



**EUROPEAN CENTRAL BANK**  
EUROSYSTEM

## **Q&A with the banking industry on the IReF cost-benefit assessment**

**Workshop with the banking industry - November 2022**



**IReF Programme Office**

# Agenda

1. High-level questions
2. Data transmission timelines and formats
3. Interaction with other European reporting
4. IReF for small institutions
5. Other questions

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# High-level questions

## Will the IReF Regulation introduce requirements in addition to the existing statistical regulations?

- With the IReF the ECB envisages issuing **one Regulation** that integrates the existing statistical data requirements
  - The new Regulation will be directly applicable to banks resident in the euro area, without relying on national legislations
  - The old ECB statistical regulations will be repealed (or amended to exclude deposit-taking corporations from the reporting population) when the IReF regulation will enter into force
- Additional requirements are being considered to effectively integrate the existing ones, to facilitate the reporting or to address known data gaps
  - The inclusion in the IReF Regulation will be subject to the matching of costs and benefits

## Which are the datasets in the scope of the IReF?

- The IReF will integrate the reporting obligations of deposit-taking corporations arising from the ECB statistical regulations on balance sheet items (**BSI**) and interest rates (**MIR**) of monetary financial institutions, Securities Holdings Statistics (**SHS**), and granular credit and credit risk (**AnaCredit**)
- The list of national collection frameworks that implement these requirements at national level is provided as an attachment to this presentation

# High-level questions

## Will the IReF become mandatory for reporting entities?

- The IReF will become mandatory for all euro area credit institutions and other deposit-taking corporations
- Proportionality measures will apply to limit the reporting burden of small institutions

## Which accounting standards will underpin IReF reporting?

- With the exception of the SHS-group data, the accounting standards which apply at the level of the legal entity would underpin the IReF reporting for all observed agents of the legal entity
  - For branches with a head office outside the euro area, the accounting standards of the host country would be applicable
- The same set of standards would apply to all elements of the reporting
- However, the concrete design, also in relation to the current approach where AnaCredit may be collected according to different accounting standards compared to balance sheet statistics, is still under investigation

# High-level questions

## Will the IReF data model be scalable to cover consolidated data?

- While the IReF reporting scheme that was presented to the industry for the CBA did not include consolidated data, Securities Holdings Statistics (SHS) group data might be considered for integration (in line with previous communication)
  - It is currently not foreseen to introduce additional requirements at group consolidated level
- Such integration would ensure the scalability of the granular model to consolidated information (i.e., reporting of a consolidated view of granular data).

## Euro area credit institutions' branches resident in the euro area

- The CBA results show that the banking industry prefers to let the head office of credit institutions become responsible for the data reporting under the IReF Regulation of its euro area branches
- The accounting standards which apply at the level of the legal entity will underpin the IReF reporting relating to branches' data
- However, country-specific requirements of home and host country may continue to apply (under national legislation)

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# Data transmission timelines and formats

## When will reporting under the IReF Regulation begin?

- At current stage, it is expected that the IReF Regulation will be adopted in the course of 2025
- Reporting is expected to start in 2027
  - An implementation calendar / roadmap will be developed in due course
- A period of parallel reporting with the current national data collection frameworks is likely to apply

## May you please provide some details on the IReF reporting schedule?

- The CBA questionnaire assessed the possibility of **two transmission deadlines**: at T + 10-12 working days (WDs) for monthly data that would be needed early for statistical compilation; and at T + 20-24 WDs for the residual monthly (where applicable) and quarterly information
- The analyses of the CBA results also underlined the **need of a simplified reporting schedule** and to **align the quarterly transmission to the FINREP deadline**
- The ESCB is currently reflecting on how to best organise the IReF reporting schedule



# Data transmission timelines and formats

## What will be the IReF data exchange format?

- At the current stage no decision has been taken with respect to the IReF data exchange format (e.g., xbrl, xml, csv, json)

## Will the IReF require the transmission of a full dataset at each submission?

- The ESCB is currently reflecting on which **types of data transmission** to consider for the IReF, taking into account the experience of AnaCredit

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# Interaction with other European reporting

## What is the relationship between the IReF and the results of the EBA feasibility study published in December 2021?

- The IReF is part of a broader data initiative for an **integrated reporting system** for statistical, prudential and resolution data in the EU requested by the European banking industry
- The ESCB sees the IReF as a **first step towards a fully integrated reporting system** for banks in the EU
- Such a fully integrated system should be based on a **common data dictionary** that has an underlying **common meta (data) model**
- The ECB and the EBA have begun to work jointly on semantic integration and examining if the Data Point Model Refit implemented by the EBA could support IReF requirements

## Will prudential reporting be incorporated into IReF?

- At this stage, the IReF aims at integrating only statistical reporting of banks
  - As in AnaCredit, some prudential information will be covered to fulfill ESCB tasks relating to financial stability
- IReF will resort to definitions from CRR/ITS whenever possible
- While further integration could be achieved in the future, the **common data dictionary may build the foundations of future activities** by defining once the reporting requirements (i.e., one description, one codification, one model)

# Interaction with other European reporting

How will you ensure good collaboration with other authorities towards the development of a European integrated reporting system?

- A **Joint (Bank) Reporting Committee** – an advisory body comprising representatives from relevant European and national authorities and involving some consultation of banking industry representatives – will be set up to advise on integrating statistical, resolution and prudential data reporting
  - As a first step, an **Informal Coordination Group (ICG)** between European authorities has been set up to ensure that the cooperation on an integrated reporting system moves ahead

What are the first tasks of the ICG?

- The ICG is assessing the **Data Point Model Refit** as a candidate for hosting the IReF data **model**, investigating if it can also fulfill ECB-ESCB requirements. At the end of the workstream the group will run a proof of concept
- Progress toward the semantic integration of statistical and prudential data
- A workshop with the industry on 1 December will inform about the work done so far

# Interaction with other European reporting

## What is the rationale for including accounting and credit risk data in IReF?

- The accounting and credit risk measures that are being considered for the IReF are currently covered in AnaCredit, so they do not represent new requirements per se
  - Please refer to [whereas #1 of AnaCredit Regulation](#), which clarifies that they are important to fulfil the mandate of Eurosystem, ESCB and ESRB (i.e. risk management, financial stability surveillance and macroprudential policy)
- The banking industry indicated a fairly balanced view of the extension of accounting information to all instrument types in the IReF

## How do other regulations and standards (e.g. ITS, CRR, IFRS accounting standards) interact with IReF?

- The IReF aims at [aligning the definitions of credit risk and accounting](#) to the ones already existing in the IFRS, ITS or CRR (e.g. performing status, source of encumbrance, trading book/banking book, default, etc...)
- The process will be supported by the work on semantic integration and the common data dictionary mentioned above

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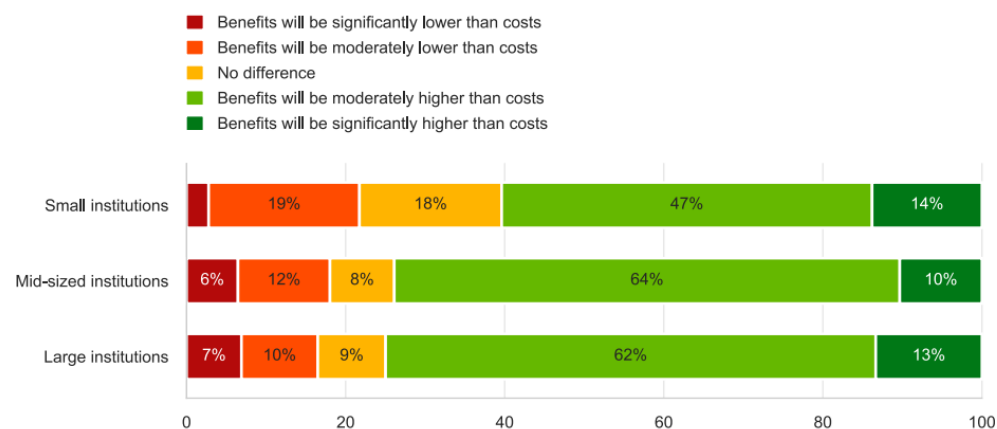
# IReF for small institutions

## What about the costs and benefits for medium and small institutions in IReF?

- The CBA results show that the IReF is considered overall beneficial in the medium term across all sizes and types of institutions

Chart 4.3

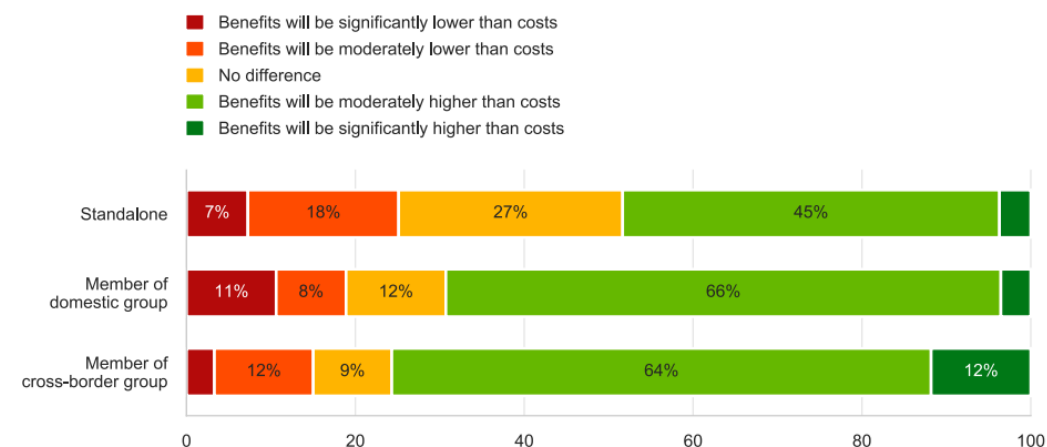
Overall assessment – decomposition by size of respondent



Notes: The percentages are calculated as the simple average of the corresponding frequencies across euro area countries. See Annex B for information on how national results are calculated. Large, mid-sized and small institutions are defined as having total assets above €30 billion, between €1 billion and €30 billion, and below €1 billion respectively.

Chart 4.2

Overall assessment – decomposition by type of respondent



Notes: The percentages are calculated as the simple average of the corresponding frequencies across euro area countries. See Annex B for information on how national results are calculated.

# IReF for small institutions

## What are the benefit drivers for small institutions?

- Integration across different statistical reporting requirements, with no redundancies, implying that requirements will be more stable over time
- Single dictionary (as a minimum for statistical reporting) that will ensure that definitions are unique and standardised
- The higher level of standardisation will facilitate the development of standard IT solutions (digitalisation and automation)



# IReF for small institutions

## Are proportionality measures considered for small institutions in the IReF?

- The CBA assessed four different scenarios for the reporting of a derogated scheme for small entities:
  - **Scenario 1:** Quarterly frequency reporting instead of monthly, i.e. full scheme at a lower frequency
  - **Scenario 2:** Monthly granular reporting but simplified scheme, i.e. less variables to report
  - **Scenario 3:** Monthly aggregated scheme with the same detail of the complete scheme, i.e. aggregated report with high detail
  - **Scenario 4:** Monthly aggregated and simplified scheme, i.e. aggregated report with low detail

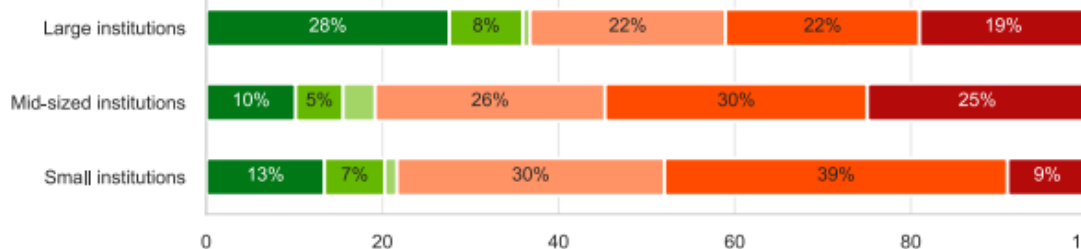
	Frequency	Level of granularity	Variables and measures	Subdomains
Scenario 1	Quarterly	Granular & aggregated	Full	Full
Scenario 2	Monthly	Granular & aggregated	Selected	Full
Scenario 3	Monthly	Aggregated	Selected	Full
Scenario 4	Monthly	Aggregated	Selected	Limited

# IReF for small institutions

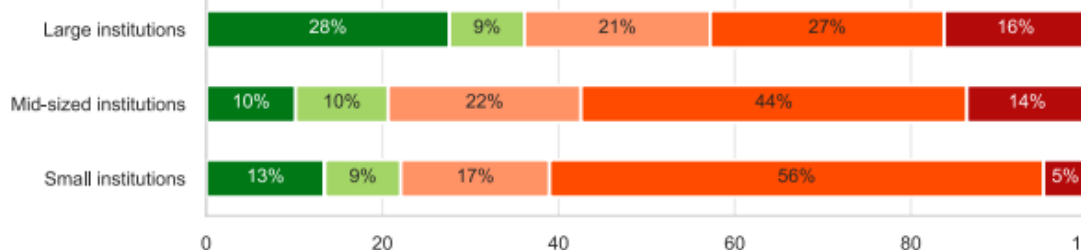
## Implementation costs – decomposition by size of respondent



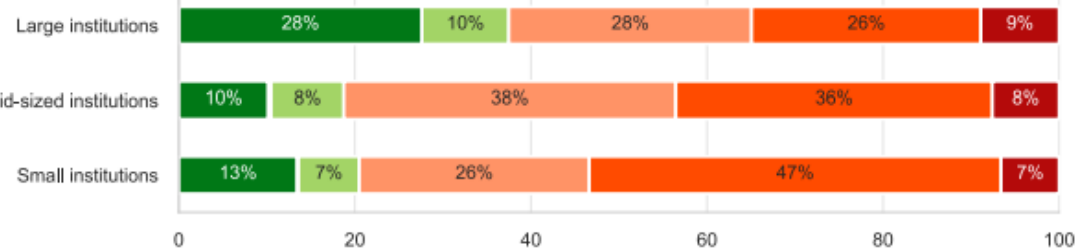
Scenario 1



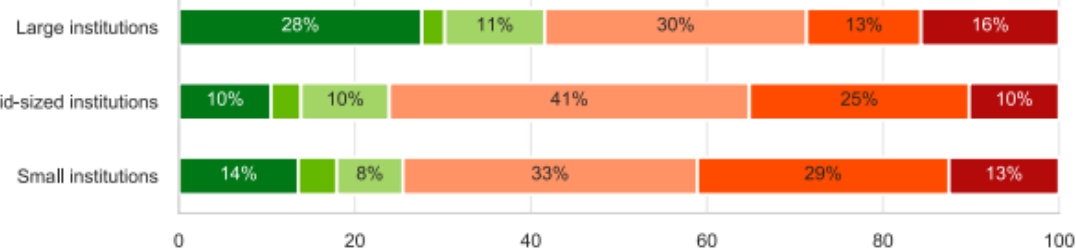
Scenario 2



Scenario 3



Scenario 4



- Not conclusive feedback
- Scenario 4 is slightly preferred by all size classes of respondents

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# Data quality and validation rules

## Will you develop standardised validation rules for IReF?

- The IReF indeed aims at developing a **standardised data quality management framework** that would be applicable throughout the euro area
- The CBA shows a strong support from the banking industry for the publication of validation rules and plausibility checks

## Are you going to collect high-level requirements (i.e. aggregated key figures, or 'anchor values')?

- In the CBA the banking industry indicated a preference not to collect high-level requirements for an interim period
- It was also indicated that, should such collection be implemented, it would ideally need to apply for a short period only and certainly not permanently
- These results will be taken into consideration when matching costs and benefits, also considering that **the information may be relevant from a data compilation perspective**, at least for an interim period

# Other questions

Are you going to share the cost for reporting with the institutions (e.g., similarly to supervisory fees)?

- Eurosystem's costs for the collection, compilation and dissemination of IReF data will not be shared with reporting agents for uses related to central banking

Are you going to ask for the resubmission of past reference dates after the implementation of IReF?

- The IReF does not seek to ask for the resubmission of past reference dates according to the new scheme after it goes live (2027)
- The IReF aims at ensuring continuity with the existing data collection frameworks
  - This will be especially relevant for granular information
- A period of parallel reporting is currently being considered to ensure a smooth transition from the national collection frameworks to the IReF

# Other questions

Will you set up a standard tool to validate the quality of the data before the submission takes place?

- A functionality that will enable both the reporting agents and the ESCB producers to test the validity and the presence of quality issues in the data submissions is currently being evaluated
- The exact implementation and scope of this functionality will be defined at a later stage, as several alternatives seem possible according to the current national experiences