

FIRST STEERING GROUP MEETING

BETWEEN MEMBERS OF THE ESCB AND

REPRESENTATIVES OF THE BANKING INDUSTRY

Monday, 23 April 2018

Minutes

INTRODUCTION

Mr Werner Bier, Deputy Director General of the ECB's Directorate General Statistics, welcomed the participants to the first Banks' Integrated Reporting Dictionary (BIRD) Steering Group meeting between the Members of the European System of Central Banks (ESCB) and representatives of the banking industry (hereafter the "Steering Group"). Mr Bier explained that the success of the BIRD relies heavily on, and benefits from, the effective and active participation of commercial banks, who know best how their reporting systems work. Mr Bier thanked the banks for their collaboration and participation in the Steering Group.

The Steering Group aims at steering the activities of the BIRD Expert Group, which is the initiative launched by the ESCB's Statistics Committee and the banking system to increase the efficiency of banks' reporting systems and the quality of reported data.

The two co-chairpersons, Ms Olivia Hauet (Nordea) and Mr Massimo Casa (Banca d'Italia) – nominated by the banking industry and by the ESCB's Statistics Committee respectively – introduced themselves and stressed the importance of supporting BIRD activities, and the desire to support other reporting frameworks.

Mr Anthony O'Brien, Chairperson of the European Banking Federation (EBF) Reporting Statistics Group, introduced himself and stated that the EBF would be willing to support the ECB's activities on reporting integration, namely the BIRD and the Integrated Reporting Framework (IReF).

The participants subsequently introduced themselves. A list of participants can be found in Annex I.

State of play of the BIRD

1. State of play of the BIRD

Ms Silvia Giacinti, European Central Bank, gave a presentation describing the state of play of the BIRD.

Summary and conclusions

An update was given on the BIRD project, in particular its work in relation to the implementation of FinRep. This has come about following the successful finalisation of the pilot phase in which the BIRD group worked on the description of AnaCredit and Security Holding Statistics Group (SHS Group) reporting requirements. An overview was given of the methodology that is followed by the BIRD to describe the reporting requirements and how the BIRD Expert Group works and how it shares information with the public via the BIRD website.

2. EBA overview of regulatory changes

Ms Meri Rimmanen (European Banking Authority – EBA) presented the forthcoming EBA regulatory changes.

Summary and conclusions

The main changes in the EBA's Implementing Technical Standards (ITS) 2.8 and 2.9 were explained in terms of timeline and content. Ms Rimmanen also explained what is tentatively expected after version 2.9 of the EBA Data Point Model (DPM). After the presentation, a question and answer session was held, regarding the reporting requirements; it was clarified that the integration of Pillar III in the ITS is not a new reporting requirement but instead allows existing data points to be re-used to describe the information requested for the market disclosure in a way that is compliant with Basel disclosure requirements. Mr Jochen Henn, Chairperson of the ESCB Expert Group IReF, explained how the IReF project was progressing with the integration of non-ESCB statistical data requirements. Finally, it was suggested that the Single Resolution Board (SRB) should be invited to the next Steering Group meeting, to discuss the work on the possible integration of the resolution planning requirements in the BIRD.

Action points

- The ECB will invite a representative of the SRB to the next SG meeting.

Draft Charter: Discussion and final approval

The draft charter of the Steering Group, a copy of which had previously been circulated to the members, was discussed.

Summary

Mr Casa described in detail the draft mandate. He proposed increasing the number of meetings to two per year to properly steer the activity of the BIRD Expert Group. It was suggested that a Steering Group meeting could be held four to six weeks ahead of the next Dialogue meeting between the STC and the banking industry.

The mandate was well received. It was suggested that the number of times a meeting should be convened could be reviewed, depending on the workload of the BIRD.

The meaning of the “maintenance” activity for the BIRD was described in detail. It was explained that this would entail light amendments to the BIRD in conjunction with the general review of the dictionary before a new release (e.g. review of the transformation rules due to the changes in the input layer for incorporating new reporting requirements).

Action point

- The draft charter will be amended to reflect the comments of SG members and subsequently circulated for approval in written procedure concerning the following:
 - increasing the number of meetings to two per year;
 - aligning the duration of the mandate with the nomination of co-chairpersons;
 - potentially inviting other European authorities and associations to participate as observers.
- The BIRD work plan will be amended to reflect the comments received and to clarify the nature of activities related to maintaining the BIRD.

BIRD activity planning

Work plan

Summary and conclusion

The plan was considered by the majority of the participants to be overly ambitious (despite the fact that the second option included a smaller number of reporting frameworks to be covered in the next 18-24 months). In view of this, a number of proposals were made, namely further splitting CoRep implementation (prioritising

credit risk), postponing the implementation of Leverage, and deferring the planning on Capital Adequacy to a later date. Owing to synergy effects between asset encumbrance and the already integrated FinRep, it was proposed that the start date of the Asset Encumbrance be brought forward to July 2018.

Ms Rimmanen (EBA) suggested removing the topics related to securitisation from the CoRep planning in the light of the changes expected in the next 12-24 months.

A request was made to cover the implementation of the MFIs Balance Sheet Items and Interest Rates reporting requirements in the work plan, including in relation to the incorporation of these two statistics in the Integrated Reporting Framework.

In terms of resources, the ECB indicated that any decision about the work plan will need to correspond with the necessary allocation of resources by participant institutions. With regard to this, several comments were made about the need for more clarity in the description of the resources necessary for each subgroup and the new work-streams as well as for maintenance purposes.

The language of the BIRD

Mr Vincenzo Del Vecchio (Banca d'Italia) gave a presentation on the methodology followed by the BIRD.

Summary and conclusions

Mr Del Vecchio explained the use of the validation and transformation language (VTL) and the importance of having a formal language to describe validation and transformation rules in the BIRD.

Such a logical formalisation of validation and transformation rules will provide a “technology-neutral” expression at business level of the processing taking place, against which various implementations and specific programming languages can be mapped. For this reason physical implementation of the BIRD into the banks’ IT systems can be easily achieved owing to the compatibility of the VTL interface with any IT system. Mr Del Vecchio proposed asking the ESCB Statistics Committee for IT-related support on the BIRD.

Work-streams on BIRD data modelling and testing

Mr Dominik Lin (ECB) presented the two work-streams on BIRD testing and data modelling.

Summary and conclusions

The approach followed for the BIRD data modelling was explained, in particular the fact that the work-stream needs to establish specific rules for the definition of BIRD input cubes and review the BIRD input layer

according to the rules defined. The work-stream also has to review the transformation rules that need updating following the changes made in the input layer.

As concerns BIRD testing, the various phases of testing activities were explained as was the need for test data. Several participants stressed the importance of testing to gain the appropriate level of quality and so enhance the credibility of the project. The ECB expressed its willingness to involve software vendors in the testing phase. A request for volunteers would be circulated at the next BIRD workshop to be held with the software vendors.

Action points

- A revised work plan, including all the suggested changes, will be submitted to the Steering Group for approval by written procedure.
- BIRD Steering Group participants will, depending on their preference, indicate the number of resources to be allocated to each subgroup and work-stream.
- The EBF will support the ECB in extending participation in the BIRD initiative to other banks via a public call. It was noted that the Steering Group's governance may need to be revised if many more banks decide to join.

STEERING GROUP ACTIVITIES BASED ON THE MANDATE

Mr Casa presented a description of the activities based on the Steering Group mandate.

Summary and conclusions

The detailed proposal presented was considered by the Steering Group. However, because the Steering Group was created only recently, it was thought preferable to keep the organisation of the activities informal and thus the additional description provided will not be included in the draft mandate.

ANNEX I

LIST OF PARTICIPANTS

<u>Participant's organisation</u>	<u>Name of participant</u>	
Nordea	Ms Olivia Hauet	Chairperson
Banca d'Italia	Mr Massimo Casa	Chairperson
European Central Bank	Ms Silvia Giacinti	Secretary
European Central Bank	Mr Jean-Marc Israël	
European Central Bank	Ms Romana Peronaci	
European Central Bank	Mr Dominik Lin	
Deutsche Bundesbank	Mr Jochen Henn	
Banco de España	Ms Carmen Garcia	
Banque de France	Mr Laurent Landrea	
Banca d'Italia	Mr Vincenzo Del Vecchio	
De Nederlandsche Bank	Ms Lucie Pennings	
Oesterreichische Nationalbank	Mr Guenther Sedlacek	
Suomen Pankki	Ms Elisabeth Flittner	
ABN AMRO Bank N.V.	Mr Rolf Otten	
Allied Irish Bank	Ms Marion Kearns	
Austrian Reporting Services GmbH	Mr Anton Kellner	
Banca Monte dei Paschi di Siena S.p.A.	Mr Sergio Moricone	
BANKIA	Mr Rafael Fernandez Campos	
European Banking Federation/BPFI	Mr Anthony O'Brien	
BBVA	Mr Matias Viola	
BNPParibas	Mr David Leclerc	
CaixaBank	Mr Victor Machado	
Crédit Agricole	Mr Rémi Sirolli	
Deutsche Bank	Mr Patrick Carey	
DZ BANK AG	Mr Marc Ziegler	
EBA	Ms Meri Rimmanen	

Erste Group Bank AG
Iccrea Banca
Nordea Bank AB
Raiffeisen Bank International
Unicredit Spa
BPER
BPCE
DZ BANK
SANTANDER
S Rating und Risikosysteme GmbH

Mr Harald Sinka
Mr Marco Carnevali
Ms Olivia Hauet
Mr Roland Mechtler
Mr Bonifacio Di Francescantonio
Mr Marco Bonfatti
Mr François Petetin
Mr Frank Stuhlmüller
Mr Alberto Fernandez Huete
Mr Thomas Stawitzke

Other participants

European Central Bank
European Central Bank
European Central Bank
European Central Bank
European Central Bank

Mr Giosuè Pugliese
Mr Davide Continanza
Mr Evgeni Piryankov
Mr Andrea Novello
Mr Sagar Pratapsi