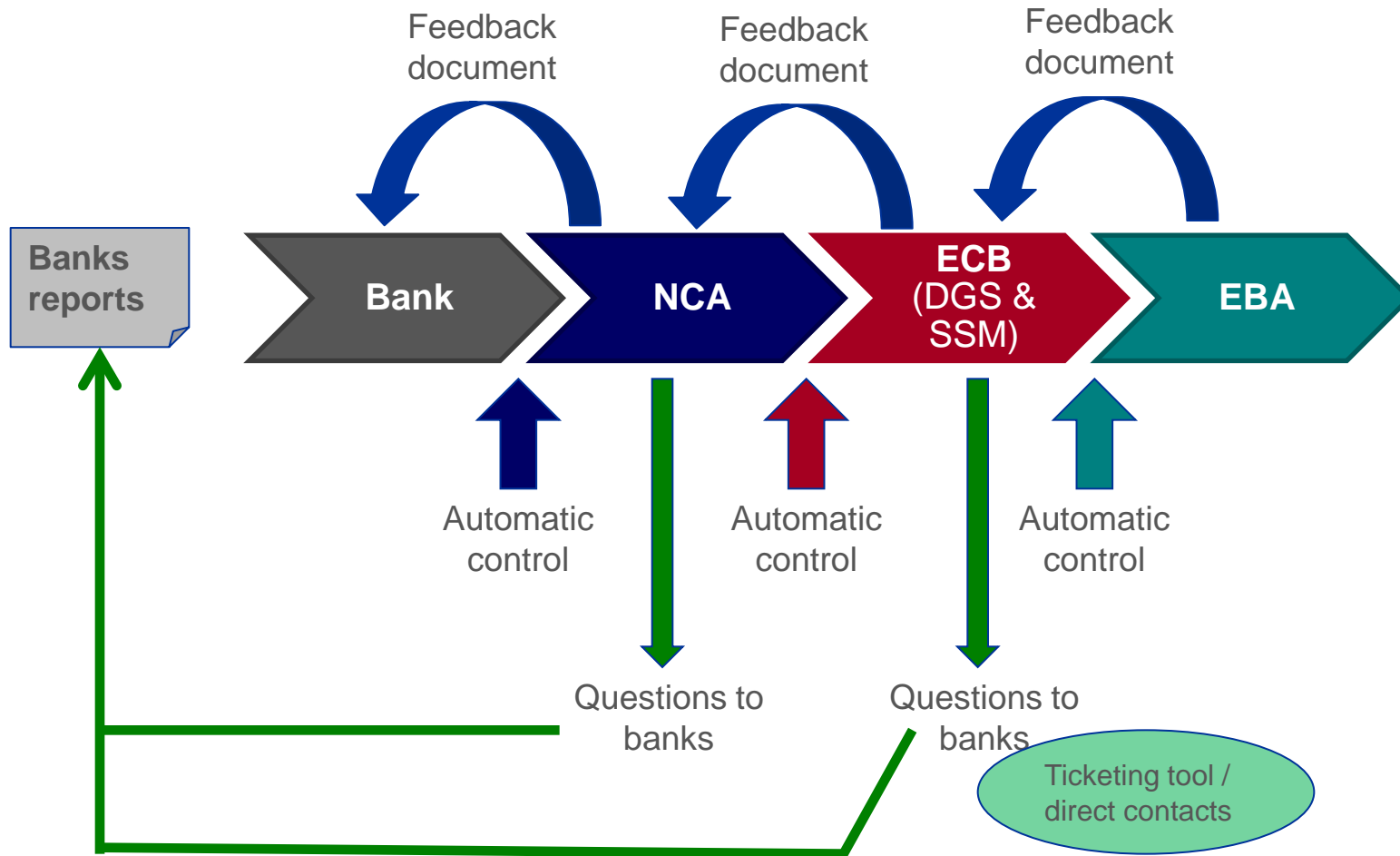
- “Cover note – Decision on EBA Reporting Phase II” **EBA BS 2013 355**:  
*“The data [ITS data] will be reported to the EBA by CAs, so that the NCAs participating in the SSM (SSM-NCAs) will submit their reports to the ECB, which will report to the EBA as a competent authority”*
- Decision EBA/DC/2015/30** on reporting by competent authorities to the EBA (defining the list of institutions in the EBA sample)



→ The **sequential approach** ensures that **NCAs, ECB and EBA** have the **same set of data** on which to base their analysis

# Supervisory Data Governance: The Sequential Approach

## Levels of data quality validation under the lead of DGS



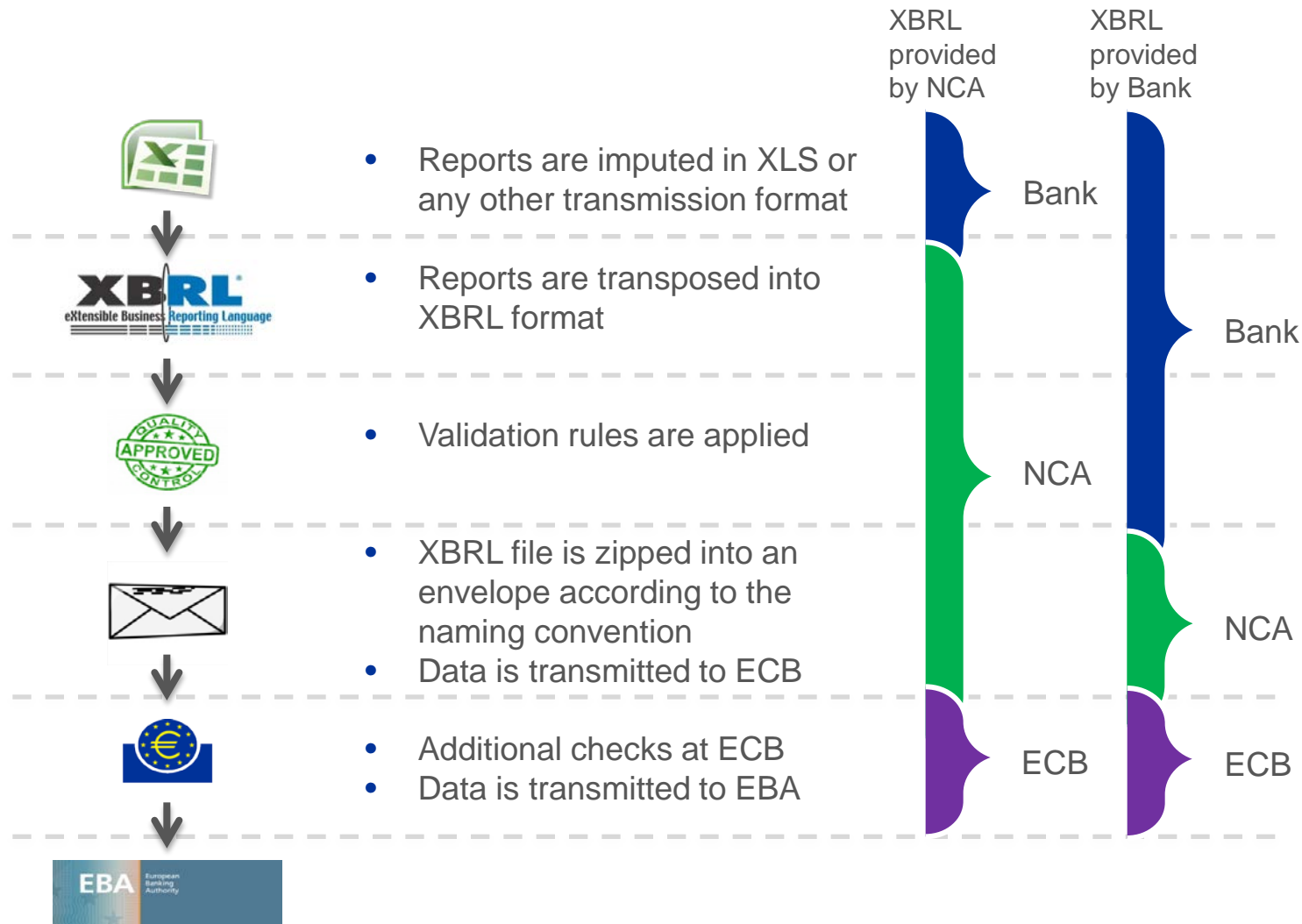
## **XBRL: standardised, harmonised, widely-adopted reporting format**

### **SUBA and XBRL**

XBRL was chosen as the mandatory format for data submission to the ECB:

- Harmonisation in SSM countries
- Full description of data points
- Table layout included in the taxonomy
- Incorporates Validation Rules...
- ... allowing reporters to validate the reports before sending

## Compiler remains responsible for data quality



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## Consecutive deadlines and different remittance groups

### Timelines for reception of supervisory data (ITS) by NCAs

- a) Monthly reporting: 15th calendar day after the reporting reference date;
- b) Quarterly reporting: 12 May, 11 August, 11 November and 11 February,
- c) Semi-annual reporting: 11 August and 11 February;
- d) Annual reporting: 11 February.

### Timelines for reception of supervisory data by ECB

- 1) **Significant** supervised entities **at the highest level** of consolidation  
**T+10 business days**
- 2) **Remaining** reports of **significant** supervised entities and **less significant** supervised entities **at the highest level** of consolidation  
**T+25 business days**
- 3) **Remaining** reports of less **significant** supervised entities  
**T+35 business days**

## Remittance Calendar

- Produced and updated yearly / on needs basis
- **Advance information** to NCAs/banks on remittance dates

August			September		
25	Th	<b>SI_Highest</b> <b>COREP (LR, IP Losses), LE, NSFR, FINREP</b> <b>Cons (IFRS, nGAAP), AE, ALMM (quarterly)</b> <b>June 2016</b>	1	Th	<b>SI_Highest - 2nd remittance to EBA</b> <b>COREP (LR, IP Losses), LE, NSFR, FINREP Cons</b> <b>(IFRS, nGAAP), AE, ALMM (quarterly)</b> <b>June 2016</b>
26	Fr	<b>SI_Highest</b> <b>FINREP Solo (IFRS, nGAAP)</b> <b>June 2016</b>	2	Fr	
27	Sa				
28	Su		3	Sa	ITS to ESRB
29	Mo	SK	4	Su	
30	Tu	ALMM M7 to NCAs <b>SI_Highest</b> <b>LCR</b> <b>July 2016</b>	5	Mo	<b>LSI_Remaining</b> <b>LCR</b> <b>June 2016</b>
31	We		6	Tu	<b>SI_Highest - 2nd remittance to EBA</b> <b>LCR</b> <b>July 2016</b>

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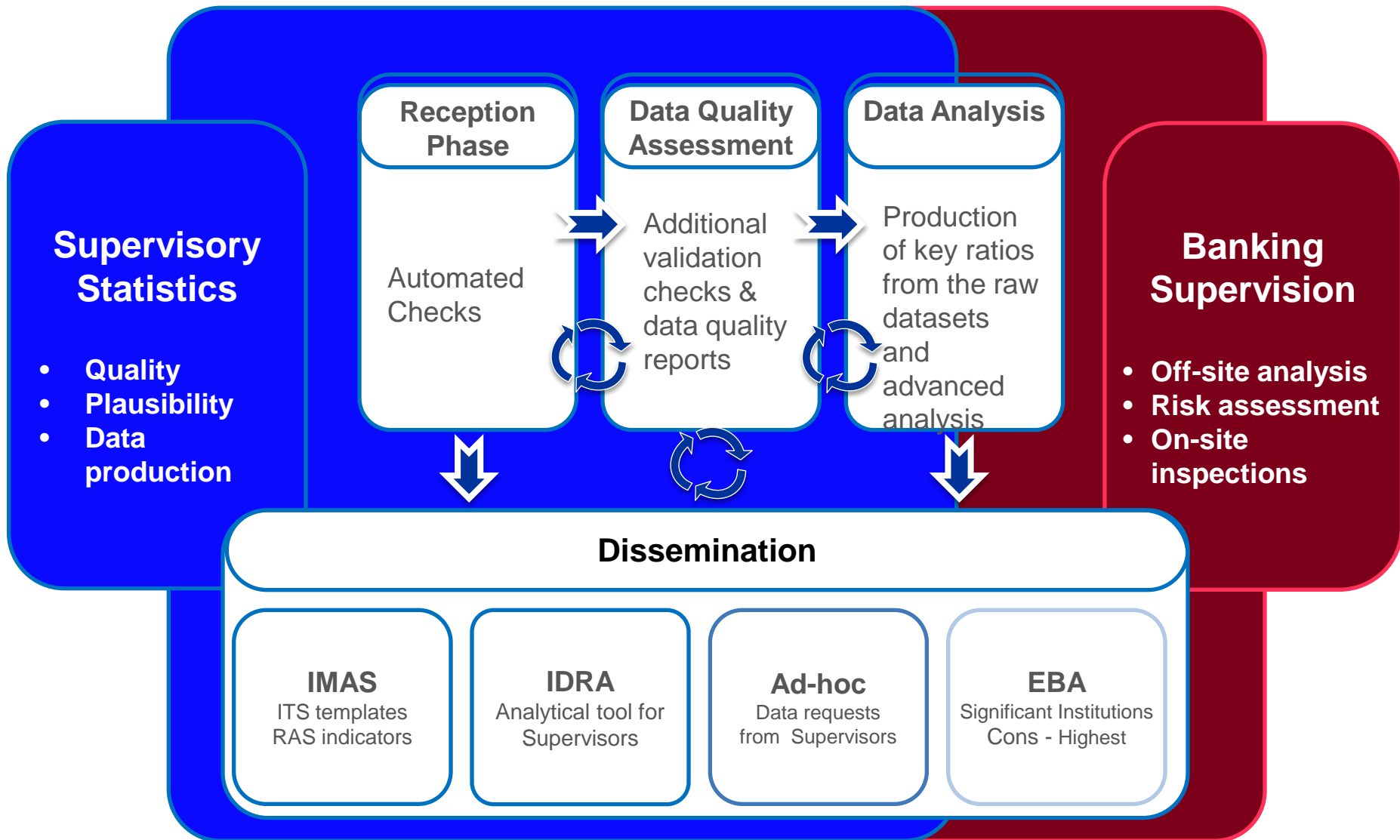
# SUBA system addresses a range of technical aspects of supervisory reporting

## What is the SUBA system?

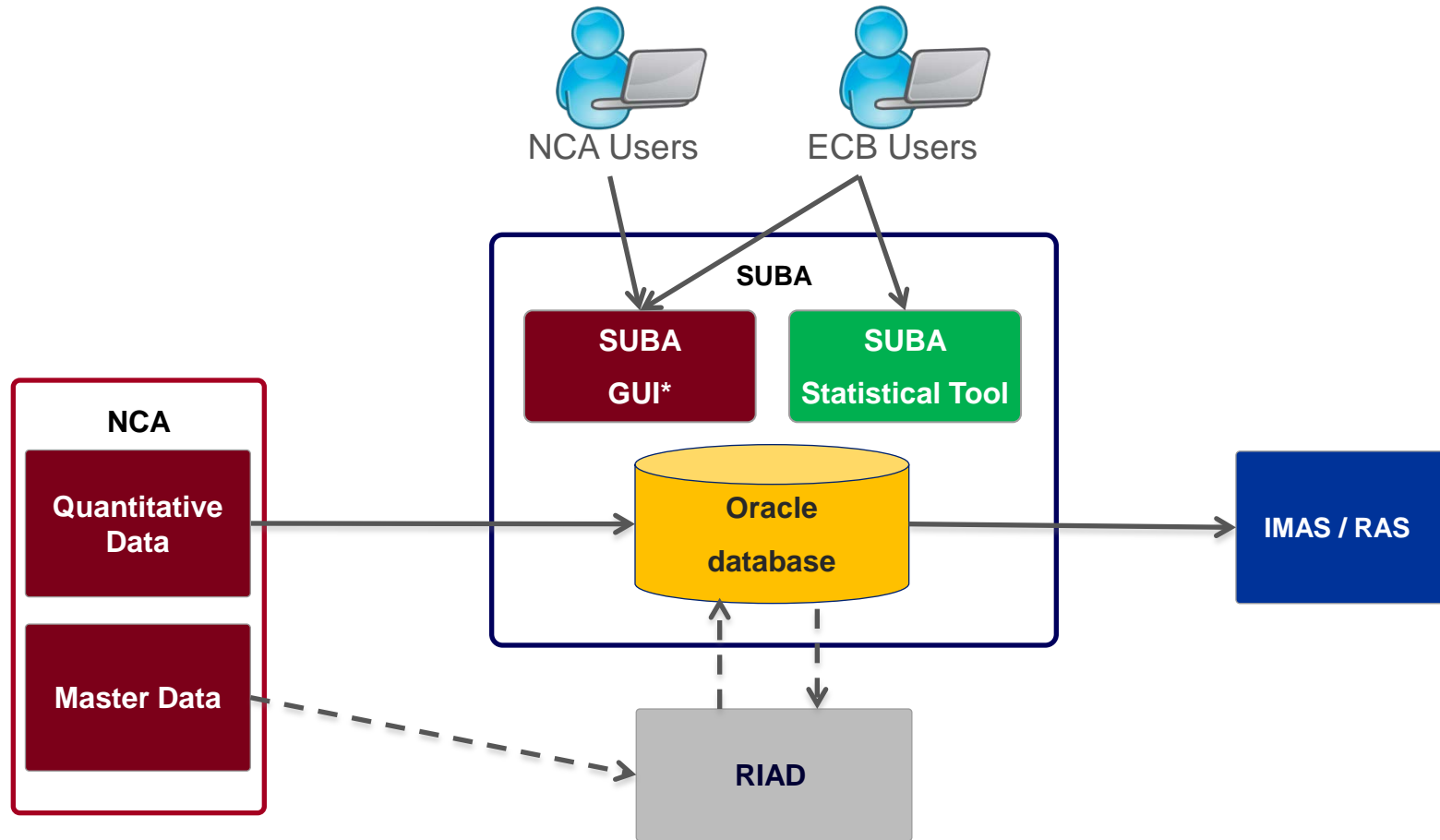
The **Supervisory Banking (SUBA) data system** is a set of **tools**

- to **collect** supervisory data from NCAs in the SSM
- to **store** the information in a database
- to **assess data quality** (validation rules and plausibility checks)
- to **disseminate** supervisory data and metadata to the systems of the supervisors and other users (subject to access rights)
- to **communicate** directly with NCAs on submission issues

## SUBA processes: effective, relevant and manageable



## SUBA: high performance, scalable and reliable system



\* Graphical User Interface

## **SUBA GUI: user-friendly interface for regular monitoring**

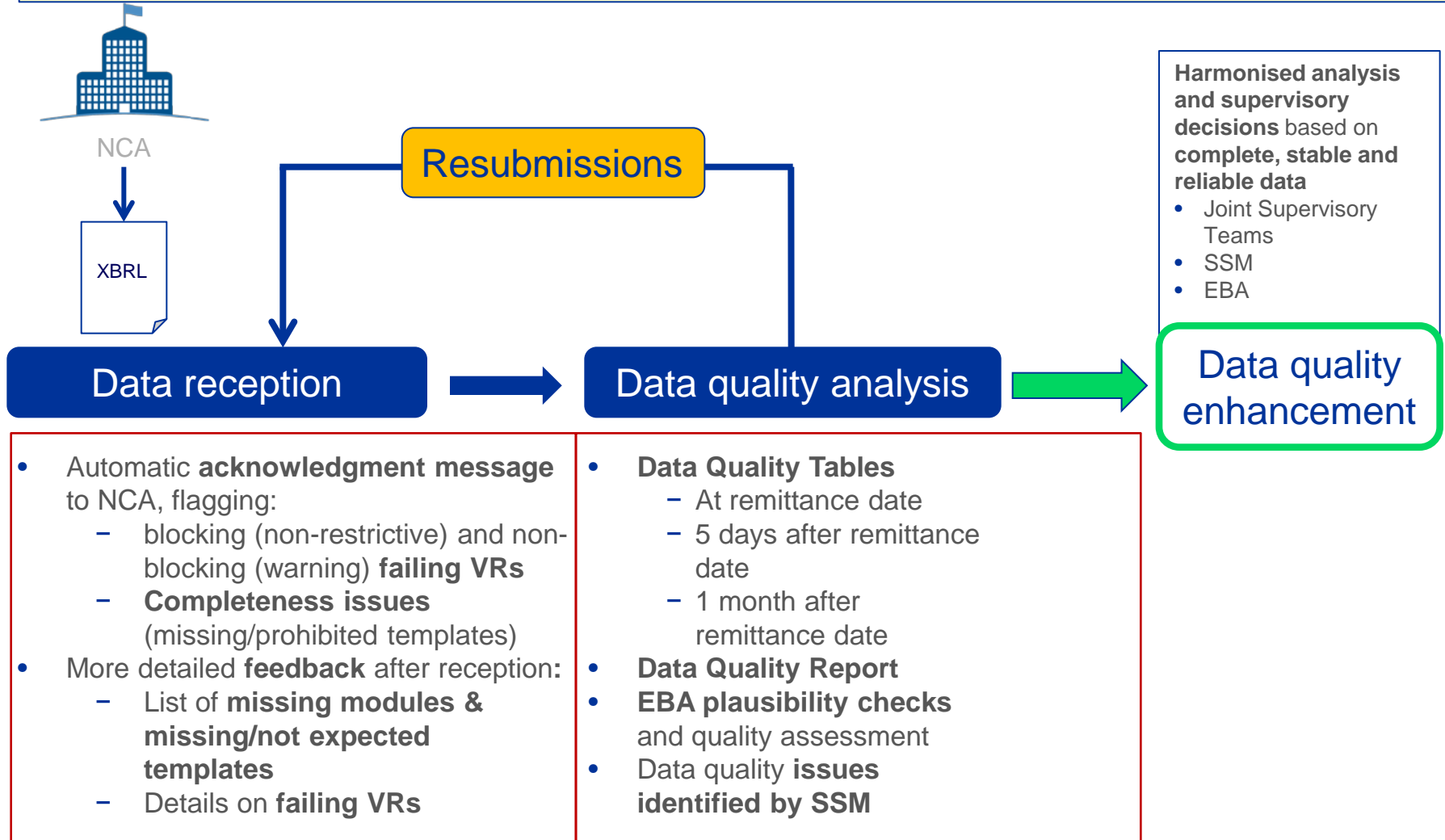
- **Submission Monitoring**
  - overview of submissions received
  - monitor disseminations to IMAS and the EBA
  - collection / download of data
- **Error Monitoring**
  - automated checking of submissions
  - view the detail of errors identified
  - flexibility to manually accept errors
  - management of validation rules
- **Master Data**
  - view and edit institution Master Data
- **Communication**
  - discuss issues directly with NCA users

**SAS is the statistical tool for SUBA - database for reporting, analytical and production purposes**

## **System Functionality – SUBA Statistical Tool (SAS)**

- **A flexible way to query information**
  - extract the same data point for all entities
  - calculate a formula based on supervisory data
- **Ad-hoc reports and data extraction**
  - status of a given template
  - reports based on entity attributes and other ad-hoc reporting needs
- **Data production and dissemination**
  - ITS derived data (e.g. IMAS, SPE)
- **Data quality analysis**
  - implement non XBRL checks on the data
  - analyse failed validation rules

## Validation processes ensure a constant feedback loop NCAs are timely informed

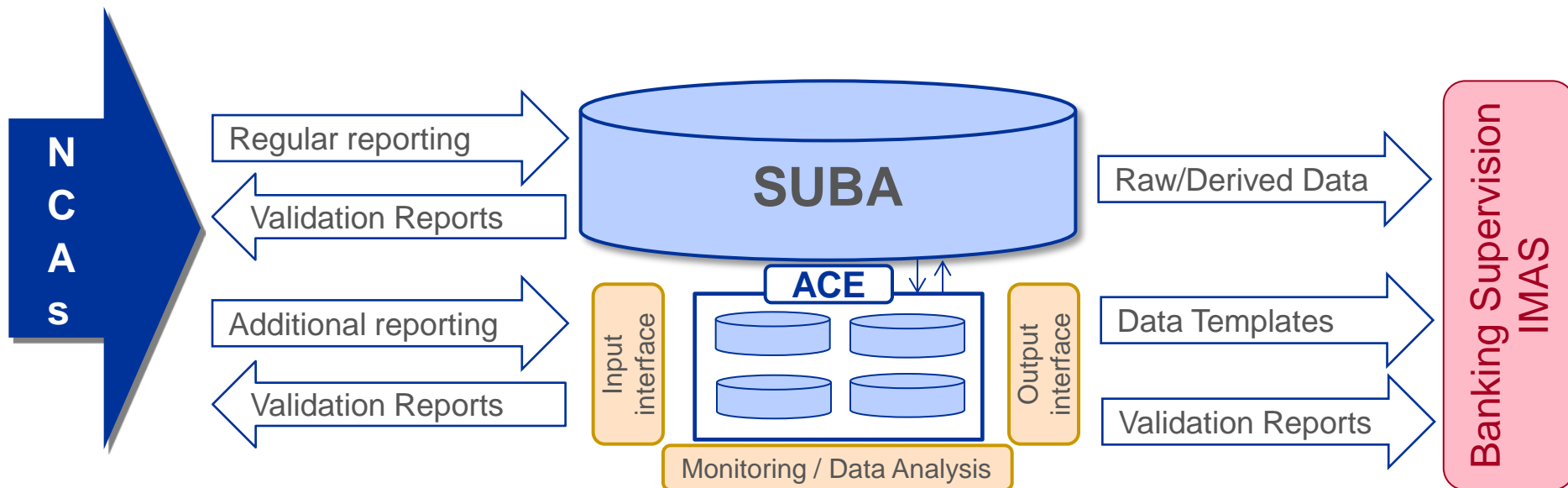


# ACE: a solution for ad-hoc and non-XBRL reporting

Challenge: find a reasonable mix of flexibility and adaptability to changing needs on one side, and data quality, monitoring and analysis.



The ACE system provides the interface for ad-hoc reporting, in line with SUBA



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### “Challenges are a source of growth”

#### Areas of improvement

- Shorten the **time lag** between submission of reports by banks and availability of data to SSM Supervisors
- Ensure timely follow up on data quality issues and immediate reception of **corrections** at the ECB
- Follow up on the results of a **survey on national practices** run by ECB/SUP where significant **heterogeneity of practices across NCAs** were identified
- **Improve coordination with stakeholders:** for example with the EBA and with other SSM business areas, to optimise availability and sharing of information on banks' developments (changes in LEI, group structure) and to ensure technical compatibility of data flows

## Way forward towards harmonisation

### 1. Country visits to National Competent Authorities (NCAs)

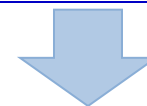
- To better understand their processes, their views and the possible issues
- Learn from best practices and identify possible solutions.



### 2. Task Force on the Harmonisation of the Sequential Approach

NCAs and the ECB mandated to:

- Identify the best practices available in each country
- Propose harmonised best practices.



**Level playing field**

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## Effectiveness, Efficiency, Harmonisation

### Effective Supervision needs Supervisory Data

- Timely
- Accurate
- Reliable

### Sequential Approach

- Minimize banks' reporting burden
- Efficient processes
- Unique data flow satisfies data needs of NCAs, ECB and EBA

### Establish a level playing field across the SSM

- Learning from each other
- Best of breed
- Harmonisation of national practices

Thank you for your attention