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BANKING AND FINANCE

Public consultation on fitness check on supervisory reporting

Fields marked with * are mandatory.

Introduction

Please note that this consultation is also available in German and in French.

Supervisory reporting requirements provide competent authorities with data on supervised entities (i.e. market participants) and their activities. Access to such data is essential to effectively supervise financial institutions, monitor systemic risks and ensure orderly markets, financial stability, and investor protection. EU law in this area consists of a large number of legislative acts covering a range of financial sector industries (banking, insurance, pension funds, investment services, post-trade services and investment funds, etc.) and products (loans, securities, derivatives, fund units, structured products, etc.). While the need to report to supervisory authorities is broadly acknowledged as being necessary, the financial crisis exposed some of the weaknesses of the supervisory reporting requirements, in that they failed to provide sufficient and/or practically useful information. As a result, legislators developed a significant number of new, and for the most part more granular, reporting requirements, the scale and pace of which may have increased the cost of compliance.

In September 2015, the European Commission launched a Call for Evidence to gather feedback from all interested stakeholders on the benefits, unintended effects, consistency, and coherence of the EU regulatory framework for financial services. Supervisory reporting was one of the key challenges highlighted by the respondents. Among the main concerns of the respondents were some overlaps and inconsistencies between reporting requirements in certain pieces of financial legislation (i.e. ’reporting frameworks’), a reportedly excessive number of requirements, as well as, at times, insufficient clarity as to what needs to be reported and an insufficient use of standards. According to the respondents, this results in excessive compliance costs and complexity. On the other hand, supervisors and regulators suggested that supervisory reporting requirements do not produce data of sufficient quality to allow them to fulfil their mandates.

Moreover, respondents stressed that implementing new reporting requirements is costly, mainly due to the need to implement or adapt IT systems and due to expenditure on training and maintenance. This suggests a need to reduce the frequency of changes to supervisory reporting requirements and to allow sufficient time to implement any changes envisaged in the legislation.

Finally, respondents to the Call for Evidence mentioned that in a number of cases Member States introduced supervisory reporting requirements in addition to those in EU legislation (so-called 'gold-plating'). These issues were subsequently discussed in an Expert Group (EG) composed of all Member States which discussed barriers to capital flows in areas of national competence. The EG identified a number of such barriers and called for further work in this area, among others to address national reporting requirements imposed in addition to those in existing EU legislation, where Member States agreed in principle that double reporting requirements should be avoided.

In order to build on the results of the Call for Evidence and other consultations and reviews, the European Commission has therefore launched a Fitness Check of existing supervisory reporting requirements. As part of this assessment, the Commission is now undertaking this public consultation to seek further and more specific input from stakeholders. The consultation aims to gather evidence on the cost of compliance with existing EU level supervisory reporting requirements (in force by the end of 2016), as well as on the consistency, coherence, effectiveness, efficiency, and added value of those requirements. More specifically, it aims to collect concrete quantitative evidence on, among others, costs incurred to meet the supervisory reporting requirements, and to gather specific examples of inconsistent, redundant or duplicative supervisory reporting requirements (e.g. reporting the same information under different frameworks or to different supervisory and/or regulatory entities). The consultation seeks feedback on ways in which supervisory reporting could be simplified and streamlined in the future. Bearing this in mind, the consultation aims at improving the usability and overall consistency of the EU supervisory reporting framework in order to help authorities achieve their objectives in a more effective and efficient way.

The feedback to this consultation will support the Commission's objective of ensuring that EU reporting requirements provide supervisors and regulators with the relevant high quality and timely information to help them to fulfil their mandates, while at the same time keeping the administrative and compliance costs and burden for firms to a minimum.

The consultation is structured along three sections reflecting the main issues and challenges that have been identified with respect to the EU supervisory reporting framework:

1. Assessing the effectiveness, efficiency, relevance, coherence, and EU added value of supervisory reporting requirements in place by the end of 2016
2. Quantifying the cost of compliance with supervisory reporting requirements
3. Identifying possible ways to simplify and streamline supervisory reporting

Respondents should provide their answers on the basis of the reporting frameworks which are relevant for them, and should take into consideration the costs incurred until the end of December 2016, and only for those frameworks in force at that date. Unless otherwise indicated, respondents should select only one answer per question. The consultation aims to go into greater detail into what has already been raised by stakeholders in various consultations. The objective is to gather specific evidence rather than general statements. A possibility to elaborate on a response has therefore been provided for each question. When doing so, respondents should aim to be as specific as possible and support their answers with examples as well as quantitative information. In Section 2 of the consultation, respondents are requested to be as specific as possible when quantifying their answers.

While the consultation is open to all interested parties, it is aimed primarily at stakeholders directly or indirectly involved in supervisory reporting, either on the reporting side or on the side receiving and/or processing the reported data, such as financial institutions, non-financial institutions undertaking securities or derivative transactions, central counterparties (CCPs), trade repositories, trading venues, national and EU supervisory and regulatory bodies.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-supervisory-reporting-requirements@ec.europa.eu.

More information:

- on this consultation
- on the protection of personal data regime for this consultation

1. Information about you

* Are you replying as:

- ○ a private individual
- ◉ an organisation or a company
- ○ a public authority or an international organisation

* Name of your organisation:

XBRL Europe

Contact email address:

The information you provide here is for administrative purposes only and will not be published

gilles.maguet@xbrl-eu.org

* Is your organisation included in the Transparency Register?
(If your organisation is not registered, we invite you to register here, although it is not compulsory to be registered to reply to this consultation. Why a transparency register?)

- ◉ Yes
- ○ No

* If so, please indicate your Register ID number:

16818933143-79

*Type of organisation:

- ( ) Academic institution
- ( ) Company, SME, micro-enterprise, sole trader
- ( ) Consultancy, law firm
- ( ) Consumer organisation
- (•) Industry association
- ( ) Media
- ( ) Non-governmental organisation
- ( ) Think tank
- ( ) Trade union
- ( ) Other

*Where are you based and/or where do you carry out your activity?

Belgium

*Field of activity or sector (*if applicable*):

at least 1 choice(s)

- [ ] Accounting
- [ ] Auditing
- [ ] Banking
- [ ] Consumer protection
- [ ] Credit rating agencies
- [ ] Insurance
- [ ] Pensions
- [ ] Investment management (e.g. ucits, hedge funds, private equity funds, venture capital funds, money market funds)
- [ ] Market infrastructure / operators (e.g. CCPs, CSDs, Stock exchanges)
- [ ] Non-Financial / Corporate enterprise
- [ ] Law firm / Consultancy
- [ ] Trade Association
- [ ] Other
- [x] Not applicable

Important notice on the publication of responses

*Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?
(see specific privacy statement)

- (•) Yes, I agree to my response being published under the name I indicate (*name of your organisation /company/public authority or your name if your reply as an individual*)
- ( ) No, I do not want my response to be published

2. Your opinion

Section 1: Assessing whether the supervisory reporting requirements are fit-for-purpose

The consultation is structured along three sections reflecting the main issues and challenges that have been identified with respect to the EU supervisory reporting framework:

The primary objective of supervisory reporting requirements is to provide supervisory authorities with the necessary data for them to monitor systemic risk in the markets, with the aim of safeguarding the stability of the financial system and ensure investor protection. In order to be effective, this data needs to be provided rapidly and be of sufficiently high quality. Section 1 of the consultation therefore aims to assess whether existing supervisory reporting requirements – in particular in light of the fairly recent move to more granular reporting frameworks – are working as intended. In order to do so, it is necessary to assess their effectiveness, relevance, efficiency, coherence, and EU added value.

For the purposes of this section, the above criteria are understood as follows:

1. **Effectiveness** – whether the supervisory reporting requirements have produced relevant and high quality data;
2. **Relevance** – whether all of the supervisory reporting requirements are necessary and appropriate for their intended objectives;
3. **Efficiency** – whether the set-up of the supervisory reporting requirements is proportionate in terms of costs/burden in view of its objectives (or, for supervisors, compared to the benefit it brings);
4. **Coherence** – whether the supervisory reporting requirements are consistent across the different reporting frameworks;
5. **EU added value** – whether supervisory reporting requirements at EU level have contributed to the achievement of the intended objectives in a better way than would have been the case if the reporting requirements were only introduced at the national level.

1.1 Taken together, to what extent have EU level supervisory reporting requirements contributed to improving the following:

a) financial stability (i.e. monitoring systemic risk)

- ○ Very significantly
- ○ Significantly
- ○ Moderately
- ○ Marginally
- ○ Not at all
- ● Don’t know / not applicable

Please elaborate and provide examples to justify your answer to question 1.1.a):

b) market integrity (i.e. surveillance of market abuse and orderly functioning of the markets)

- ◯ Very significantly
- ◯ Significantly
- ◯ Moderately
- ◯ Marginally
- ◯ Not at all
- ◉ Don’t know / not applicable

Please elaborate and provide examples to justify your answer to question 1.1.b):

c) investor protection (i.e. ensuring proper conduct by firms to ensure that investors are not disadvantaged/negatively impacted)

- ◯ Very significantly
- ◯ Significantly
- ◯ Moderately
- ◯ Marginally
- ◯ Not at all
- ◉ Don’t know / not applicable

Please elaborate and provide examples to justify your answer to question 1.1.c):

1.2 Are all of the existing supervisory reporting requirements relevant for maintaining financial stability and upholding market integrity and investor protection?

- ◯ Yes, they are all relevant
- ◯ Most of them are relevant
- ◯ Some of them are relevant
- ◯ Very few are relevant

- [x] Don’t know / not applicable

1.3 Is there information that should be reported but which currently is not (i.e. there are reporting requirements that should be added)?

- [ ] Yes
- [ ] No
- [x] Don’t know / not applicable

1.4 To what extent are supervisory reporting requirements across different EU level reporting frameworks coherent (e.g. in terms of scope, content, methodology, timing /frequency of submission, etc.)?

- [ ] Fully coherent
- [ ] Mostly coherent (a few or minor inconsistencies)
- [x] Somewhat coherent (numerous inconsistencies)
- [ ] Not coherent (mostly or totally inconsistent)
- [ ] Don’t know / not applicable

Please provide specific examples of reporting requirements which in your view are inconsistent and explain why you believe they are inconsistent:

EBA CRD4 and EIOPA Solvency have same scope, same technology and same approach from EU to National Competent Authorities. This should be fully extended to national specific templates or local financial reporting requirements.
The requirements practically use the same technology, but the same standards-compliant software (included CEN XBRL WG, EBA and EIOPA additions) cannot be used to prepare all returns for NCAs accepting XBRL filing. This need addressing.
Reporting processes for one specific business (banking, insurance, funds, investment services, listed companies, etc.) may request to a filer to send the same data multiple times, as reporting is historically organized by template or sets of templates, and not as a global flow (ex: in COREP, the CET1 concept is requested at least three times for a same remittance date).
There is low consistency between financial and business reporting – e.g. COREP/FINREP have low consistency with different definitions for counterparty classes or repeated filing needed for the total of asset concept.
Other areas are not so well developed and coordinated, e.g. company accounts, etc. There is no consistency between the supervisory reporting of different industries (e.g. no link between reported concepts for banking, insurance and listed companies, even for financial data).
There is no alignment across frameworks of reporting deadlines, but there is general alignment of basis periods (quarterly, semi-annual and annual).

1.5 To what extent is supervisory reporting in its current form efficient?

- [ ] Very efficient
- [ ] Quite efficient
- [ ] Rather inefficient
- [ ] Very inefficient
- [x] Don’t know / not applicable

1.6 How well are the supervisory reporting requirements adapted to developments in the fields of modern information and communication technologies (ICT) and digital processes?

- ( ) Very well
- ( ) Fairly well
- ( ) Not very well
- ( ) Not at all
- (•) Don’t know / not applicable

Please elaborate and provide examples to justify your answer to question 1.6:

1.7 To what extent has the adoption of supervisory reporting requirements at EU level facilitated supervisory reporting in areas where previously only national requirements existed?

- ( ) Very significantly
- (•) Significantly
- ( ) Moderately
- ( ) Marginally
- ( ) Not at all
- ( ) It has made supervisory reporting more complicated
- ( ) Don’t know / not applicable

Please elaborate and provide examples to justify your answer to question 1.7:

Higher harmonization has been seen when switching from COREP V1 (2007) to COREP V2 (2014) and the experience of the banking sector helped to define EU level requirements in other industries.
For banking and insurance, the harmonization was based on the use of a common XBRL technology. If there is need for national options, they have to be developed as extensions to common concepts. The XBRL community promotes the development of standard concepts at main level, with anchored extensions for local specificities.
Some sectors like Statistical data, Business registering, People registering (including Ultimate Beneficial Owner registers for Anti Money Laundering ALMD4) still do not have strong EU level requirements. This creates difficulties for interconnexion and cross border analysis.

1.8 To what extent have options left to Member States in terms of implementing EU level supervisory reporting requirements (e.g. due to their adoption as Directives rather than Regulations) increased the compliance cost?

- ( ) Very significantly
- (•) Significantly
- ( ) Moderately

- Marginally
- Not at all
- Don't know / not applicable

If you think divergent Member State implementation has increased the compliance cost, please provide specific examples of reporting frameworks or requirements where you believe this to be the case and explain your suggestions:

Each time there are options, additional costs are created in the reporting process, for both reporting entities and receiving entities.
Options are complex for cross-border entities and create additional costs for software solutions, even for non-cross-border entities. Options, together with localisation issues, also mean that it is common to have very restricted software choices within individual member states, meaning that competition is impaired through the cost and maintenance complexity associated with dealing with many country-specific permutations and combinations. These costs are, it should be acknowledged, mitigated through the development of more modern, metadata driven systems that can consume machine readable definitions and present them without additional custom programming. Of course, this requires sophisticated metadata. The use of the XBRL standard's table linkbase specification within the CRD IV and Solvency II frameworks is a good example of this kind of metadata. Despite the existence of this sophisticated metadata, not all software systems are able to flexibly deal with different requirements with just these inputs thus implying additional costs for these software systems to cope with the options.

1.9 Are there any challenges in terms of processing the data, either prior to (i.e. within the reporting entity) or subsequent to (i.e. within the receiving/processing entity) it being reported?

- Yes
- No
- (selected) Don't know / not applicable

1.10 Are there any negative environmental and/or social impacts related to supervisory reporting stemming from EU legislation?

- Yes, both environmental and social
- Yes, environmental only
- Yes, social only
- No
- (selected) Don't know / not applicable

Section 2: Quantifying the cost of compliance with supervisory reporting requirements

The feedback received from stakeholders suggests that, over the past few years, the cost of implementation and compliance with supervisory reporting requirements has increased in a couple of ways. Firstly, the introduction of new reporting frameworks and the more granular approach to reporting have increased the number and frequency of reports, necessitating additional investments into IT systems and related areas such as hiring, training, updating work processes or services delivered by external contractors. Secondly, the increasing complexity of reporting has increased operational risk, including the cost of correcting errors and financial penalties or fines for not reporting in the required formats or within required deadlines. Section 2 of the consultation aims to gather concrete quantitative data concerning this compliance cost incurred by the end of 2016 for reporting frameworks in force by this date*.

* Note: some of the costs incurred until the end of 2016 may have been incurred in anticipation of supervisory reporting requirements to be implemented only as of January 2017. Section 2 is not intended to cover these compliance costs. All replies should be provided on the basis of the situation at the end of December 2016 for frameworks in force at that date.

2.1 Is supervisory reporting in its current form unnecessarily costly for its intended purposes (i.e. ensuring financial stability, market integrity, and investor protection)?

- ○ Yes
- ○ No, it is at an appropriate level
- ● Don’t know / not applicable

Please specify what other factors, if any, contributed to the excessive cost of supervisory reporting:

Please indicate the relevance of the listed factors by giving each a rating from 0 (not contributed at all) to 4 (contributed greatly).

	Factors	Rate from 0 to 4
Factor 1		
Factor 2		
Factor 3		
Factor 4		
Factor 5		

2.4 Does the obligation to use structured reporting[1] and/or predetermined data and file formats[2] for supervisory reporting increase or decrease the compliance cost of supervisory reporting?

[1] (i.e. templates or forms in which specific data elements to be reported are listed).

[2] (i.e. (i) the exact way in which the individual data elements are to be encoded or (ii) the file format in which the information to be reported is exchanged/submitted).

- ( ) Increases the compliance cost
- ( ) Decreases the compliance cost
- ( ) Does not impact the compliance cost
- (•) Don’t know / not applicable

2.5 Please specify the supervisory reporting frameworks to which you are subject (or, in the case of entities receiving and/or processing the data or supervisory authorities, which you deal with or make use of):

XBRL Europe is a community f members, each one beeing subject to specific reporting requirements, including EBA COREP FINREP, EIOPA Solvency 2, local filings, Financial statements filings.... This is why XBRL do not answer to Section 2 of this consultation.

2.5.1 Please estimate the cost (in monetary terms and as a percentage of operating cost) for your entity of meeting supervisory reporting requirements (or, in the case of entities receiving and processing the data or supervisory authorities, of processing the data).

a) Average initial implementation cost (i.e. one-off cost):

a i) please estimate its average initial implementation cost (i.e. one-off cost) in euro for your supervisory reporting frameworks:

- ( ) I am able to provide an estimate
- (•) Not possible to estimate

Please explain why you cannot estimate the average initial implementation cost:

a ii) please estimate the average initial implementation cost (i.e. one-off cost) as a percentage of total assets/turnover/other:

- ( ) I am able to provide an estimate as a percentage of total assets
- ( ) I am able to provide an estimate as a percentage of turnover
- ( ) I am able to provide an estimate as a percentage of another basis
- (x) Not possible to estimate

Please elaborate on why you cannot estimate the average initial implementation cost as a percentage of total assets/turnover/other:

b) Annual running cost (i.e. recurrent cost) in 2016:

b i) please estimate annual running cost in 2016 in euro:

- ( ) I am able to provide an estimate
- (x) Not possible to estimate

c ii) please estimate the average annual running cost over the last 5 years (i.e. recurrent cost) as a percentage of operating cost:

- ( ) I am able to provide an estimate
- (x) Not possible to estimate

Please elaborate on why you cannot estimate the annual running cost in 2016:

b ii) please estimate the annual running cost in 2016 (i.e. recurrent cost) as a percentage of operating cost:

- ( ) I am able to provide an estimate
- (x) Not possible to estimate

Please elaborate on why you cannot estimate the annual running cost in 2016 as a percentage of operating cost:

c) Average annual running cost (i.e. recurrent cost) over the last 5 years:

c i) please estimate average annual running cost over the last 5 years in euro:

- ○ I am able to provide an estimate
- ◉ Not possible to estimate

Please elaborate on why you cannot estimate the average annual running cost over the last 5 years in euro:

Please elaborate on why you cannot estimate the average annual running cost over the last 5 years as a percentage of operating cost:

d) Average annual running cost (i.e. recurrent cost) over the last 10 years:

d i) please estimate average annual running cost over the last 10 years in euro:

- ○ I am able to provide an estimate
- ◉ Not possible to estimate

Please elaborate on why you cannot estimate the average annual running cost over the last 10 years in euro:

d ii) please estimate the average annual running cost over the last 10 years (i.e. recurrent cost) as a percentage of operating cost:

- ○ I am able to provide an estimate
- ◉ Not possible to estimate

Please elaborate on why you cannot estimate the average annual running cost over the last 10 years as a percentage of operating cost:

2.5.2 Please indicate whether the above figures concern your entity as a whole or only a part thereof (i.e. a department, a subsidiary, a branch, a regional division, etc.).:

2.6 Which reporting frameworks contribute the most to the cost of compliance with supervisory reporting requirements? Please indicate as many frameworks as necessary and explain your answer.

2.7 Does your entity deal with supervisory reporting directly in-house or has this task been outsourced to an external provider?

- ○ Fully in-house
- ○ Partially outsourced
- ○ Fully outsourced
- ● Don’t know / not applicable

Please elaborate on your answer to question 2.7 and, if possible, explain the reasons for your business choice:

2.8.1 Please indicate the size of your entity’s department dealing with supervisory reporting in full-time equivalents (FTE):

2.8.1 a) at the end of 2016:

- ○ I am able to provide an estimate
- ◉ Not possible to estimate

Please elaborate on why you cannot estimate the size of your entity’s department dealing with supervisory reporting in full-time equivalents (FTE) for 2016:

2.8.1 b) in 2009:

- ○ I am able to provide an estimate
- ◉ Not possible to estimate

Please elaborate on why you cannot estimate the size of your entity’s department dealing with supervisory reporting in full-time equivalents (FTE) for 2009:

2.8.2 Please indicate the size of your entity’s department dealing with supervisory reporting as a percentage of the compliance work force:

2.8.2 a) at the end of 2016:

- ○ I am able to provide an estimate
- ◉ Not possible to estimate

Please elaborate on why you cannot estimate the size of your entity’s department dealing with supervisory reporting as a percentage of the compliance work force for 2016:

2.8.2 b) in 2009:

- ○ I am able to provide an estimate
- ◉

Not possible to estimate

Please elaborate on why you cannot estimate the size of your entity's department dealing with supervisory reporting as a percentage of the compliance work force for 2009:

2.8.3 Please indicate the size of your entity's department dealing with supervisory reporting as a percentage of the total work force:

2.8.3 a) at the end of 2016:

- I am able to provide an estimate
- (selected) Not possible to estimate

Please elaborate on why you cannot estimate the size of your entity's department dealing with supervisory reporting as a percentage of the total work force for 2016:

2.8.3 b) in 2009:

- I am able to provide an estimate
- (selected) Not possible to estimate

Please elaborate on why you cannot estimate the size of your entity's department dealing with supervisory reporting as a percentage of the total work force for 2009:

2.8.4 Please indicate whether the figures you provided in your answers to questions 2.8.1, 2.8.2 and 2.8.3 concern your entity as a whole or only a part thereof (i.e. a department, a subsidiary, a branch, a regional division, etc.):

2.9 Have any of the EU level reporting frameworks brought (or partially brought) cost-saving benefits (e.g. simplified regulatory reporting, facilitated internal data management processes, improved risk management, increased operational efficiencies, etc.)?

- Yes
- No
- ◉ Don’t know / not applicable

Section 3: Identifying possible ways to simplify and streamline supervisory reporting

In response to the Call for Evidence, some stakeholders expressed strong support for targeted standardisation measures to allow a more effective use of technology to streamline and – to the extent possible – automate compliance and reporting functions. This is related to the framework of “RegTech” (“regulatory technology”), a recent initiative to address issues of regulatory compliance in the financial services sector through the use of innovative technology. However, detailed evidence on how exactly the use of ICT can help with supervisory reporting, and whether it is facilitated or hindered by the present set up of supervisory reporting requirements – is scarce. Section 3 of the consultation is therefore more forward-looking, and seeks stakeholders’ views on possible future developments in supervisory reporting, in particular with regards to greater use of ICT and greater automation.

3.1 Please indicate which of the following could reduce the compliance cost while maintaining a sufficient level of supervisory reporting to ensure that the intended objectives are achieved:

Please select all relevant answers that apply.

	Short term (2 years or less)	Long term (more than 2 years)	Don’t know / not applicable
Reduction of the number of data elements	◉	○	○
Clarification of the content of the data elements	○	◉	○
Greater alignment of reporting requirements	◉	○	○
Greater standardisation/use of international standards	◉	○	○
Development of a common financial language	○	◉	○
Ensuring interoperability between reporting frameworks and /or receiving/processing entities or supervisory authorities	○	◉	○

Greater use of ICT	●	○	○
Greater automation of the reporting process	●	○	○
Other	○	○	●

Please elaborate, in particular explaining how you believe the answer(s) you selected for question 3.1 could be achieved in practice:

We have to acknowledge that all of the proposals create changes, which will incur costs on preparers and if not carefully managed, a short-term reduction in data quality. But we assess it worth it in the long run.

Reducing of the number of data elements – The key short-term cost reduction comes from not requiring firms to send the same data many times in multiple reports, to remove duplicated elements from specific reports and by common public business rules that submitters and regulators can use to validate the data exchange. Technology also helps to introduce more proportionality in regulatory requirements, to request only data that is relevant for a reporting entity. At longer term, common standards allows for greater automation as software to support the framework matures, common implementation processes and interoperability of data to enable comparison and benchmarking.

Clarification of the content of the data elements – The most important is to share dictionaries. Initiatives like BIRD (Banks' Integrated Reporting Dictionary) give a common understanding for any regulatory concepts. We promote the wider use of machine and human readable metadata such as the data element, business rule and template definitions described in XBRL taxonomies that can be understood by humans and machines.

Greater alignment of reporting requirements – Each concept must be reported only once. Similar concepts must be linked to understand their common points and their differences. XBRL taxonomies help to create those links and may introduce local or industry variations by using extensions. SBR initiatives (Standard Business Reporting, for example in the Netherlands) illustrate alignment of reporting requirements at state level.

Greater standardization/use of international standards – This require the international standards to be free to use and easily accessible. Common legal identifiers and common filing rules is a key to extend automation down the information supply chain.

Development of a common financial language – The XBRL technology helped to define financial concepts for banking and insurance. This should be amplified: common concepts should be common for all financial domains (including banks, insurance companies, funds, listed and not listed companies) and not be defined domain by domain.

Ensuring interoperability – Interoperability reduces costs and facilitates comparisons. It requires a common financial language and allows for benefits of automation and quality control.

Greater use of ICT/ Greater automatization of the reporting process – It may help to develop value added services to the industry, using machine learning, introducing proportionality, providing returns and benchmarking on filed data.

Concerning the development of a common financial language (i.e. a set of harmonised definitions of the terms used in supervisory reporting):

3.2 To what extent would the development of a common financial language help reduce the compliance cost of supervisory reporting?

- (x) Very significantly
- ( ) Significantly
- ( ) Moderately
- ( ) Marginally
- ( ) Not at all
- ( ) Don't know / not applicable

Please elaborate on your answer to question 3.2:

We support initiatives such as BIRD (Banks' Integrated Reporting Dictionary) and ERF (European Reporting Framework) to develop a common financial language. Harmonization and common understanding allow quicker processes to understand data and shared costs to develop tools.
We believe that a common financial language needs a common technology to describe it. We promote the continued and expanded use of XBRL technology.

The Commission should be aware that XBRL International, the not-for-profit standards development organisation that manages the XBRL standard is now 12 months through a 4 year modernization effort that will help significantly simplify the standard and make it more accessible.

Expected benefits of this approach should include:
- A standardized and simplified technical approach to data query and analysis, using an abstract "Open Information Model" that allows XBRL facts and definitions to be expressed in multiple formats. This already allows XBRL data to be expressed in its original XML format, in JSON (and soon JSON-LD) formats to facilitate data queries with standardized API signatures. It is also possible to express XBRL data in CSV format to support highly granular data collections.
- New ways to reuse and compare reporting elements across reporting domains.
- New ways to query both data and metadata, across interoperable (and presumably competing) platforms through open API signatures.
- New ways to manage data governance and data provenance in standardized ways.

These new developments come while maintaining the ability of different environments:
- to develop and manage their own definitions and reporting requirements, including closed multidimensional template-based reports of the sort that CRD IV utilizes as well as open corporate reports such as those that will be used by ESEF.
- to create and maintain sophisticated data validation business rules
- to create and maintain both human and machine-readable definitions and presentations.
- to create and maintain multi-lingual data definitions.

Finally, these changes are being done in such a manner as to preserve, wherever needed, existing investments in the existing XBRL specifications. In practical terms this means that there are no plans to deprecate existing standards, indeed ongoing maintenance and development of the existing syntax will be continued into the long term.

Representatives of the XBRL community can provide further information as needed.

3.3 To what extent would the development of a common financial language help improve the management (i.e. reporting or processing) of supervisory data required to be reported?

- (x) Very significantly
- ( ) Significantly
- ( ) Moderately
- ( ) Marginally
- ( ) Not at all
- ( ) Don’t know / not applicable

Please elaborate on your answer to question 3.3:

When switching from a paper reporting to a digital exchange of data, it goes from global flow to data level. This needs a common language to understand each data. It gives better understanding, quicker comparisons /benchmarking, easier consolidation between enterprises/industries. It reduces development costs as tools may be shared by filers and analysts. It generally improves the quality of the data as there is a better understanding of the requested data and of the controls attached to that data.

In this field there are significant areas that will yield strong results while being relatively simple. For example, there are currently discussions between the XBRL community and a number of regulators in Europe, the United States and Asia, about developing and maintaining international taxonomies that represent, in a consistent manner and in a fashion that is constantly updated, a range of important reference data. This includes areas such as ISO country codes and currency codes, but extends to areas such as consistent dimensional breakdowns for areas that are the frequent subject of reporting, such as maturity and instrument buckets.
EU work to help make even these kinds of definitions consistent could assist both preparers and users.

3.4 Are there any prerequisites for the development of a common financial language?

- (x) Yes
- ( ) No
- ( ) Don’t know / not applicable

If you answered yes to question 3.4, please elaborate and provide specific examples:

Basic rules may be respected: reuse of an already existing concept; use of a common technology; use of standards whenever they exist.
Unambiguous ways to express the common financial language are also required: a single concept must be understood by everyone.
The XBRL technology and XBRL taxonomies, already in use for regulatory reporting, allow to build a common financial language. Initiatives such as SBR (Standard Business Reporting) have developed best practices to create a common reporting environment and language.

3.5 Are there any obstacles to the development of a common financial language in the short term (i.e. 2 years or less)?

- [x] Yes
- [ ] No
- [ ] Don’t know / not applicable

If you answered yes to question 3.5, please elaborate and provide specific examples:

On many topics (accounting national gaap, legal forms, codification…) there is a lack of harmonization or standards. This makes the development of a common financial language more complex. However, a core language with local extensions may be a solution for a 2 years target. The common financial language however, needs to be expressed via an unambiguous language and taxonomy, that can provide a common data model for ICT systems, e.g. XBRL Taxonomy.

In practical terms, efforts around the world to create consistent definitions across disciplines and across reporting cultures has often proven more complex than across geographies. Statisticians and Economists have entirely different terms for very similar reporting ideas. Accountants tend to have rather different terms and have slightly different reporting ideas. It is these disciplinary and cultural differences, many of which are intentionally or unintentionally enshrined in law, that makes this kind of project a complex undertaking.

Concerning interoperability between reporting frameworks (i.e. alignment /harmonisation of the reporting equirements) and/or receiving entities (i.e. the ability of entities receiving supervisory data to share it amongst themselves in such a way that it remains legible):

3.6 To what extent would ensuring interoperability between reporting frameworks and/or receiving entities help reduce the compliance cost of supervisory reporting?

- [ ] Very significantly
- [x] Significantly
- [ ] Moderately
- [ ] Marginally
- [ ] Not at all
- [ ] Don’t know / not applicable

Please elaborate on your answer to question 3.6:

Interoperability helps to reuse data, share data and publish data. It provides lower costs and automation of analysis by regulators.

A good example is ECB/EBA and EIOPA comparing data across EU (see last presentations at XBRL Europe Day: http://www.xbrleurope.org/files/Presentations/20180201-20th%20XBRL%20Europe%20Day-Copenhagen/Luis_Suarez_Tumi_20th_XBRL_February_2018-_Data_Quality_.pdf; http://www.xbrleurope.org/files/Presentations/20180201-20th%20XBRL%20Europe%20Day-Copenhagen/5-20thXBRLEuropeDay_-_EBA.pdf; http://www.xbrleurope.org/files/Presentations/20180201-20th%20XBRL%20Europe%20Day-Copenhagen/6-EIOPA_BI_solution_Copenhagen_20180131_final.pdf).
When there is no interoperability to compare annual accounts in local GAAP in Europe, giving high costs for financial analysis.

Interoperability enables exchange of data between different regulators and government departments, e.g.

Dutch SBR initiative. It also enables re-use by industry of common definitions, e.g. Dutch SBR Banking Project. SBR stands for Standard Business Reporting and interoperability is built on XBRL Taxonomies shared by Dutch agencies and banks.

Even if there is no common financial language, there may be some interoperability, as illustrated by the XBRL Europe Business Registers (xEBR) initiative, which has developed a core reference taxonomy to link national GAAP taxonomies (or equivalent non XBRL data models) for financial statements filed to Business Registers. The xEBR core taxonomy benefits from the Accounting Directive schemes.

Finally, interoperable public open data platforms can provide greater transparency and scrutiny.

3.7 To what extent would ensuring interoperability between reporting frameworks and/or receiving entities help improve the management (i.e. reporting or processing) of supervisory data required to be reported?

- ○ Very significantly
- ◉ Significantly
- ○ Moderately
- ○ Marginally
- ○ Not at all
- ○ Don’t know / not applicable

Please elaborate on your answer to question 3.7:

Interoperability helps to reuse data, share data, publish data, per above on common technology, processes, etc. across reporting frameworks. Example are the Dutch SBR project or the UK tax and annual accounts common process for small companies (re-use and control of data).
On the opposite, Anacredit project (ECB and National Banks / National Central Balance Sheet Offices) use a common reporting request but different technologies in each EU country, creating a more complex management of data for cross border filers and software providers. We contend that there is ample evidence to suggest that it is not just administrative and legal definitions that need to be harmonized, it is also hugely important to ensure interoperable, consistent and formally provable ICT representation of those definitions are available to tackle compliance costs in these fields.

3.8 Are there any prerequisites for introducing greater interoperability between reporting frameworks and/or receiving entities?

- ◉ Yes
- ○ No
- ○ Don’t know / not applicable

If you answered yes to question 3.8, please elaborate and provide specific examples:

It requires:
A common definition given by business, accounting standards and other relevant stakeholders – and therefore a common financial language – is the main prerequisite.
A common technology which is open, standardized, already in use and extensible also helps. We promote

XBRL – eXtensible Business Reporting Language which has an extremely wide ecosystem of software (including open source software) and services that, through competition help ensure data quality while reducing costs.

3.9 Are there any obstacles to introducing greater interoperability between reporting frameworks and/or receiving entities in the short term (i.e. 2 years or less)?

- (x) Yes
- ( ) No
- ( ) Don't know / not applicable

If you answered yes to question 3.9, please elaborate and provide specific examples:

Interoperability requires a central authority to set up a common language, a common technology and common processes. European authorities in banking, insurance and securities exist to set up those common rules and to advocate and mandate their use. European level trends should also be promoted for business registering, people registering, statistics…

Concerning greater use of ICT in supervisory reporting:

3.10 To what extent would greater use of ICT help reduce the compliance cost of supervisory reporting?

- (x) Very significantly
- ( ) Significantly
- ( ) Moderately
- ( ) Marginally
- ( ) Not at all
- ( ) Don't know / not applicable

Please elaborate on your answer to question 3.10:

Common standards enable ICT to deliver better automation and a better control of the quality of the data. Shared business rules allow submitters to validate their own data before submission. This increases efficiency for all: filers and regulators.

3.11 To what extent would greater use of ICT help improve the management (i.e. reporting or processing) of supervisory data required to be reported?

- (x) Very significantly
- ( ) Significantly
- ( ) Moderately
- ( ) Marginally
- ( ) Not at all
- ( )

Don’t know / not applicable

Please elaborate on your answer to question 3.11:

ICT allows more automation and a better control of the quality of the data.

Greater use of ICT requires proportionality principles to allow smaller entities, who do not have enough volume to build automatic processes, to continue with manual processes. In that sense, ICT may reduce the efforts, also by sending the same report to various users: e.g. in UK common filing to HMRC (Tax Office) and Companies House (Business Register); in the Netherlands, SBR filing to Belastingsdienst (Tax Office) and Kamer van Koophandel (Business Register) as well as for commercial banks). Reuse is the keyword in benefits from ICT and automation.

Greater use of ICT allows for providing additional services, giving information on reported data. Using the XBRL technology and ICT processes, EBA, ECB or EIOPA now provide reports and statistics on their websites, that they were not able to give in the past (statistics by country, by concept…)
See their last presentation during XBRL Europe Day on February 1st, 2018: http://www.xbrleurope.org/files/Presentations/20180201-20th%20XBRL%20Europe%20Day-Copenhagen/Luis_Suarez_Tumi_20th_XBRL_February_2018-_Data_Quality_.pdf; http://www.xbrleurope.org/files/Presentations/20180201-20th%20XBRL%20Europe%20Day-Copenhagen/5-20thXBRLEuropeDay_-_EBA.pdf; http://www.xbrleurope.org/files/Presentations/20180201-20th%20XBRL%20Europe%20Day-Copenhagen/6-EIOPA_BI_solution_Copenhagen_20180131_final.pdf.

3.12 Are there any prerequisites for the greater use of ICT in supervisory reporting?

- (x) Yes
- ( ) No
- ( ) Don’t know / not applicable

If you answered yes to question 3.12, please elaborate and provide specific examples:

A greater use of ICT requires common technologies which are open, standardized, already in use and extensible, such as XBRL (already in use by ESAs).

3.13 Are there any obstacles to the greater use of ICT in supervisory reporting in the short term (i.e. 2 years or less)?

- (x) Yes
- ( ) No
- ( ) Don’t know / not applicable

If you answered yes to question 3.13, please elaborate and provide specific examples:

Lack of standards and excessive complexity of regulations (especially when there is many local options) may be obstacles for ICT use.

Concerning greater automation of the reporting process:

3.14 To what extent would greater automation of the reporting process help reduce the compliance cost supervisory reporting?

- ( ) Very significantly
- (x) Significantly
- ( ) Moderately
- ( ) Marginally
- ( ) Not at all
- ( ) Don't know / not applicable

Please elaborate on your answer to question 3.14:

Automation avoid costly and error-risky manual processes. Using a common financial language and a common technology like XBRL, it is possible to continuously monitor the data without any paper or manual step (including auditing tasks, as it now started in the Netherlands).
However, automatization only reduces costs when there is harmonization, streamlining, proportionality and common rules to optimize and share costs of going to automation.
Also, automated validation and exception reporting as well as capable tooling for QA of reporting data is required to reduce costs. Availability of mature software for review of the reported datasets is still to be improved.

3.15 To what extent would greater automation of the reporting process help improve the management (i.e. reporting and/or processing) of supervisory data required to be reported?

- (x) Very significantly
- ( ) Significantly
- ( ) Moderately
- ( ) Marginally
- ( ) Not at all
- ( ) Don't know / not applicable

Please elaborate on your answer to question 3.11:

Automation allows more efficient processes and a better control of the quality of the data. Automation of the controls made by the receiver allows to share them with the filer, increasing the quality of the reported data.

3.16 Are there any prerequisites for a greater automation of supervisory reporting?

- (x) Yes
- ( )

- ( ) No
- ( ) Don’t know / not applicable

If you answered yes to question 3.16, please elaborate and provide specific examples:

It requires:
A common language, common technologies (such as XBRL already in use by ESAs) and common reporting principles are required.
The availability of software for preparation and review of reporting data by regulated firms. Often there is too much focus on the standards for creation of and validation of data. Regulated firms often lack the technology to access, reconcile or sufficiently review the actual datasets they are reporting.

3.17 Are there any obstacles to a greater automation of supervisory reporting in the short term (i.e. 2 years or less)?

- (x) Yes
- ( ) No
- ( ) Don’t know / not applicable

If you answered yes to question 3.17, please elaborate and provide specific examples:

We can mention the business case for software and consulting firms that are already recovering on existing investments.
Lack of standards and excessive complexity of regulations (especially when there is many local options) may be obstacles for automation.
Continued extension of and changes to the existing reporting requirements is placing an additional compliance burden on regulated firms.

3.18 What role can EU regulators play in facilitating or stimulating greater use of ICT in supervisory reporting?

- (x) Crucial role
- ( ) Important role
- ( ) Moderate role
- ( ) Limited role
- ( ) No role
- ( ) Don’t know / not applicable

Please elaborate on your answer to question 3.18 and provide specific examples of where and how you believe EU regulators could help:

The use of ICT requires a central authority to set up a common language, a common technology and common processes. European authorities in banking, insurance and securities exist to set up those common rules and to advocate and mandate their use. European level trends should also be promoted for business registering, people registering, statistics…
ESAs use the XBRL technology. This could be a core ingredient for the use of ICT in supervisory reporting, based on an extensible and structured common financial language. ESAs must advocate for common reporting models to National Competent Authorities, to keep is simple and harmonized in Europe.

3.19 What role can EU regulators play in facilitating or stimulating greater automation of the reporting process?

- (x) Crucial role
- ( ) Important role
- ( ) Moderate role
- ( ) Limited role
- ( ) No role
- ( ) Don’t know / not applicable

Please elaborate on your answer to question 3.19 and provide specific examples of where and how you believe EU regulators could help:

EU regulators may define and apply common rules and standards as well as proportionality principle to facilitate the set-up of automated processes on regulatory data.
Cooperation between EU regulators allow the creation of cross-domain rules and standards, for sharing costs of automation. Advocacy of EU regulators to National regulators must conclude to common standards all over Europe, stimulating greater automation in each country (as investment in a single country may be immediately replicated to other countries).
ESAs use the XBRL technology. This could be a core ingredient for a greater automation of the reporting process, based on an extensible and structured common financial language.

3.20 What else could be done to simplify supervisory reporting while ensuring that regulated entities continue to fulfil their supervisory reporting requirements?

New technologies allow to file detailed data instead of aggregated data in the supervisory reporting. This approach avoids requesting slightly different aggregates. It also centralizes the costs on the receiving side, which is more efficient.
Automated value-added services could be provided, with information on data to correct, feedback on received data, benchmark by sector/country, republishing of referential data…

3.21 Can you provide any practical example of improvements to data management processes that could be applied to supervisory reporting with a view to reducing the compliance cost and/or improving the management of supervisory reporting?

- (x) Yes
- ( ) No
- ( ) Don’t know / not applicable

If you answered yes to question 3.21, please specify and explain your suggestions:

Automatic validations for regulators and filers provide better data quality and reduced manual intervention and costs. This is used in EBA CRD4, EIOPA Solvency, SRB reports.

Machine learning on structured data open new opportunities. The Early Warning System of the Danish Business Authority is a practical example of improvement of electronic data management. By looking at structured financial data filed by companies and using machine learning, DBA is able to identify and help companies in crisis - early! Thanks to interoperability, DBA shares its findings with other European countries in Early Warning Europe. This could be extended to supervisory data. For more info on DBA’s project, see http://www.xbrleurope.org/files/Presentations/20180201-20th%20XBRL%20Europe%20Day-Copenhagen/7-20thXBRLEuropeDay_NieronDBA.pdf

Use and promotion of a common technology also bring improvements to data management processes. XBRL was originally adopted by large country regulators; as the technology becomes mature and offers for tools and services is bigger, even smaller countries, using manual processes in the past, can now adopt advanced validation and electronic submission.

3. Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) here:

Useful links

More on the Transparency register (http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

Consultation details (http://ec.europa.eu/info/consultations/finance-2017-supervisory-reporting-requirements_en)

Specific privacy statement (http://ec.europa.eu/info/files/2017-supervisory-reporting-requirements-specific-privacy-statement_en)

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