



EUROPEAN CONFERENCE ON QUALITY IN OFFICIAL STATISTICS 2024 ESTORIL - PORTUGAL



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The evolution of the supervisory reporting framework for the EU banking sector

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Outline

- Motivation
- Current EU institutional settings and shortcomings
- Possible future evolution
- Policy principles to inspire the evolution
- Conclusions



Motivation

- Data for banking supervision are typically not considered as “official statistics” but are disclosed to the public, because Pillar 3 of the Basel framework on banking supervision aims to promote market discipline.
- The disclosure of supervisory data is therefore a public good!
- On the other hand, the nature of supervisory data is different from traditional “official statistics”, and its quality has distinct peculiarities
- Against this background, the paper analyses the EU supervisory reporting framework from an institutional and policy perspective, in view of its potential evolution over time, including its potential integration with the statistical framework.

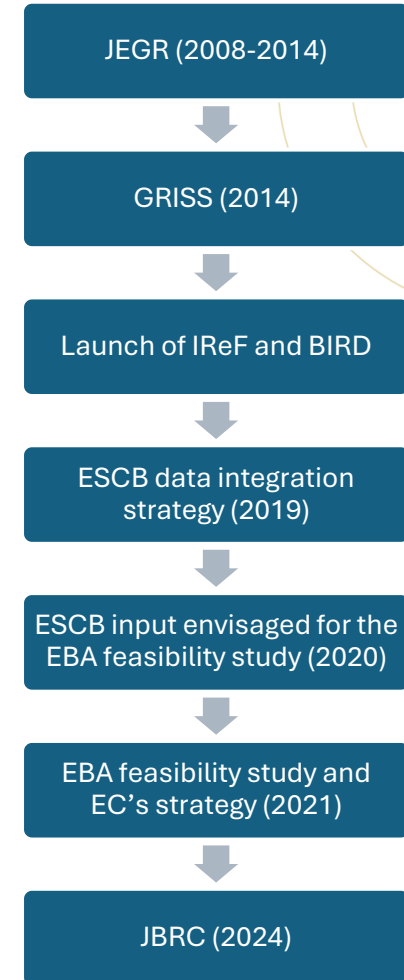


- The EU banking reporting system has become increasingly complex and costly for both authorities and banks.
- European authorities have launched important strategic initiatives for the standardization and integration of the existing reporting framework, which require time to be implemented.
- **To reduce the current complexity and implementation time**, some institutional settings could be reviewed, supported by the application of some policy principles.

A long journey

Main steps to integrate the two reporting silos:

1. the ECB statistical framework
2. the EBA supervisory and resolution reporting framework





Role of the main stakeholders

EBA	SSM	ECB
The EU regulator of supervisory and resolution reporting and Pillar 3 disclosure, subject to EC endorsement	Competent authority within the Banking Union	Macro-prudential function, jointly with ESRB
Applies maximum harmonisation, with two caveats: statistical reporting and ad-hoc reporting	Power to collect additional supervisory data beyond the EBA reporting framework	Power to collect statistical data useful also for supervisory purposes (e.g. Anacredit)
Own ad-hoc reporting if Pillar 3 is frontloaded	Assessment of data quality; access to statistics (e.g. Anacredit)	Access to supervisory data on a need-to-know basis
Publication of Transparency Exercise and monitoring tools	Publication of supervisory banking statistics and reconciliation with Pillar 3	Supports banks to extract uniform information from their internal systems (BIRD)



Shortcomings of the current institutional settings

1. Ad-hoc reporting is sticky
2. Cumbersome data sharing between central banks and SSM authorities
3. Anacredit usage for supervisory purposes is limited
4. Banks' Pillar 3 disclosures are difficult to extract and to compare
5. Banks' Pillar 3 disclosures may not match with data reported to authorities
6. Misalignment with Pillar 3 triggers unnecessary ad-hoc data requests
7. Lack of a common data dictionary
8. Limited cooperation among authorities



Recent initiatives aimed at addressing most of the shortcomings

1. The EBA feasibility study on integrated reporting
2. EU Commission's strategy on supervisory data in EU financial services
3. The “better data sharing” legislative initiative

Table 1: Main differences between the EBA feasibility report and the EC strategy

Recommendations	EBA feasibility report	EC strategy
Common data dictionary/model	YES	YES
Central Data Collection Point	YES	NO
Joint Governance	YES	YES
Scope	Banks only	All supervised entities



How to address the remaining shortcomings: some policy principles

1. Further integration between statistical and supervisory reporting, including a mechanism to align similar data definitions
2. Consistency and simplicity of legal acts
3. Application of BCBS 239 principles
4. Unambiguous bank responsibility for data quality
5. Further alignment with BCBS Core Principles
6. Shift stable ad-hoc data collections into the EBA framework
7. Alignment with Pillar 3 disclosure
 - a) Common resubmission policy
 - b) Automatic Pillar 3 extraction
 - c) Constant alignment between Pillar 3 and supervisory reporting



Conclusions

- My paper has examined the role of (quality-assured) supervisory data as public good and potential improvements.
- Recent initiatives have addressed some of the existing shortcomings, but they require time to be deployed. Further principles should inspire the evolution of the supervisory reporting system, to address the open issues
- Design choices at institutional and legal level may have significant (cascade) implementation cost for banks, authorities and regulators, as well as implications for the quality of supervisory data as a public good.



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Questions?

Thank you for your attention!



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