



EUROPEAN CENTRAL BANK
EUROSYSTEM

Feedback statement

Responses to the observations on
the draft European Central Bank
Regulation on the collection of
granular credit and credit risk data

May 2016



This document consists of the sections listed below.

Executive summary

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6. Amendments to the draft ECB Regulation on the collection of granular credit and credit risk data

This document is intended to give an overview of the comments received during the informal public consultation from 4 December 2015 to 29 January 2016 on the draft ECB Regulation on the collection of granular credit and credit risk data (AnaCredit), and to present an assessment of those comments. It explains the amendments made to the draft regulation as a result of the consultation. As such, this document does not prejudge the future interpretation of the provisions laid down in the ECB Regulation on the collection of granular credit and credit risk data.

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Executive summary

On 4 December 2015 the ECB launched an informal public consultation on the draft ECB Regulation on the collection of granular credit and credit risk data (AnaCredit), which lays down the reporting requirements.

AnaCredit is a major European System of Central Banks (ESCB) project and will substantially contribute to the performance of statutory ESCB tasks. It will establish a Eurosystem database comprising loan-by-loan data on credit granted by euro area financial institutions to legal entities, and is an important step in improving statistical information on credit and credit risk.

From the beginning of the project, the ECB has carefully assessed the impact of AnaCredit with a view to containing the costs incurred. Through sustained cooperation with national central banks (NCBs) and, via them, with reporting agents and their associations, the ECB applied its “merits and costs procedure” in accordance with the principles and procedures set out in Council Regulation (EC) No 2533/98 of 23 November 1998 concerning the collection of statistical information by the European Central Bank (as amended), to ensure that the reporting burden for banks is contained and that the data are collected and compiled in a cost-effective way.

To this end, and taking into account the proportionality principle in particular, the reporting requirements as laid down in the draft Regulation were significantly streamlined, especially for the smaller credit institutions.

The ECB attaches the utmost importance to stakeholders’ understanding of this innovative statistical project. This is why the ECB has, inter alia, published on its website the draft Regulation on AnaCredit as well as informative webpages on the project’s rationale and design. Following an “in principle” agreement by the Governing Council, the ECB published the draft Regulation, providing the general public with the opportunity to make observations by 29 January 2016. The ECB received 33 written responses, all with relevant input.

Following the consultation, the ECB analysed and gave due consideration to all comments received, and subsequently amended the draft Regulation. The most fundamental changes include:

1. the postponement of the first reporting reference date by six months
2. the alignment of the reporting threshold for all loans (including non-performing loans)
3. the introduction of quarterly reporting for small banks for a transitory period of two years
4. increased transparency, in particular regarding derogations

This feedback statement presents the ECB's assessment of the comments.

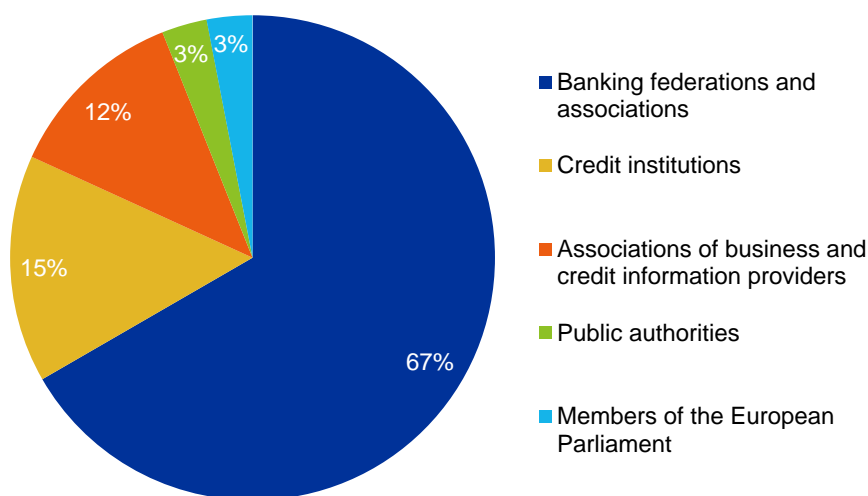
Following the analysis, the feedback statement and an amended draft Regulation were forwarded to the ECB Governing Council. On 18 May 2016 the Governing Council adopted the ECB Regulation on the collection of granular credit and credit risk data. The Regulation was published on the ECB's website on 20 May 2016 together with this feedback statement.

1 Overview and analysis of responses

On 4 December 2015 the ECB published the draft ECB Regulation on the collection of granular credit and credit risk data. Comments on the draft could be submitted by 29 January 2016. A total of 33 written responses were received, mostly in English. Contributions were submitted by national and European associations representing different sectors of the financial industry, information services representatives, commercial banks, a European institution and a Member of the European Parliament. **Table 1** shows the breakdown of responses by type of respondent.

Table 1

Type of contributor	Number
Banking federations and associations	22
Credit institutions	5
Associations of business and credit information providers	4
Public authorities	1
Members of the European Parliament	1
Total contributions	33



Respondents welcomed the publication of the draft ECB Regulation on the collection of granular credit and credit risk data, broadly recognising the need for the ECB to establish a centralised source of harmonised statistical information on credit across the euro area. Several of them highlighted that the goals of AnaCredit could be better defined as, in their view, the benefits appeared vague. They expressed concerns that the draft Regulation leaves details of certain key requirements to the discretion of NCBs, which runs counter to the objective of harmonisation and the

commitment to ensuring a level playing field. They also voiced a number of concerns and suggestions with the aim of improving the project's cost-effectiveness.

Following the consultation, the ECB analysed and gave due consideration to all comments received. This feedback statement presents an assessment of these comments. In the sections below, for each topic, short summaries of the comments received (presented in italics) precede the ECB's assessment. For ease of understanding, references to specific provisions of the ECB Regulation on the collection of granular credit and credit risk data are based on the draft published for public consultation on 4 December 2015. In completing the Regulation, the ECB gave due consideration to all comments received, also taking into account further input from within the ESCB. A table summarising consequential amendments made is included in Section 6.

Following the analysis, the feedback statement and an amended draft regulation were forwarded to the Governing Council of the ECB. On 18 May 2016 the Governing Council adopted the ECB Regulation on the collection of granular credit and credit risk data. The Regulation was published on the ECB's website on 20 May 2016 together with this feedback statement.

2 Rationale for and scope of the ECB Regulation on the collection of granular credit and credit risk data

Rationale for AnaCredit

The collection of granular credit and credit risk data (AnaCredit) is based on Article 5 of the Statute of the ECB and of the ESCB, which authorises the ECB to collect the necessary statistical information to perform the statutory tasks of the ESCB.

The AnaCredit project was launched in 2011 to establish a core set of granular and harmonised data on credit granted by euro area financial institutions. AnaCredit will standardise the collection of credit data and significantly improve the ability of the Eurosystem to conduct in-depth analyses and comparisons of credit provision within the euro area. It will establish a Eurosystem database comprising loan-by-loan data on credit granted by euro area financial institutions. Other NCBs in the EU may also join in the initiative.

The idea of AnaCredit is not new, as 12 NCBs in the euro area already collect granular credit data. These are: Belgium, Germany, Ireland (just starting), Spain, France, Italy, Latvia, Lithuania, Austria, Portugal, Slovenia and Slovakia. There are also credit registers in other EU countries and elsewhere, e.g. in the US, on mortgage loans. The World Bank published a report to encourage such registers and provide countries with a set of corresponding guiding principles.

The data to be collected through AnaCredit are a key innovation and will greatly improve the conduct of many ESCB tasks, including monetary policy and monetary policy operations, financial stability analysis, macro-prudential policy and collateral and risk management, as well as economic research and new developments in statistics. Conceived to serve multiple purposes, AnaCredit enables effective and efficient use of resources when collecting, compiling and disseminating statistics. In particular, these loan-level data can be flexibly re-aggregated and analysed along many relevant dimensions without the need to change the reporting requirements according to the policy issue at hand or as a result of changes in the prevailing conditions, including in the international statistical standards.

Furthermore, given the granularity of the information and the potential for comprehensive and harmonised data across jurisdictions in all euro area countries, AnaCredit is an important step in improving and developing new ESCB statistics on credit and credit risk. These, in turn, will make it possible to assess credit dynamics and systemic credit risk more accurately, which, together with the ability to compare data across countries, will facilitate timely analysis and help mitigate risks to financial stability.

With fragmented markets, it is essential to make the right policy decisions at the right time so as to better understand the developments observed, especially in the distribution of credit. For example, the rate of use of (undrawn) credit lines reveals

much about the funding difficulties SMEs face, but the ECB currently only has aggregate, barely comparable data to hand. AnaCredit will enable more accurate analysis of credit and its transmission channel by providing detailed and up-to-date information on banks' exposures to various economic segments.

Scope of the collection of granular credit and credit risk data

Taking a longer-term perspective, AnaCredit has been designed with a view to developing further so as to cover the financial system of the euro area more broadly. This will lead to the availability of detailed, individual and harmonised information about credit provision by deposit-taking corporations, other financial corporations and asset management vehicles, which are all engaged in lending on a significant scale.

However, given the significant heterogeneity of current credit data collection practices across participating countries, and taking into account the time needed for the reporting agents to comply with the various data requirements, coverage of the whole euro area credit market can only be extended gradually, and therefore AnaCredit will be established in stages.

Focus on credit information needed for the performance of ESCB tasks.

In the first stage, only data on credit granted by credit institutions to legal entities will be collected. These include non-financial corporations, as well as government agencies and financial institutions. Credit granted to natural persons will not be covered. The Regulation excludes any data requirements specific to Banking Supervision and focuses solely on the credit information needed for the performance of ESCB tasks.

AnaCredit concerns all credit institutions within the euro area. However, other EU countries are also encouraged to consider adopting the initiative.

The data collected in the first stage will provide high-quality and up-to-date information on the loans referred to above, (such as type of credit, outstanding debt and currency of the loan). In addition, information on any credit protection securing the loans (e.g. guarantees, credit derivatives and other collateral received) will be collected. This information is useful for estimating the severity of losses in the event of default. Finally, with a view to enabling the reliable identification of all debtors, the collection will include each debtor's respective reference date (such as unique ID number, address or location). Unique identification is essential for accurately capturing the total indebtedness of debtors, especially if there are cross-border exposures.

Covering loans to legal entities in the initial phase, the AnaCredit datasets will enable a better understanding of the monetary policy transmission channel, particularly as regards small and medium-sized enterprises (SMEs) – the backbone of the economy in terms of investment and employment opportunities.

The scope and content of the data to be collected during the subsequent stages of AnaCredit will be decided by the ECB Governing Council at least two years prior to their implementation. The introduction of subsequent stages will follow the standard procedure established by the ECB to design and issue statistical requirements as referred to in section 3 Analysis of costs and benefits).

3 Analysis of costs and benefits

The preparations for AnaCredit followed the process outlined in Council Regulation (EC) No 2533/98 (as amended).

The ECB merits and costs procedure

To design and issue its statistical regulations, the ECB follows the principles set out by the European Parliament and the European Council, particularly concerning the need to limit the reporting burden.

The ESCB aims to perform its statistical function effectively and to use resources efficiently when collecting, compiling and disseminating statistics. To this end, all requirements necessary to address new challenges and meet ever-changing information needs are subject to a “merits and costs procedure”, which is an in-depth investigation of the embedded costs and benefits for all stakeholders involved, including the financial institutions potentially affected.

Since its first application, in 2000, the merits and costs procedure has paved the way for 15 ECB Regulations in the context of the Treaty on the Functioning of the European Union (Article 5 of the Statute of the ESCB and of the ECB) and of Council Regulation (EC) No 2533/98 (as amended). The procedure is based on the emergence and recognition, in principle, of new user needs for aggregated or more granular data, and encompasses the following steps:

- fact-finding, via a detailed questionnaire addressed to representatives of the potential reporting population (often, but not limited to, banks), which enables the scope and concepts to be better defined and alternative data sources to be explored, and entails an initial feasibility assessment leading to the exclusion of the most demanding or costly features;
- a cost assessment, via a questionnaire addressed to compilers (the ECB and NCBs) and reporting agents, to estimate in qualitative terms the costs of collecting the information identified in the previous step, and to enable a more in-depth view of the costly features, differentiating between the set-up and running costs for reporting agents;
- a merits assessment, via a questionnaire circulated to data users, to assess the expected benefits in the light of the potential costs incurred;
- an assessment of the balance between merits and costs where the ESCB, assisted by its relevant committees and sub-structures, weighs the benefits of the various options for users against the costs for compilers and reporting agents and, based on the findings, produces a draft regulation to be submitted to the ECB Governing Council.

The merits and costs procedure launched in 2014 aimed at minimising the impact of AnaCredit on reporting agents.

As regards AnaCredit, the procedure followed for designing the collection of granular credit and credit risk data is fully in line with this approach. The merits and costs procedure was run in 2014 and allowed an initial version of the AnaCredit Regulation to be drafted. It clarified a number of issues concerning the scope of reporting, the

harmonised definitions of the required attributes, and a possible staged-in approach (to be subsequently fine-tuned and streamlined).

Through sustained cooperation with the NCBs as representatives of their respective national banking sectors, and with the European associations representing the industry, the ECB has been able to ensure that the reporting burden for banks is kept to a minimum and that the data are collected and compiled in a cost-effective way, taking into account the principle of proportionality.

In a nutshell, the merits and costs procedure revealed high set-up costs, given the change of paradigm that AnaCredit represents and the IT investment required, but also very high expected benefits, as expressed by all users consulted, including the banking industry. All requirements presenting benefits that were insufficient to justify the cost of the data collection were removed, and the list of attributes to be included in the Regulation was finalised, while several costly features were disregarded or classed as non-mandatory. As an example:

- monthly reporting (basic loan variables) and quarterly reporting (more accounting-based variables) were separated to harmonise the latter with other reporting obligations;
- reporting on a loan-by-loan basis was adopted, as the costs were found to be similar to, or not much higher than, borrower-by-borrower reporting (complemented with other variables), while still allowing much greater flexibility and increased efficacy in meeting user needs;
- the reporting threshold was set, in principle, at €25,000, striking a balance between the need to limit data volumes and the need to adequately cover credit issued to SMEs
- the possibility of derogations for small institutions to adhere with the proportionality principle.

Furthermore, the AnaCredit requirements defined following the merits and costs procedure maximise the overall benefits for all participating countries, taking into account their different starting points, especially as regards the existence of a national central credit register. Countries setting up a new register have been able to draw on the know-how and best practices of the more experienced countries, and are thus able to optimise the high initial investment required for such a collection of granular data.

All in all, as a result of the merits and cost procedure, a proposal for balanced reporting requirements have been worked out.

4 Legal basis

AnaCredit is based on Article 5 of Protocol (No 4) on the Statute of the ESCB and of the ECB.

Article 5 of Protocol (No 4) on the Statute of the ESCB and of the ECB requires the ECB to collect the statistical information necessary to carry out the tasks entrusted to the ESCB. The relevant EU legislation which provides a framework for the ECB's statistical work is Council Regulation (EC) No 2533/98 of 23 November 1998 concerning the collection of statistical information by the European Central Bank, as amended by Council Regulation (EC) No 951/2009 of 9 October 2009 and Council Regulation (EU) No 2015/373 of 5 March 2015.

The ECB has the legislative power to determine the data it needs to carry out the ESCB's tasks

To perform the functions of the Eurosystem, the ECB may, subject to constraints imposed by EU legislation, adopt legal instruments that have a direct effect on certain entities resident in the euro area. These entities comprise the reference reporting population for ECB statistics, which includes all monetary financial institutions (MFIs) and other financial intermediaries. These legal instruments are ECB regulations which set out the ECB's statistical requirements for MFIs and other financial corporations in the euro area. They are binding on the entities to which they are addressed and are directly applicable, meaning that they do not need to be transposed into national law. They instruct reporting entities on, for example, statistical reporting requirements in terms of definitions, classifications, frequency and timeliness.

As provided for by Article 5 of the Statute of the ESCB and of the ECB, and Council Regulation (EC) No 2533/98 (as amended), it is the ECB's Governing Council that determines which statistics should actually be collected, compiled and disseminated by the ESCB.

Concerning the collection of granular credit data, Articles 5(1) and 34(1) of the Statute of the ESCB and of the ECB, supplemented by Article 127(2) and (5) of the Treaty and Article 5 of Council Regulation (EC) No 2533/98 (as amended), constitute an appropriate legal basis for the adoption of the draft Regulation.

With regard to the use of such data, Article 8(1)(d) of the amended Council Regulation (EC) No 2533/98 (as amended) provides a clear legal basis for the ECB and NCBs to use, for supervisory purposes, statistical information collected by the Eurosystem within the framework of Article 5 of the Statute of the ESCB and of the ECB.

Furthermore, Article 8(4)(a) of the aforesaid Council Regulation allows the transmission of such data – subject to confidentiality requirements – to the authorities and bodies of the Member States and the Union which are responsible for the supervision of financial institutions, markets and infrastructures or for the stability of the financial system, as well as to the European Stability Mechanism. However, the collection of data exclusively for supervisory purposes would not be possible under the ESCB statistical framework and would require a different legal basis.

5 Comments on specific parts of the draft ECB regulation on the collection of granular credit and credit risk data

5.1 Need for a global picture of the reporting and scope of AnaCredit

1. *Respondents were keen for the ECB to develop a global picture of the reporting requirements, arguing that the scope of the data to be collected at the different stages should be defined as early as possible in order for banks to have the information in good time, and to build up a consistent IT architecture and optimise implementation costs. A detailed roadmap of the different implementation stages of AnaCredit, together with a comprehensive review of the existing reporting requirements, will help guard against redundancy and overlapping reports (for instance, large exposure reports in some Member States) and will be vital for the smooth running of AnaCredit. Respondents also emphasised that the statistical reporting environment needed to be stable and predictable.*
2. The ECB takes note of the comments raised. The need for more granular data is recognised at the international level. In the wake of the global financial crisis, the ECB has been working with the Bank for International Settlements, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the World Bank and the United Nations on the G-20 Data Gaps Initiative. This initiative calls for, among other things, more disaggregate financial data to better address existing data gaps, with the aim of improving policy analysis.
3. Furthermore, in line with the concerns expressed by respondents about the need for stable reporting requirements, the ECB proposes granular data collection as an approach that will support the stability of the data requirements over time. Further changes or ad hoc data requests (e.g. via surveys), which are very cumbersome and costly for banks, are expected to reduce in number considerably once the final stage of the implementation process has been completed.
4. *Some respondents suggested that all financial corporations engaged in lending (both banks and non-banks) should be included in AnaCredit from the beginning, in order to ensure a level playing field.*
5. As previously noted, the AnaCredit project was conceived to make available, in the long term, detailed and granular information on the whole euro area credit market, with harmonised requirements encompassing balance sheet statistics, MFI interest rate statistics and other statistics such as balance of payments or national accounts.

6. However, in order to minimise the set-up costs, the broader requirements have been prioritised and the current Regulation focuses only on the first stage, dealing with credit granted by euro area credit institutions, which is where the main benefits for policymaking and credit analysis lie.

5.2 Harmonisation of requirements across the European Union (EU)

7. *Several respondents indicated that the granular data collection framework was not aligned across the EU. They asked for national reporting systems to be fully aligned to avoid disparate statistical reporting increasing costs for banks located in different countries. They expressed concerns that the draft Regulation left details of certain key requirements to the discretion of NCBs; this runs counter to the objective of harmonisation and the commitment to ensure a level playing field. They suggested eliminating national discretion altogether, or at least reducing it to an absolute minimum.*
8. The ECB takes note of the comments raised. However, while broad harmonisation of reporting requirements and implementation practices is a key long-term objective of the ECB, the heterogeneity of current data collection practices requires the preservation of the NCBs' discretion in some areas.
9. For example, the draft Regulation leaves the decision on granting derogations to small reporting agents to the discretion of the relevant NCB; the country-by-country approach is common practice in ESCB statistics collection and better reflects the situation in each individual country, since it allows NCBs to address national needs as well.
10. Generally, the aim of harmonisation is to ensure, as far as possible, an efficient and integrated approach for different reporting requirements. Harmonisation does not, however, aim to impose uniform reporting requirements, as each country will have its own distinctive features. It may, therefore, be appropriate for NCBs to request or add other data points in addition to those included in the AnaCredit reporting specifications.
11. Furthermore, such harmonisation can only be achieved in the longer term, and with a staggered approach. AnaCredit is an important step in this direction.

5.3 Double reporting and requirements for banking groups

12. *Respondents emphasised that double reporting by euro area branches of credit institutions should be avoided. They stated that at present branches resident in the euro area would be subject to double reporting requirements since they would be obliged, as reporting agents, to report (i) to the relevant NCB where they are resident, as well as (ii) to the NCB relevant to the legal entity of which they are a foreign branch. The respondents found it difficult to understand the*

reason for the proposal to place this additional cost burden on banks, instead of using data shared by NCBs.

13. The ECB fully understands the concerns expressed regarding reporting by legal entities and their foreign branches. From the point of view of AnaCredit reporting, the data relating to foreign branches could be submitted once (to AnaCredit) and subsequently forwarded to the NCB relevant to the relevant NCB of the foreign branch. However, given that NCBs require foreign branches to be included in their reporting populations, the AnaCredit approach gives the NCBs involved the possibility to request data on foreign branches to meet their national needs.
14. As provided for in Article 6 of the draft Regulation, NCBs may prefer not to collect certain data attributes listed in some templates, thus avoiding the double reporting implicit in this approach whereby foreign branches are included in the reporting population of several NCBs.

5.4 Reporting thresholds

15. *The majority of respondents pointed out that a disproportionate reporting burden was created by low reporting thresholds, and were in favour of significantly increasing the thresholds. They asked in particular that the threshold of €100 for non-performing loans be reconsidered, arguing that this low amount also effectively becomes the reporting threshold for performing loans because any loan below €25,000 can become non-performing at any moment in the future, and at that point would need to be reported.*
16. The general reporting threshold was set at €25,000 on an individual borrower basis, which strikes a balance between the need to limit data volumes – and in turn the reporting burden – and the need to obtain adequate information on financing conditions and the granting of credit to small and medium-sized enterprises (SMEs), which are the backbone of the European economy. Currently, the information available on credit to SMEs is limited and comes mainly from surveys, which only partly cover the segment and do not allow for precise analyses of credit supply constraints across different geographic areas and economic sectors.
17. Furthermore, the reporting threshold is comparable with those currently applied by most central credit registers in euro area countries such as Italy (€30,000), France (€25,000), Spain (€6,000), Portugal (€50), Belgium and Slovenia (where no reporting threshold applies). Although the Austrian and German central credit registers use higher reporting thresholds (€350,000 and €1 million, respectively), these apply to a greater number of instruments and therefore the real gap between thresholds may be much smaller. Furthermore, the reporting threshold applied by the German central credit register is in relation to groups of borrowers and their total indebtedness.

18. All in all, a general threshold of €25,000 has been set so as to provide the coverage necessary for many relevant policy analyses. However, after considering the comments received from members of the public, the ECB has decided not to apply any additional reporting threshold to non-performing instruments. Nevertheless, in order to ensure that information is available about the reason why a loan is no longer reported in AnaCredit, the draft Regulation has been updated to require that reporting continues up to the end of the quarter in which the borrower's overall exposure falls below €25,000.

5.5 The proportionality principle and requirements applied to smaller banks

19. *Some respondents questioned whether the proportionality principle was adhered to, in terms of the benefits of the data to be collected and the costs of collecting and providing it, especially for smaller banks. In particular, concerns were raised that small and medium-sized banks would be disproportionately affected; a situation which might distort competition in the financial services market since the decision on granting derogations is left to the discretion of the NCBs.*
20. All in all, the requirements have been established using a fully cost-conscious approach, while taking into account the benefits of the data. Efforts have been made to contain the reporting burden on credit institutions overall, and on smaller credit institutions in particular.
21. As explained previously, the AnaCredit reporting requirements have been determined in line with the principles set out by the European Parliament and the European Council, for which the need to limit the reporting burden is central. In line with the principle of proportionality, the draft Regulation introduces “materiality thresholds” and allows NCBs to grant derogations to avoid imposing an undue reporting burden, particularly on small reporting agents with limited total credit exposure. This common practice permits the reporting burden on small credit institutions to be reduced (as has been done previously in, for example, Regulation (EU) No 1071/2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (ECB/2013/33)¹, and Regulation (EU) No 1011/2012 of the European Central Bank of 17 October 2012 concerning statistics on holdings of securities (ECB/2012/24). The granting of derogations is left to the discretion of the relevant NCB; the country-by-country approach is common practice in ESCB statistics collection and better reflects the situation in each individual country, since it also allows NCBs to address national needs.
22. Furthermore, since proportionality is a broader concept which applies not only to small banks but also to loans below a materiality threshold, the draft

¹ Regulation (EU) No 1071/2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (ECB/2013/33).

Regulation does not require reporting on borrowers whose total debt is less than €25,000. This strikes a balance between adequate coverage and the reporting burden.

23. *Some respondents questioned the transparency and practicality of the current criteria for granting derogations to small reporting agents, even if announced sufficiently in advance. Some respondents also raised concerns about the tight deadline for all credit institutions, and especially for smaller banks not eligible for derogations, to comply with the reporting requirements.*
24. The ECB has taken note of these comments and decided to maintain a relative threshold of 2% and not to change this to a fixed amount. Indeed, it is worth noting that the use of relative thresholds is common practice in other ECB statistical regulations when defining the “tails” which are partially or fully excluded from reporting; applying a fixed threshold may lead to substantial differences in the tails across different countries, which would run counter to the need for uniform coverage of SMEs across the euro area.
25. However, based on the comments received, the draft ECB regulation has been amended to address the concerns of small credit institutions and further alleviate the reporting burden for them as follows:
26. First, in order to increase the transparency and practicality of the derogation criteria, the reference to the “total commitment amount” has been replaced with a reference to the outstanding amount of loans of credit institutions received in the context of MFI balance sheet statistics – i.e. as reported pursuant to Regulation ECB/2013/33.
27. Second, in order to further alleviate the reporting burden for small reporting agents, small credit institutions may report on a quarterly basis until the end of 2020, provided that the total outstanding loans of such institutions (again, as reported in accordance with Regulation ECB/2013/33 does not exceed 4% at national level. This applies to all reporting requirements specified in the Regulation.
28. Third, a new provision has been added to the Regulation ensuring that credit institutions are informed of their reporting obligations by the relevant NCB in a timely manner. In particular, the amended draft Regulation requires that credit institutions be informed at least 18 months before the date on which they have to start reporting data to AnaCredit. This applies to the first stage of reporting pursuant to Article 2, as well as to the first requirement to report once a credit institution is no longer eligible for derogations.
29. Finally, the ECB will clarify in future guidelines (to be addressed to NCBs) the applicability of these derogations and quarterly reporting rules.

5.6 Concerns about the legal basis

30. *A few respondents questioned whether Council Regulation (EC) No 2533/98 was the correct legal basis for the draft Regulation, since the data to be collected could also be used for supervisory purposes.*
31. As explained in section 4 above (entitled “Legal basis”), Article 5 of the Statute of the ESCB and of the ECB requires the ECB to collect the statistical information necessary to carry out the tasks entrusted to the ESCB. The relevant EU legislation setting out the framework for the ECB’s statistical work is Council Regulation (EC) No 2533/98 of 23 November 1998, as amended by Council Regulation (EC) No 951/2009 of 9 October 2009 and Council Regulation (EU) No 2015/373 of 5 March 2015.
32. The question of the correct legal basis was discussed and assessed in detail by the Legal Committee of the ESCB in 2014. The Legal Committee confirmed that Articles 5(1) and 34(1) of the Statute of the ESCB and of the ECB, supplemented by Article 127(2) and (5) of the Treaty and Article 5 of Council Regulation (EC) No 2533/98 (as amended), constitute an appropriate legal basis for the adoption of the draft Regulation implementing AnaCredit.
33. Accordingly, the multiple uses of the data justify the collection of data pursuant to the ESCB statistical framework for the ESCB tasks mentioned above. These include the conduct of monetary policy and operations, risk management, macroprudential policy and financial stability, as well as other central banking tasks.
34. For example, the default status of counterparties, together with information about impairment amounts and/or write-offs are key data used to assess and monitor, on an ongoing basis, vulnerabilities affecting financial stability in the euro area. Similarly, these data are a key element of the risk management function of a central bank when it comes to risk-taking activities. In carrying out credit operations, the Eurosystem provides loans to counterparties against adequate collateral, and therefore information about the default status of these counterparties is of utmost relevance.
35. While some of the data could also be helpful for prudential supervision, it should be made clear that AnaCredit is not set up to meet specific banking supervisory needs.
36. Nevertheless, the potential for subsequent use of the AnaCredit data for supervision purposes is in accordance with the rules established in Article 8 of Council Regulation (EC) No 2533/98 (as amended), which explicitly allows the use of statistical information collected by the ESCB for supervisory purposes.
37. It should be pointed out that the collection of data exclusively for supervisory purposes would not be possible under the ESCB statistical framework and would require a different legal basis. Therefore, should AnaCredit be extended in the future to cover information specific to supervisory purposes, this will

require (among other things), another procedure that may include a public consultation and a subsequent decision by the Governing Council of the ECB.

5.7 Data requirements for loans originated before AnaCredit

38. *Several respondents pointed out that not all the information required by AnaCredit was currently available for the “stock of loans” and that collecting it for outstanding loans could present problems for banks. Hence, they asked that a “grace” period be considered, allowing the requirements to be fulfilled gradually without the imposition of sanctions.*
39. During the merits and cost procedure, all AnaCredit data attributes were duly assessed with a view to identifying those that may not be readily available to banks in some circumstances.
40. In particular, in order to ease the reporting burden as regards instruments originating prior to AnaCredit, the draft Regulation leaves it to NCBs to decide whether to collect any of those data attributes which, according to the findings of the merits and costs procedure, might not have been stored by banks to date. These include: ultimate parent company identifier, date of initiation of legal proceedings, date of enterprise size, number of employees, balance sheet total, annual turnover or protection original value.
41. Furthermore, it should be emphasised that in contrast to a grace period, the exemption rules referred to above apply without any time restrictions.
42. No other data attributes were flagged as being unavailable for instruments originating before AnaCredit. Therefore, and in the absence of particular mention by the reporting agents, the ECB considers that the AnaCredit reporting requirements sufficiently address the “stock of loans” and no additional measures such as a grace period or grandfathering rules are required.
43. Data do not have to be retrieved retroactively, i.e. there is no requirement to provide data for past reporting reference dates.

5.8 Need for clarification

44. *Respondents indicated that some definitions lacked clarity and highlighted that clarification was crucial for harmonised implementation of the AnaCredit requirements.*
45. As regards the clarity of the requirements in general, the draft Regulation has been amended and the definitions have been improved wherever relevant and beneficial. In addition, the ECB will issue a reporting manual in which all reporting requirements laid down in the draft Regulation will be explained as necessary.

46. Specifically, with the purpose of helping credit institutions prepare for reporting to AnaCredit, the ECB will cooperate with reporting agents to ensure that their questions are answered. The first edition of the reporting manual is expected to be published by the end of 2016.
47. *Several respondents indicated that the applicable accounting standards must be those used for the preparation of financial statements (either national generally accepted accounting principles (GAAP) or International Financial Reporting Standards (IFRS)) and that, otherwise, compiling the data would require considerable expenditure and resources.*
48. On the subject of applicable accounting standards, it should be pointed out that the draft Regulation does not impose IFRS accounting standards, but requires that the standards used by the relevant legal entity be adhered to. Specifically, if the legal entity is subject to Regulation (EU) 2015/534 of the European Central Bank of 17 March 2015 on reporting of supervisory financial information (ECB/2015/13), the data must be recorded in accordance with the accounting standards – either IFRS or national GAAP – which are applied to fulfil the requirements under that regulation by the observed agent’s legal entity. The draft Regulation has been updated to clarify which accounting framework must be used for reporting.
49. *Some respondents indicated that clear instructions on off-balance sheet items were needed, since at present, the draft Regulation is unclear whether any off-balance sheet amounts are to be reported.*
50. As regards off-balance sheet items, the draft Regulation does not require the reporting of off-balance sheet instruments that represent strict contingent liabilities (such as financial guarantees). However, any off-balance sheet amounts that are intrinsically linked to drawn amounts (such as in the case of credit lines) must be reported. The draft Regulation has been updated to clarify which instruments are indeed eligible for reporting under AnaCredit and to make clear that for such instruments both the outstanding amount and the off-balance sheet amount are to be reported.

5.9 Collection of personal data and data protection

51. *Some respondents questioned why references were made to the protection of personal data when no personal data is collected. Others noted that the draft Regulation did not expressly confirm that information on natural persons need not be provided. In this connection, some respondents highlighted the need to ensure an appropriate level of confidentiality and data protection and to process personal data in accordance with applicable EU legislation.*
52. The draft Regulation focuses solely on credit granted by credit institutions to legal entities. It has been updated to make it clear that any credit extended solely to a natural person is not within the scope of data collection at this stage.

53. Furthermore, it should be pointed out that no personal data (as defined by applicable data protection rules) will be collected during the first stage of reporting. This applies, in particular, to mixed multi-debtor loans, where at least one debtor is a legal entity and at least one debtor is a natural person. Such loans are required to be reported; however, no personal data regarding the natural person will be transmitted to AnaCredit. Similarly, no personal data will be transmitted to AnaCredit regarding a natural person who acts as a protection provider for an instrument which is reported to AnaCredit.
54. Finally, should the scope of reporting be extended to include personal data at subsequent stages, the protection of the rights of natural persons with regard to the collection and processing of their personal data will be guaranteed.
55. Given this clarification that no personal data on natural persons is to be transmitted to AnaCredit during the first stage of reporting, Article 13 of the draft Regulation, which deals with the protection of personal data, is now redundant and has been deleted.

5.10 Use of existing data sources

56. *Respondents emphasised that in order to minimise the cost of data collection by sourcing data from existing databases, particularly as regards supplementary non-credit information, NCBs should not merely be permitted to use existing databases and data previously received, they should be obliged to do so.*
57. In order to minimise the reporting burden for reporting agents, the draft Regulation allows NCBs to use their own databases and data received from other sources, provided that the data meet the required quality standards.
58. NCBs may obtain data (mainly reference data on counterparties) from sources other than credit institutions, for example from business registers. Any other data to be reported to AnaCredit will be linked to instruments for which information is in general exclusively held by credit institutions and are therefore not expected to be commonly available via alternative sources.

5.11 Implementation timeline

59. *Several respondents raised concerns about the proposed implementation timeline and asked for sufficient time for implementation. Some respondents requested a grace period of a few years during which banks could report on a “best efforts basis”, without the imposition of sanctions. Other respondents asked that implementation be postponed until the IFRS 9 standards become applicable within the EU.*
60. Based on the comments received and in order to take due account of the principle of proportionality, the first reporting reference date mentioned in the

draft Regulation is to be postponed by six months. As a consequence, all related reporting dates are to be altered accordingly.

61. In particular, the postponement means that the first monthly and quarterly data transmission to AnaCredit will start with data with 30 September 2018 as the reference date. In other words, the timing is adjusted so that reporting agents have at least two years for implementation. Furthermore, the adjusted timing postpones the start of reporting under AnaCredit until well after the IFRS 9 standards have come into force. No further extensions of the timeline are deemed necessary to fulfil the reporting requirements of AnaCredit.

5.12 Data security and usage

62. *Respondents indicated that (i) no clarity existed regarding the safeguards to be put into place to ensure the security and appropriate usage of granular data and (ii) it was not clear who was responsible for the development and maintenance of the secure data channels and detailed access authorisation concepts.*
63. *Respondents required more clarity regarding access to the data by legal entities; in particular in relation to the access legal entities will have to their own data.*
64. The AnaCredit system will manage a large amount of data of various levels of confidentiality and will provide users with different functionalities to manage, query and analyse this information. More specifically, different levels of authorisation will be defined in order to ensure that users only have access to the functionalities and datasets they strictly need. The confidentiality of data based on these levels of authorisation will be ensured via measures implemented in the system, in organisational policies and in the system processes.
65. The ESCB has long-standing experience in collecting and processing sensitive information for the production of euro area statistics. Within this process, data are duly protected. The situation will be no different in the case of AnaCredit – protection of data confidentiality will be fully ensured in accordance with the applicable national and European legal frameworks.
66. As regards access to data, the draft Regulation has been updated to clarify that the ESCB central banks are responsible for ensuring the protection of data confidentiality and that only legal entities about which credit data have been reported to AnaCredit are entitled to access such data at the relevant NCB – subject to appropriate protection of the legitimate interests of the reporting agent and third parties. In particular, such access by legal entities is not permitted if it violates the legitimate confidentiality of data received from reporting agents, or of third parties, in particular, the legal entities about which credit data has been reported.

5.13 Feedback loops

67. *The banking industry representatives generally welcomed the establishment of feedback loops as a useful contribution to banks' assessment and management of credit risk.*
68. *However, several respondents identified some potential for distortions between banks in different countries, particularly in relation to competition, since the establishment of feedback loops to reporting agents is left to the discretion of each NCB. To avoid undue disparities, they asked for a more consistent implementation of feedback loops across the euro area.*
69. In accordance with the draft Regulation, NCBs are free to establish feedback loops to provide credit data to their reporting agents and to do this using the AnaCredit data, including data collected by another NCB. These feedback loops will enhance the ESCB's contribution to the stability of the financial system in accordance with its statutory mandate under Article 127(5) of the Treaty.
70. The feedback loops will provide reporting agents with a broader basis for their creditworthiness assessments, in particular with regard to cross-border debtors, and enable the harmonisation of definitions and data attributes across their lending practices. Many euro area national central banks have been exchanging such information within the framework provided under the Memorandum of Understanding on the exchange of information among national central credit registers for the benefit of reporting institutions².
71. The draft Regulation has been updated to clarify the rules governing feedback loops. Further details on their scope and implementation will be set out in a separate legal act or in a memorandum of understanding. In particular, that act or memorandum will clarify which data can, and which data cannot, be exchanged under feedback loops, taking into account the national legal framework and any other constraints linked to the confidential nature of the information.

² For more details, see the *Memorandum of Understanding on the exchange of information among national central credit registers for the purpose of passing it on to reporting institutions*, ECB, Frankfurt am Main, April 2010, available at the ECB website.

6 Amendments made to the draft Regulation on the collection of granular credit and credit risk data

As a result of the comments received in the consultation, amendments were incorporated into the draft ECB Regulation on the collection of granular credit and credit risk data, as adopted by the Governing Council of the ECB on 18 May 2016. **Table 2** explains those amendments. Purely editorial changes are not listed.

Table 2

Amendments to the draft ECB Regulation on the collection of granular credit and credit risk data

Articles	Heading	Amendment
Recital 11	NCBs' discretion to grant derogations to small reporting agents	A new Recital has been added in order to protect NCBs' discretion to grant derogations to small resident reporting agents.
Recital 12	Personal data not collected in AnaCredit	A new sentence has been added in Recital 12 in order to clarify that personal data will not be collected in the first stage of AnaCredit reporting.
Recital 15	AnaCredit as a part of a broader national reporting framework	A clarification is added that the collection of AnaCredit data may be done as a part of a broader national reporting framework.
Recital 18	Feedback loops	Slight adjustments in Recital 18 with no changes in substance. It is now stated that the rules governing feedback loops will be set out in a separate legal act or memorandum of understanding.
Recital 19	Standards for the protection and use of confidential statistical information	The standards for the protection and used of confidential statistical information are now addressed in a separate recital.
Recital 20	Sanctioning	Clarification is added that the ECB sanctioning power is independent on NCBs' right to sanction under the respective national legal framework in relation to statistical or other reporting obligations.
Article 1	Definition of legal entity	For clarification purposes, a legal entity is now described as an organisation which, under the national law to which it is subject, can acquire legal rights and obligations.
Article 1	Definition of observed agent	The definition has been amended to clarify that an institutional unit resident in the same country as the reporting agent is a separate entity from the reporting agent itself. The definition has been further simplified.
Article 1	Definition of counterparty	The definition has been simplified and adjusted to clarify that counterparty is a party to an instrument or is otherwise affiliated with an instrument.
Article 1	Removal of protection beneficiary and reference entity	The terms "protection beneficiary" and "reference entity" have been removed from the Regulation (including from this Article) as they mostly apply to derivatives which are outside the scope of the first stage of reporting under the AnaCredit Regulation.
Article 1	Definition of debtor	The definition has been clarified.
Article 1	Removal of the term "quasi-corporations"	The AnaCredit Regulation does not refer to the concept of quasi-corporations any longer.
Article 1	Definition of asset	The definition of "asset" has been added.
Article 1	Definitions of contract and instrument	The definitions of "contract" and "instrument" have been simplified and clarified. In particular, "instrument" is now defined in an enumerative manner.
Article 1	Definitions of loan and deposit removed	The definitions of "loan" and "deposit" have been removed. The body of the Regulation now refers to the term "instruments".
Article 1	Definition of total commitment amount	The term has been renamed to "commitment amount".
Article 1	Definition of non-performing	Performing and non-performing loans are now defined in Annex IV and have been deleted from Article 1 as they are not any more referred to in the body of the Regulation.
Article 2	First reporting date postponed by six months	The deadline has been postponed by six months. The first transmission shall start with data for 30 September 2018. In addition, the timeline for NCBs to request counterparty reference information has been shifted accordingly.
Article 4	Clarification of reporting requirements scope	Article 4 has been amended and further clarifies the reporting scope, in particular: <ul style="list-style-type: none"> - that the reporting agent reports data related to the observed agent(s) - that the conditions laid down in the Article have to be verified at any reference date within the reference period - that the instrument shall always be considered following the accounting standards used by the observed agent's legal entity - providing explanations as to which serviced instruments will be reported in AnaCredit

		<ul style="list-style-type: none"> - including a statement that at least one debtor must be a legal entity - the definition of reference period is provided - the definition of reporting reference date is moved to Article 13
Article 5	Reporting threshold	The threshold of €100 for non-performing instruments has been aligned with the general threshold of €25,000. The debtor's commitment amount is further clarified and it shall be determined considering all eligible instruments on a borrower basis, irrespective of the instrument's performing or non-performing status.
Article 6	Clarification of reporting agents' obligations	A new paragraph has been added in Article 6 to make clear to reporting agents which observed agents they are responsible for in the context of AnaCredit reporting requirements.
Article 8	AnaCredit as a part of a broader national reporting framework	A clarification is added that the collection of AnaCredit data may be done as a part of a broader national reporting framework.
Article 8	Credit data information gathered from other sources	A new paragraph has been added in Article 8 to guarantee that NCBs are not obliged to obtain data through the reporting agents, but can also, to the extent possible, gather information from other sources, e.g. national statistical institutes (NSIs), national competent authorities (NCAs) and other national authorities.
Article 9	Reporting agents' obligation regarding counterparty reference data	Article 9 has been further simplified, whereby the requirements relating to the timelines of updates on counterparty reference data has been moved to Article 13.
Article 11	Feedback loops to reporting agents - use of data received via feedback loops	Article 11 has been amended to ensure that no AnaCredit data is shared with service providers, unless such data sharing is necessary for managing credit risk and improving the quality of credit information available and that the reporting agent ensures appropriate confidentiality protection of the data. Any data sharing with commercial providers of credit data is forbidden.
Article 11	Feedback loops to reporting agents - the scope of the data and the procedure for providing the data	Article 11 has been simplified by removing references to the protection of personal data, and in particular, the reference to Directive 95/46/EC as no data on natural persons will be collected in AnaCredit during the first stage.
Article 11	Feedback loops to reporting agents - the right to deny access to feedback loops	Article 11 has been further clarified as regards the NCBs' right to deny access to feedback loops.
Article 11	Feedback loops to reporting agents - Institutional unit's residency not relevant for feedback loop purposes	Article 11 has been amended to confirm that the data can be used for feedback loop purposes, irrespective of where the institutional unit is resident.
Article 12	Access by legal entities	Article 12 has been further clarified. The purpose is to ensure that the confidentiality of the reporting agent is not violated.
Article 13	Article on protection of personal data removed	Article 13 has been deleted because no personal data will be collected in AnaCredit in the first stage.
old Article 14 (new Article 13)	Specification of reporting reference dates	A paragraph has been added to Article 13 to specify the reporting reference dates.
old Article 14 (new Article 13)	Timeliness - NCBs' obligation to inform reporting agents at least 18 months before the first reporting reference date	An additional paragraph has been added to Article 13 concerning the NCB's obligation to inform reporting agents about the reporting obligations at least 18 months in advance.
old Article 14 (new Article 13)	Timeliness - transmission of counterparty reference data	Article 13 has been amended to further clarify the transmission timeliness for counterparty reference data.
old Article 15 (new Article 14)	Specification of minimum standards	Article 14(3) has been amended to specify more accurately the minimum standards for transmission that other sources must comply with.
old Article 17 (new Article 16)	Derogations and reduced reporting frequency - definition of the derogation threshold	Article 16 has been amended to simplify and further clarify the definition of the derogation threshold. In particular, the derogation threshold of 2% is defined using the total outstanding amount of loans reported pursuant to Regulation (EU) 1071/2013.
old Article 17 (new Article 16)	Derogations and reduced reporting frequency - Quarterly reporting for small reporting agents	A new paragraph has been added to Article 16 to introduce the possibility for small reporting agents to temporarily report quarterly (instead of monthly), provided that the combined contribution of all agents reporting on a quarterly basis to the total outstanding amount of loans reported pursuant to Regulation (EU) No 1071/2013 by all reporting agents resident in the reporting Member State does not exceed 4 %.
old Article 17 (new Article 16)	Derogations and reduced reporting frequency - Clarification	It is clarified that NCBs have the right to extend derogations to reporting agents provided that they retrieve the data from other reliable sources. Furthermore, a paragraph has been added to clarify that the NCBs' obligation to inform the reporting agents 18 months in advance about the reporting obligations also applies in relation to the derogations and the reduced reporting frequency.
old Article 19 (new Article 18)	Sanctions	Clarification is added that the ECB sanctioning power for non-compliance with the reporting obligations is independent on NCBs' right to sanction under the respective national legal framework in relation to statistical or other reporting obligations.
old Article 20 (new Article 19)	Transitional provision	The deadline for NCBs to transmit the data to the ECB has been adjusted in accordance with the amended timelines for AnaCredit.
old Article 22 (new Article 21)	Final provisions postponed by six months	The data on which the Regulation shall apply has been adjusted accordingly. The Regulation will enter into force on 31 December 2017, six months later than provided for in the draft Regulation.
Annex I	Data to report and templates	Five data attributes have been left out; two new data attributes have been added. Adjustments have been made to further clarify the reporting requirements. In particular, it is clarified that no counterparty reference data must be reported for natural persons affiliated with instruments reported to AnaCredit.
Annex II	Specific statistical reporting requirements	Annex II has been rewritten to clarify the conditions under which some of the data attributes are not required.
Annex III	Counterparty reference data	Annex III has been rewritten to clarify the specific reporting requirements for counterparty reference data.

