



EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS

The Co-operative Difference: Sustainability, Proximity, Governance

Brussels, 10th June 2021

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EACB comments on European Commission Roadmap consultation on Strategy on supervisory data collection in EU financial services

The EACB welcomes the Commission's initiative to consult on the way to define the next steps of its strategy on supervisory data collection in EU financial services.

A framework for supervisory reporting that is fit for purpose is a fundamental element for a sound financial sector. We agree with the Commission's assessment that the current way of defining the reporting requirements and collecting data can be complex and lead to inefficiencies in the reporting process.

Redundancies and inconsistencies in the requirements lead to additional compliance costs and reconciliation efforts that absorb human and IT resources. In addition, in the current environment parallel and "competing" sets of information are submitted to different authorities (e.g. SSM, SRB, EBA – practical examples could be NPLs' data requested by both SSM and EBA, or the specific Covid-19 reporting). The numerous ad hoc requests add to the pressure on institutions, which – at the same time – also have to deal with regular exercises such as the EU wide stress tests and the Basel monitoring (which EBA will make mandatory from December 2021).

In this regard, it should be noted that the EBA is carrying out its work for the mandates included in CRR 2 to pave the way for a reduction in the costs of compliance with supervisory reporting and for an integrated reporting system that could include prudential, resolution and statistical data.

Overall, there is a clear need to reduce especially the number and frequency of ad hoc requests, and a framework that is more comprehensive in its design might help in achieving this. At the same time, since supervisors may be driven to issue such requests by idiosyncratic reasons that are difficult to foresee, the risk remains that banks will have to face both an overhaul in the reporting framework and persisting ad hoc requests, thus resulting in no relief from an administrative perspective. Balance and a clear commitment from authorities are needed in this respect.

It should also be considered that fundamental changes in the philosophy of the reporting (e.g. move from template driven to data driven) would entail building infrastructure for data never collected before. This could mean considerable initial investments but also, potentially, higher ongoing costs. In the latter respect, any new solution must be flexible enough to be implemented by all banks and authorities, easy to update and adjust.

A data driven environment (particularly at supervisory level) should be considered also at the level of originating legislative proposals and designing of the relevant regulatory requirements. It is essential to take this into account at an early stage in the design of legislation to avoid having to introduce incremental fixes that only weigh on the overall complexity of reporting and related costs.

We believe that banks should be involved in the governance of the reporting system, at least with a well-defined advisory role, as they are the first to bear the costs of the framework and the ones in charge of collecting and producing the relevant data.

Furthermore, any change to the framework should follow a staged approach, including clear milestones that institutions can prepare for and anticipate. It is necessary to avoid incurring in costs for changes in systems

The voice of 2.700 local and retail banks, 85 million members, 214 million customers in EU

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that would need to be further adjusted in an iterative process of trial and error just for a drive for increased granularity.

Finally, the areas identified for improvement (i.e. the legislative process and instruments, governance, data needs and uses, data consistency and harmonization, and technology) seem to cover the relevant aspects of the debate. While discussions would still be needed on the most suitable way forward, we encourage the Commission to continue giving proportionality and overall fitness of the framework a prominent place in discussions.

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