EUROPEAN CENTRAL BANK

EUROSYSTEM

Jean-Marc Israël

Head of Division
Analytical Credit &
Master Data

Item IV.1
The AnaCredit project
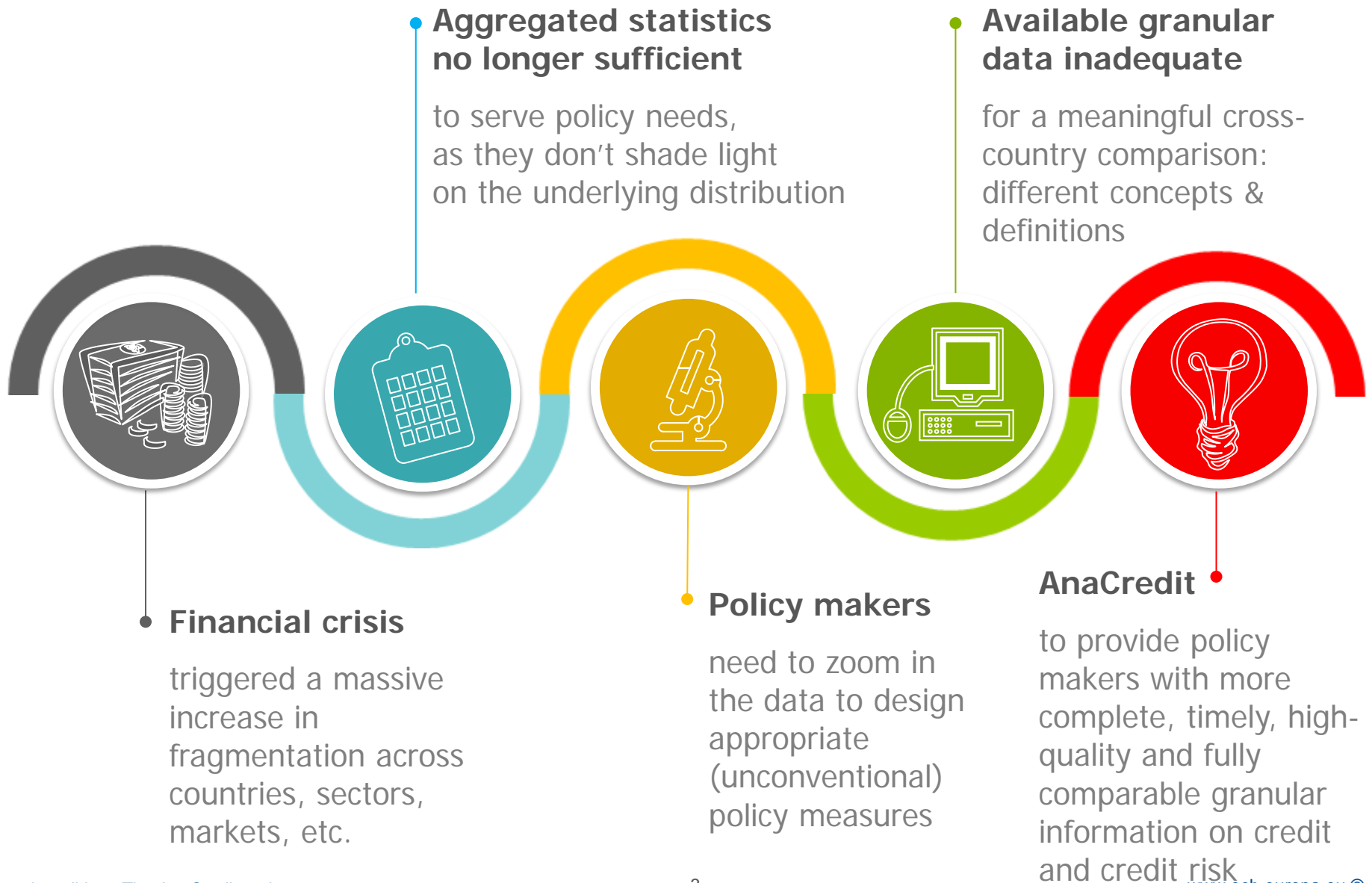
Statistics Committee

Dialogue meeting with the banking industry
on ESCB statistics

Frankfurt am Main, 16 March 2018

Content

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3	Banks to "know their counterparties"
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1. Why did we go for AnaCredit?

Aggregated statistics no longer sufficient

to serve policy needs, as they don't shade light on the underlying distribution

Available granular data inadequate

for a meaningful cross-country comparison: different concepts & definitions

Financial crisis

triggered a massive increase in fragmentation across countries, sectors, markets, etc.

Policy makers

need to zoom in the data to design appropriate (unconventional) policy measures

AnaCredit

to provide policy makers with more complete, timely, high-quality and fully comparable granular information on credit and credit risk

- AnaCredit = *Analytical Credit Datasets*

- *Loan-by-loan* information on (euro area) **banks' credit exposures** to *all legal entities* – including Small and Medium size Enterprises

- All euro area (19) and, nearly, all (27) *EU countries*

  - ❑ *Reporting from Credit institutions*

- Basic features:

  - ❑ *88 data attributes per loan* (e.g. credit and credit risk, interest rate), plus 7 *identifiers* ($\rightarrow$ link to *business register*)

  - ❑ Reporting frequency: *monthly* (quarterly for some attributes)

  - ❑ *Proportionality* with possibility for NCBs to grant (full or partial) *derogations to smaller institutions* and € 25,000 *reporting threshold*

  - ❑ *First reporting* in November 2018 $\rightarrow$ 1st reference period *Sept. 2018*

- *Correct identification of counterparties* - e.g. debtors - is key to assess *total indebtedness* and *total exposures* in AnaCredit

  → 20 reference data attributes & country-specific list of entity identifiers

- *Markets in Financial Instruments Directive (MiFID) II* introduced new Know Your Customer (KYC) requirements, including on identification

  → LEI mandatory for all firms subject to Transaction Reporting (TR) obligations

  → need for (some) banks to update their client onboarding software solutions to provide real-time data fields e.g. LEI, status of LEI, legal address, legal name

- Possible *synergies* between AnaCredit & KYC data needs: what banks need to know about their counterparties?

  → *market led initiatives could also help*

4. A magnifying glass for several Central Banks' tasks

AnaCredit will support several key functions of the **ECB**
→ multi-purpose dataset

Monetary policy
Demand & supply in credit markets and access to finance of SMEs

Monetary policy implementation
Collateral and leverage of financial intermediaries

Risk management
Sectoral risk analysis/monitoring for macro stress testing

Financial stability
Risk exposures, interconnectedness and potential contagion

Developing new / enhanced statistics
Micro-macro data comparison, derivation of aggregates

5. Also beneficial for reporting agents

After the initial investment, **reporting agents** will also get a return and benefit from AnaCredit

Lower reporting burden
more stable reporting requirements and less ad-hoc surveys

Easier compliance with regulatory requirements
- definitions and transformation rules in the BIRD
- requirements *closer to data as available* in the banks' systems

Better assessment of credit-worthiness
with feedback information (possibly) provided by NCBs

Benchmarking
meaningful comparison with clusters of banks

Increased standardisation
allows more *automatio*n and banks to 'speak a common language' between themselves

6. Support to the industry for implementation

- *AnaCredit data model* is complex, as reality is (even more!) complex

- *ECB* and *NCBs strongly committed* in *supporting banks*
  in implementing reporting requirements, also for ensuring data quality

  ➢ publication of (3 Parts of) detailed *Manual* completed *in May 2017* (link)
    i.e. 18 months ahead of initial reporting

  ➢ publication of *validation checks* performed on data (link)

  ➢ publication - and regular update – of *Q&As* based on queries by banks to
    the relevant NCB (link)

  ➢ structured *dialogue* via the *Banks' Integrated Reporting Dictionary (BIRD)*

1. Rich *documentation on AnaCredit publicly available:*
   AnaCredit Regulation, Manual, Validation checks, Q&As
   BIRD dialogue and documentation

   - *Is this information sufficient for you?*

   - *Should it be enhanced?*

   - *If yes, how?*

2. How could (and hopefully still can) the ECB and NCBs *further support you* in the preparation and early running up of AnaCredit?

3. General feedback on the *status of implementation*:
   How do you stand in preparing for first reporting of AnaCredit data?

thank you!