EBA Discussion Paper on Integrated Reporting

• Adrien MANUEL
• BEAM Advisory
• Member of XBRL EU Bank & Insurance Working Group
Key elements of EBA DP context


- Main objectives of an IR System:
  a. Harmonisation and rationalisation of the reporting process:
     - For Reporting firms (banking sector) and European and National Authorities and Central Bank,
     - For Statistical, Prudential and Resolution frameworks,
     - With a key principle « Define Once, Report Once » → A single reporting system across Supervisory, Resolution Authorities and Central Banks
  b. Reduce reportings costs
  c. Increase efficiency thanks to Common definitions and Common requirements (coordination among authorities, streamlining processes,...)

- Linked to other recent initiatives: BIRD & IReF project (ECB) XBRL Europe had previously answered to the ECB IReF CBA (Cost Benefit Assessment)

- The XBRL Europe Bank & Insurance WG published its answer on the 8th June 2021 on the EBA platform (also available on the XBRL EU website)

Legal Basis

EBA was mandated from the European Commission C through art. 430c of the CRR (Capital Requirements Regulation) to develop a Report on the feasibility regarding the development of a consistent and integrated system for collecting statistical, resolution and prudential data for Q3 2021

→ DP answers’ will serve as a basis for the EBA final feasibility study

DP=Discussion Paper
Three mains parts in the XBRL Europe B&I WG anwers on the DP:

1. A single Data Dictionary (Characteristics, Data definition, Level of Data Granularity, ...) → « DEFINE ONCE »
2. A unique Reporting System with a unified Process for the prudential, resolution and statistical frameworks (data collection characteristics, central data collection point, data validation, data transformation, data exploration) → « REPORT ONCE »
3. A global Governance across supervisory, resolution and central bank (ECB) → Pre-requisite point about the feasibility of an IR

Key points:

- Data items should be described only once and then re-used across all reporting frameworks and all data platforms
- Optimisation of value and costs reduction if « Integrated » means « no more additional or specific data, outside the IR framework » → reduce the number of ad-hoc requests
- The entire scope should include:
  - Statistical, Prudential, Resolution Data and also Accounting, AML and Compliance Data,
  - At an Aggregated and Granular Level
  - At either European and National Level

An evolutionary approach to implement/to move to a standardised and unified reporting framework with a unique data dictionary for:

- Banks: A single data dictionary would require a significant change and a data-driven organisation and governance
- Authorities: Broke the current technical silos related to each reporting frameworks and create one common framework → XBRL Europe is closely following the development of BIRD initiative and providing input where requested
Key points of our answer

**DATA DEFINITION** is the main step to bring significant benefits:

- Harmonisation of definition of Granular Data, Aggregated Data and business concepts (including relationship between them and interconnections of reporting requirements)
- Common meaning of data uniquely named (unique and common Data Dictionary)

- **A need for all industry involved in the data collection process**
- **Existing technical XBRL taxonomies for EBA reporting should be reviewed and unified in a global semantic XBRL taxonomy**

**DATA COLLECTION** define Reporting rules for both aggregated and granular data:

- To indicate the Content, Format and Collection frequency;
- Visible to the authorities and reporting firms

- Reporting Rules should be scalable and done in a due time before the entry into application of a new regulation

- A single data exchange format for all regulatory reports (simplify the reporting submission)
- Granular Data allows to reduce ad-hoc requests and to define simple, factual data prior to any interpretative transformation or calculation
- XBRL is widely used for prudential and resolution frameworks. In the near future, xBRL-CSV may be used.

**DATA TRANSFORMATION & DATA EXPLORATION** are not really steps in the process, but functions

Sharing data transformation rules will be greatly beneficial but it raises some questions:

- The Responsibility if the Institutions remain responsible of all data collected (granular and aggregated) and all data transformed
- Possible double cost of human resources (institutions resources and authorities resources)
- The level of detail of calculation, the cross period transformation and the time to market of such additional information

- **Data transformation and Data exploration processes will be remain fully developed on each side (authorities and reporting firms) to respond their specific needs.**
Technical conclusion of our answer

 XBRL is widely used for prudential and resolution frameworks. In the near future, xBRL-CSV may be used.

GRANULAR DATA

The Working Group is working on the use of xBRL-CSV to include (high volumes of) granular data in the XBRL reports. This will be the focus of the next presentation!
Members of XBRL Working Group

- Frédéric BERNARD, AxiomSL
- Martin DEVILLE, Ubpartner
- Adrien MANUEL, Beam Advisory
- Régine LETISSIER, Beam Advisory
- Nadia DIA, Beam Advisory
- Julien DUMONT, Sopra Banking
- Jean-Marie TRESPAILLE, Invoke
- Abdelilah HSSAINI, Bank Al Maghrib
- Eric JARRY, Individual
- Joel VICENTE, Corefiling
- Vincent LE MOAL JOUBEL, Banque de France, Working Group co-Chair
- Gilles MAGUET, XBRL Europe
- Thomas VERDIN, BM&A TESH, Working Group co-Chair
- John TURNER, XBRL International