



EUROPEAN CENTRAL BANK

BANKING SUPERVISION

Management Report on Data Governance and Data Quality

Supervisory Reporting Conference
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Overview

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- 2 Process and content
- 3 Management body awareness
- 4 Results of the horizontal assessment: Data Quality
- 5 Results of the horizontal assessment: RDARR capabilities
- 6 Way forward

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Background

Guiding principle endorsed by the Supervisory Board

“A bank’s board and senior management should promote the identification, assessment and management of data quality risks as part of its overall risk management framework.”

Principle 1 (Governance) **BCBS 239**

“In terms of good governance, there should be an adequate level of accountability of banks’ senior management in the processes related to supervisory data reporting, production and transmission”

Supervisory Board Decision **SB/20/144/12**



Implemented through the **Management Report on Data Governance and Data Quality**

Management Report on Data Governance and Data Quality

What is the Management Report ?

- **An annual exercise launched in 2023** consisting of a **signature by the management body** and answers to a **qualitative questionnaire**, in response to pre-populated data quality information and indicators

What are the objectives of the Management Report?

- **Reinforce supervisory expectations** on the role for banks' senior managers in the production and transmission of supervisory data.
- **Improve the traceability and accountability** of banks' senior managers regarding supervisory data.
- Identify potential signals of **weaknesses** in the institution's **data aggregation capabilities**

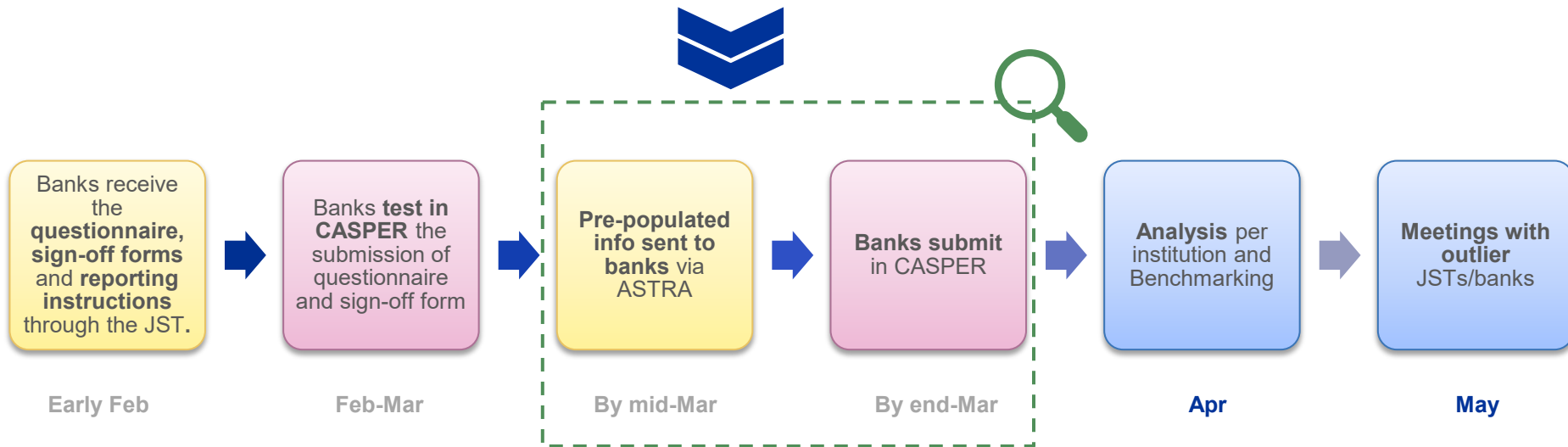
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Process and content

Management Report on Data Governance and Data Quality Process

How do we reach the objectives behind the Management Report?

- Request for feedback on **mitigation/remediation plans** to address issues identified.
- Focused **declaration on the quality and reliability** of the data.



Management Report on Data Governance and Data Quality Structure

Pre-populated section - PDF
Sent to the banks in ASTRA in March

Section 1: Internal data governance

1

Data quality indicators derived from the annual **IT risk self-assessment questionnaire**:

Section 2: Supervisory data quality assessment

2

Indicators on the quality of the supervisory data of the SIs

- ☐ Is the data of sufficient quality to support and inform supervisory decisions? (**Completeness, Accuracy & DQI**)
- ☐ How was the information provided? (**Punctuality & Reliability**)

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Section 2 “bis”: Supplementary information on supervisory data quality produced by the ECB from banks’ submissions

Questionnaire completed by institutions

Received from the banks in CASPER with deadline March/April

Acknowledgement through a signature (Sign-Off form)

A

Signed by at least one member of the Management Level

Answers to qualitative section (“Questionnaire” - Excel)

B

- ☐ **4 questions on causes for the data quality issues** in supervisory data
- ☐ **9 questions relating to RDARR capabilities** (bank self assessment)

What has been sent to the banks in ASTRA

Data Quality Indicator

	2024 Q1	2024 Q2	2024 Q3	2024 Q4
DQI score	4	4	2	4
Ranking across peer group (DQI sample)	13	12	8	13
Total nr. of institutions in peer group (DQI sample)	13	13	13	13
Ranking across SSM institutions	111	107	72	113
Total nr. of institutions in SSM	114	114	114	116

Data Quality Assessment

2

Compliance									
	2024 Q1		2024 Q2		2024 Q3		2024 Q4		
	ITS	STE	ITS	STE	ITS	STE	ITS	STE	
Completeness Nr. of missing templates	47	0	9	0	0	0	10	0	
Accuracy Nr. of validation rules failing	0	0	0	0	2	0	0	0	
Peer group average	0.4	0.0	2.2	0.0	0.5	0.0	0.8	0.0	
Punctuality Nr. of non-timely submissions	3	0	1	0	0	0	1	0	

3 Supplementary information on supervisory data quality

Percentage of Submitted Templates by Module				
Module	2024 Q1	2024 Q2	2024 Q3	2024 Q4
AE	100.0%	0.0%	100.0%	0.0%
ALM	100.0%	100.0%	100.0%	100.0%
COREP_LR	0.0%	100.0%	100.0%	100.0%
COREP_OF	0.0%	100.0%	100.0%	100.0%
FINREP	100.0%	100.0%	100.0%	100.0%
LCR	100.0%	100.0%	100.0%	100.0%
LE	0.0%	100.0%	100.0%	100.0%
NSFR	100.0%	100.0%	100.0%	100.0%
Total	60.2%	93.3%	100.0%	93.5%

1

IT Risk Questionnaire

Questions from the IT risk self-assessment questionnaire						
	Bank value		SSM average		Peer group average	
	2023	2024	2023	2024	2023	2024
Self-assessment score for IT data integrity risk level	3.0	3.0	2.6	2.6	2.6	2.8
(*)Self-assessment score for data quality management maturity level (Risk Control)	3.0	3.0	2.6	2.4	2.5	2.5
(*)Self-assessment score for data architecture model maturity level (Risk Control)	3.0	3.0	2.6	2.5	2.3	2.4
Number of end user computing applications (EUC) ¹	382	377	956	981	1205	1227
Number of cases of incorrect submissions in the supervisory reporting ²	80	30	33	25	38	21
Number of incidents leading to significant invalid data modifications ³	0	1	-	-	-	-
Number of critical findings related to IT data integrity open for more than a year ⁴	1	3	-	-	-	-

What has been received from the banks in CASPER

Answers to the qualitative questionnaire (Excel)

B

Question	Issues with external software provider	Name of the external software provider	Additional information on external software provider	Issues with internal IT reporting system	Additional information on internal IT reporting system	Operational/human error, incident
1. Please describe the underlying causes for the completeness issues in supervisory data at the compliance cut-off date highlighted in the Report. Explanations should focus on the general causes of completeness issues and not on individual issues.						
2. Please describe the underlying causes for the accuracy issues in supervisory data (i.e. non-compliance with the ECB and EBA validation rules) at the compliance cut-off date highlighted in the Report. Explanations should focus on the general causes of accuracy issues and not on individual issues.						
3. Please describe the underlying causes for the punctuality issues at the compliance cut-off date highlighted in the Report.						
4. Please provide the underlying causes for the number of resubmissions highlighted in the Report. Explanations should focus on the general pattern of resubmissions and not on individual resubmissions.						

Question	
5. By what date is the bank expected to comply with <u>all the supervisory expectations</u> outlined in the ECB Guide on effective risk data aggregation and risk reporting. Please indicate a concrete date.	
6. Regarding the <u>responsibilities of the management body</u> as outlined in Section 3.1 of the ECB Guide on effective risk data aggregation and risk reporting, please indicate by what date the bank is expected to adhere to comply with these particular supervisory expectations.	
7. Does the bank have a group-wide data governance framework, covering supervisory, financial and internal risk reporting that is approved by the management body?	
8. Are all parts of the entire lifecycle of the data (i.e. all processes from data origination, capture and aggregation to reporting) included in the group data governance framework, in line with Section 3.2 of the ECB Guide?	

...

Sign-off form (PDF)

A

Sign-off Management Report on Data Governance and Data Quality

I/we hereby acknowledge, without any certification nor endorsing any responsibility related to any of the data and information pre-populated by the ECB in the Management Report, that:

- It is the responsibility of the management body to ensure the quality of internal, financial and supervisory data
- Appropriate verification measures aimed at cross-checking the data reported with the information available in the accounting and information systems of the bank have been put in place

Date:	14.02.2023
C-level function:	Chief Financial Officer
Name:	<div style="border: 1px solid black; width: 60px; height: 20px; margin: 0 auto;"></div>
Signature:	

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Management body awareness

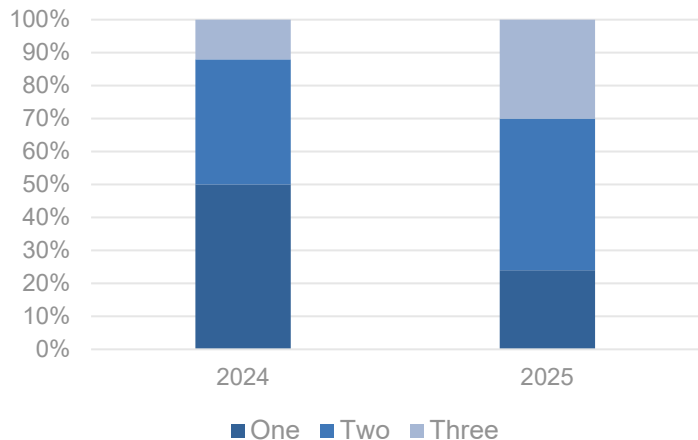
Management body awareness

➤ Sign-off requested by **at least one** member of the **management body** who has **overall responsibility for data governance and producing and submitting supervisory data** to the national competent authority.

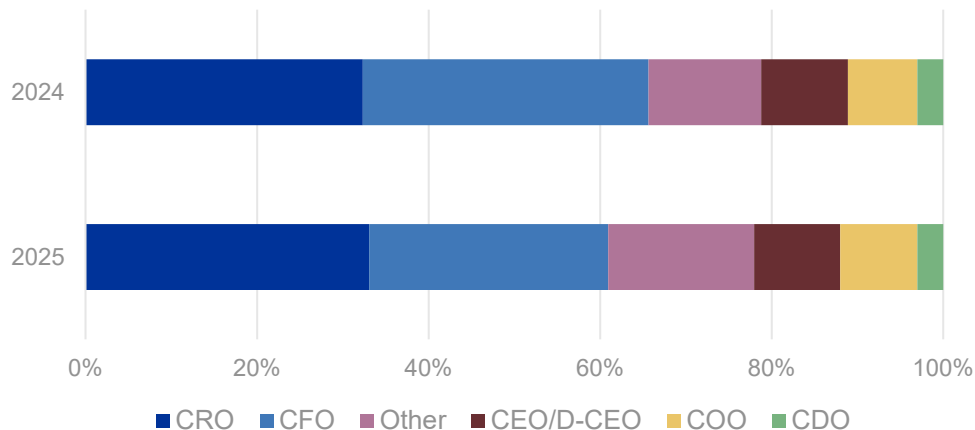
- **8** banks didn't follow the instructions and submitted the questionnaire **without the sign-off form**
- Some forms were not signed by management body members originally communicated as accountable

✓ Compared to pilot in 2023, both in 2024 and 2025 we see an **increased awareness of top management**.

Number of signatures per institution



Distribution of C-level Manager signatures



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Results of the horizontal assessment: Data Quality

Data Quality: Main deficiencies observed (1/3)

⚠ Key considerations:



22% (versus 32% in 2024) of banks provided **poor or missing explanation** on issue that were flagged within the MR package.

- Free-text explanations were **mandatory** if “YES” was selected for a deficiency in the drop-down menu.



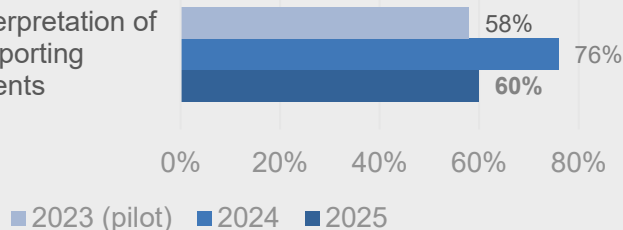
Some categories have changed slightly over the years.

- Better aligned with the latest RDARR guide which allows a better integration of findings
- Banks expected to provide details on general issues rather than specific validation rules/breaches/resubmissions highlighted in the report.



Main deficiencies and interpretation of findings:

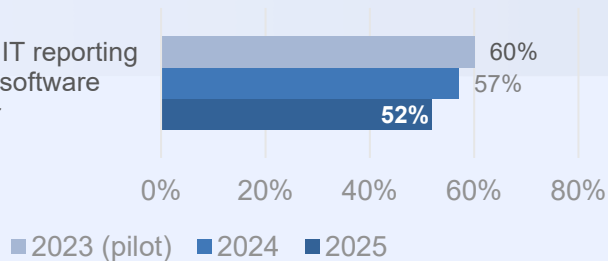
Mis- or revised interpretation of regulation/reporting requirements



- In **2024** institutions mentioned issues related with the implementation of the **3.2 EBA taxonomy** (applicable as of June 2023)
- **EBA Taxonomies 3.3 to 3.5** (applicable until Dec 2024) **rather stable**

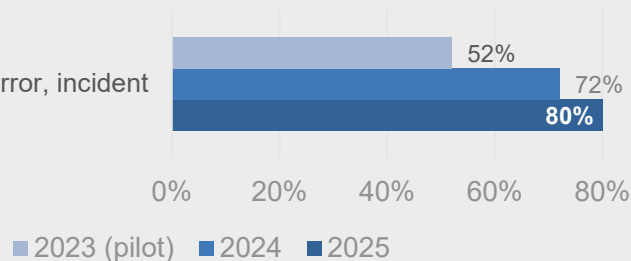
Data Quality: Main deficiencies observed (2/3)

Issues with internal IT reporting system/external software provider

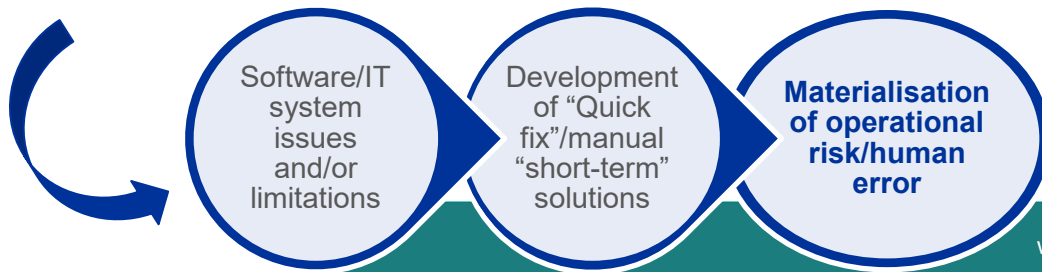


- **55%** of the issues with IT reporting system due to **external software provider**
- Institutions claim the **software provider does not provide complete implementation of Validation Rules**, so the institution doesn't know the results of the checks before reaching the ECB, resulting in resubmissions.

Operational/human error, incident

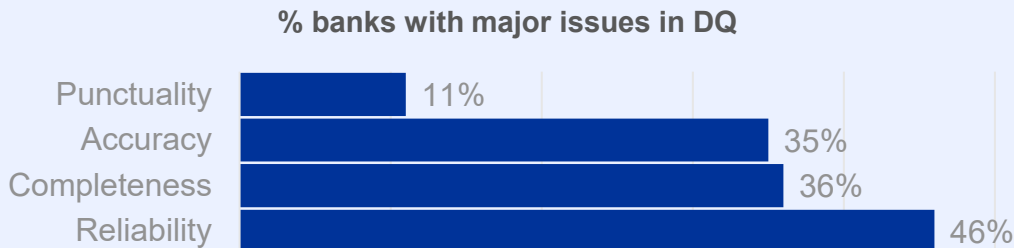


- **27%** of the operational issues are due to **human errors/bad practices**
- Human errors in **manual corrections/adjustments** or even **entirely manual procedures**.



Data Quality: Main deficiencies observed (3/3)

- Main deficiencies detected deteriorate the data quality of supervisory reporting via **different dimensions**:



- Reliability is impacted by issues in accuracy and completeness.



- **Main reason for resubmissions flagged in the questionnaire:** cross-check validation rules, new proposed EGDQ checks, recognition of interim or year-end profits (14%), revised valuation/provisioning approach or accounting data finalization (16%), classification errors (29%).



- **Justified resubmissions** coming from recognition of interim/year-end profit on CET1 (14%) or revised valuation/provisioning approach or other accounting data finalization (16%)

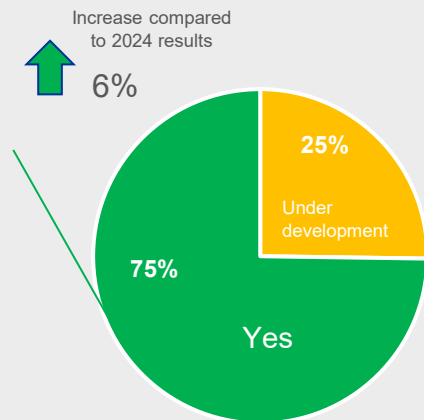
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Results of the
horizontal
assessment:
RDARR
capabilities

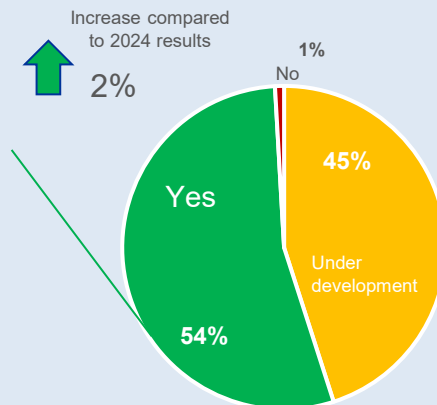
RDARR capabilities: results and trends

- Despite progress over last years, **several areas still require further attention:**

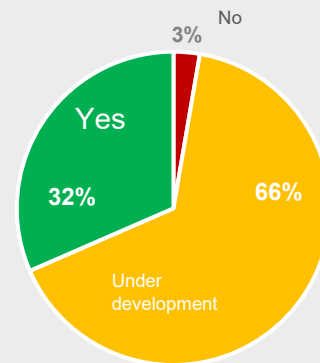
[Q7] Group-wide data governance framework covering supervisory, financial and internal risk reporting, and **approved** by the management body



[Q8] Data governance framework includes all parts of the entire lifecycle of the data



[Q10] Banks have an integrated data architecture at group level*



- In line with the SSM [Supervisory priorities 2025-2027](#), banks should further strengthen their efforts to effectively address material shortcomings identified by supervisors in previous cycles, remedying them in a timely manner.

* Question not directly comparable with the 2024 results, as it was revised for 2025 edition to align with the wording of the final ECB Guide on RDARR.



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Way forward

Way forward

Next Steps

- ❖ The **management body will continue to be involved** in the sign-off of the Management Report → ensures an adequate level of accountability of banks' senior management in the processes related to supervisory data reporting.
- ❖ Depending on RDARR supervisory needs, **the content of the pre-populated report or the questionnaire may be adjusted** from year to year, while trying to keep the changes at the minimum.

Feedback

- ❖ Looking forward to **suggestions from the industry** making the process more efficient.

Thank you for your attention!

Questions?

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Annex

Risk Data Aggregation and Risk Reporting (RDARR)

- Basel Committee on Banking Supervision (BCBS) developed a set of [principles](#) aimed at [strengthening banks' risk management and decision making](#) → [BCBS239](#).
- The BCBS239 principles and a previous thematic review by SSM led to [SSM strategic 2023-2025 priority 2](#) that highlights the need for [sound governance arrangements, effective strategic steering and proper risk data aggregation and reporting capabilities](#).
- The ECB uses the [BCBS 239 principles](#) as a [benchmark](#) in its ongoing [supervisory activities to assess institutions' risk data aggregation capabilities and risk reporting practices](#).
- Moreover, the ECB considers the [application](#) of these [principles not only](#) to [internal risk data](#), but also for [financial and regulatory reporting](#), as an example of effective governance.
- In May 2024, the ECB released a [guide on effective risk data aggregation and risk reporting](#), which complements the BCBS 239 principles specifying and reinforcing supervisory expectations in this area.
- SSM expects [institutions to make tangible progress](#) in four key areas: clearly defined roles and responsibilities; integrated IT platforms; homogeneous and integrated data taxonomy and data quality framework.