STUDY OF THE COST OF COMPLIANCE WITH SUPERVISORY REPORTING REQUIREMENTS

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EUROPEAN BANKING AUTHORITY

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REPORT

EBA EUROPEAN BANKING AUTHORITY

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Abbreviations

ALMM	Additional Liquidity Monitoring Metrics
BRRD	Directive 2014/59/EU (Bank Recovery and Resolution Directive)
CA	Competent authority
CoC	Cost of Compliance (Study of)
COREP	Common reporting (prudential)
CRD	Directive 2013/36/EU (Capital Requirements Directive)
CRR	Regulation (EU) No 575/2013 (Capital Requirements Regulation)
DPM	Data Point Model
EBA	European Banking Authority
EEA	European Economic Area
FINREP	Common reporting (financial)
FinTech	Financial Technology
GAAP	Generally Accepted Accounting Principles
IFR	Regulation (EU) 2019/2033 (Investment Firms Regulation)
IFRS	International Financial Reporting Standards
ITS	Implementing Technical Standards/Commission Implementing Regulation
LCR	Liquidity coverage ratio
NPE	Non-performing exposures
NSFR	Net stable funding ratio
RA	Resolution authority
RegTech	Regulatory technology
SNCI	Small and non-complex institution/institutions
SRB	Single Resolution Board

Executive summary

This report (prepared on the basis of Article 430(8) of the CRR) analyses EEA credit institutions' experience with the EBA supervisory reporting requirements and process. It focuses on the costs and challenges they face in that process. The report sets out 25 recommendations to further improve the significant proportionality that already exists in the supervisory reporting. Together, they aim to make the EBA supervisory reporting requirements and reporting process more efficient for all stakeholders. The report also considers the benefits of the standardised supervisory reporting to the public authorities using that information to carry out their role. The combined effect of the identified recommendations could reduce the reporting costs faced by up to 15-24%. For small and non-complex institutions this reflects savings in the range of EUR 188-288 million.

Harmonisation and proportionality in EU supervisory reporting

The EBA established a common, pan-European supervisory reporting framework in 2011. This helps national and European supervisory authorities to consistently regulate and supervise credit institutions. It facilitates monitoring of institutional risks using the common supervisory risk assessment. It also allows micro- and macroprudential authorities to track system-wide risk.

The common EU supervisory reporting framework replaced a plethora of national reporting requirements. It was instrumental in enabling convergence of supervisory practices. It also makes dialogue between institutions and supervisors more efficient and effective.

Harmonisation of supervisory reporting across the EU improved the quality of data. It does this through a common dictionary and format. It facilitates common approaches to solving technical issues in the reporting framework. This fosters the continuous accumulation of know-how in competent authorities and institutions.

Harmonisation of supervisory reporting benefits cross-border institutions of all sizes. It ensures consistent regulation and a level playing field across the EU that also benefits domestic credit institutions.

The EBA has always put proportionality at the heart of reporting work. In the current EBA reporting framework, small and non-complex institutions report only a fraction of the number of data points of large banks, about ten times less as a result of the proportionality built into the underlying legislation such as advanced models. The scope and nature of institutional activity influences the scope of supervisory reporting.

Nonetheless, the EBA recognises it can do more. The aim is to further enhance proportionality. As a result, the reporting experience will be more effective and efficient for both institutions and supervisors.

Mandate for and approach to the cost of compliance study

In 2020, the EBA conducted an in-depth analysis of the effectiveness of current supervisory reporting. This included measures designed to minimise reporting costs. It identified further areas for proportionality in the reporting framework. This analysis followed the legislative mandate in Article 430(8) of the CRR, asking the EBA to:

- measure the cost of compliance with the EBA's ITS on Supervisory Reporting;
- analyse the supervisory reporting challenges for institutions;
- balance this against the benefits to supervisors;
- make recommendations to reduce reporting costs by 10 to 20% at least for small and non-complex institutions.

The analysis draws on significant input from and interaction with the industry. The EBA sent voluntary quantitative and qualitative questionnaires to all EEA credit institutions.

The EBA interviewed various industry trade bodies and small and non-complex institutions across several Member States. The EBA also received voluntary case studies from various stakeholders that have been used in the analysis. Users of supervisory reporting, in particular supervisory authorities, also provided information to inform the analysis.

The EBA wanted to consult widely, but recognises the real challenges of competing operational priorities. The analysis coincided with the COVID-19 pandemic. For many institutions, this amplified challenges in identifying and isolating specific compliance and reporting costs requested in the questionnaire addressed to institutions. That applied to the reporting framework, ad hoc reporting and more general compliance costs.

These challenges must be considered in understanding this analysis and assessment. Where possible, the EBA extended deadlines to help institutions to respond. It now has sufficient qualitative and quantitative responses across the spectrum of EEA banks.

Key findings and recommendations for making the EBA reporting framework and process more efficient

The EBA analysis suggests proportionality already exists in the EBA supervisory reporting framework. Small and non-complex institutions report significantly less compared to larger institutions. Wider use of technology will only help increase efficiencies and reduce associated costs.

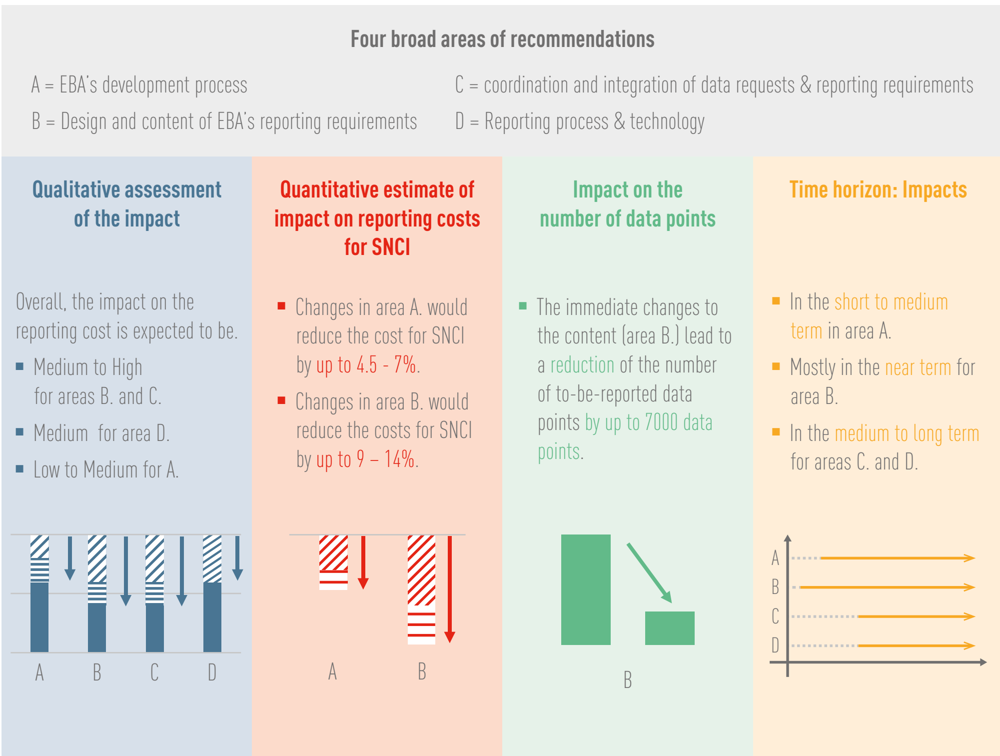
This research also identifies many areas to further reduce the costs of compliance. Its 25 recommendations retain the end-user benefits of the single supervisory framework, while responding to industry concerns. They address four broad areas:

a. changes to the development process for the EBA reporting framework;
b. changes to the design of EBA supervisory reporting requirements and reporting content;
c. coordination and integration of data requests and reporting requirements;
d. changes to the reporting process, including the wider use of technology.

This report discusses those recommendations across four dimensions:

1. potential qualitative impact on the overall reporting costs;
2. time to take effect on costs once implemented;
3. quantitative estimate of the potential impact on the reporting costs of small and non-complex institutions; and
4. potential impact on the reported data points, in relation to supervisory reporting requirements.

Figure 1: Overview of different groups of recommendations across four assessment dimensions



In line with the EBA mandate, this report focuses on identifying savings in reporting costs for small and non-complex institutions. However, the recommendations will improve reporting requirements and processes for all institutions. The EBA also considered the needs of the supervisory users of reporting throughout.

The recommendations do not address reporting requirements from other public bodies (e.g. resolution or statistical authorities). These are not covered by the CRR mandate for the study.

Improvements to EBA supervisory reporting requirements

The EBA identifies seven recommendations to increase proportionality in reporting requirements. These primarily affect small and non-complex institutions. In addition to reducing reporting costs these recommendations reduce the reported data points by up to 7000.

The EBA considers the following changes to the supervisory reporting requirements:

- streamlining liquidity reporting (additional liquidity monitoring metrics) and excepting small and non-complex institutions from reporting certain templates (Recommendation 13);
- introducing changes to reporting large exposures, leverage ratio and NSFR (Recommendation 15 that is already implemented with the latest revision of the reporting framework);
- investigating ways for enabling simplified consolidated reporting for the groups that consist of entities benefitting from the simplified reporting requirements (Recommendation 9);
- improving and further simplifying the reporting on asset encumbrance, including considering exempting small and non-complex institutions from certain reporting (Recommendation 11);
- reviewing asset encumbrance definition to create the level playing field between entities applying different accounting standards (Recommendation 12);
- reviewing the scope of application and frequencies of the reporting templates identified as least important and less frequently used by supervisors (Recommendation 14); and
- adopting a 'core + supplement' approach when designing new reporting requirements and revising existing requirements, where feasible (Recommendation 10).

Improvements to the supervisory reporting process

The report provides seven recommendations to improve EBA internal processes for the development, articulation and presentation of supervisory reporting requirements that include:

- better signposting of the requirements, including the reporting requirements, applicable to different groups of institutions (Recommendation 1 and 2);
- introducing better articulation, explanation and providing examples and better instruction (including, where possible in machine readable format) to help institutions with the implementation of the reporting requirements (Recommendation 4, 6, and 7);
- seeking greater stability into the EBA supervisory reporting requirements and providing longer implementation period for the changes into the reporting requirements (Recommendation 3).

In the report the EBA is also asking the EU co-legislators to consider a more coordinated approach to introducing changes into the existing legislation or developing new legislation allowing for better 'packaging' of reporting changes and longer implementation time proportionate to the nature and scope of changes/ new requirements (Recommendation 5).

Based on another set of recommendations, the EBA will work with the supervisory authorities to improve coordination between various stakeholders collecting information from the credit institutions by promoting its taxonomies and introducing greater coordination in ad hoc data collections (Recommendations 8, 16, 17, 18). This will reduce overall reporting costs of credit institutions not necessarily directly linked to the EBA supervisory reporting framework.

Greater use of technology and data integration

The EBA analysis supports the industry drive for more digitalisation. Better data management and technology should make the reporting process more efficient. In turn, this will lead to a reduction of overall reporting costs.

The EBA and competent authorities continue to raise awareness of FinTech and RegTech solutions and promote their adoption by the institutions (Recommendations 23 and 24) as well promote better digitalisation of the institutions' internal documents and contracts

(Recommendation22). This is particularly relevant for small and non-complex institutions. The study identifies the need to help them remove barriers for wider adoption.

The report also identifies potential benefits of better data integration, including the integration between supervisory reporting and public disclosures (Recommendation 20), integration and better internal risk data aggregation within the institutions (Recommendation 21), and promoting the EBA work on integrated reporting (Recommendation 19).

The recommendations in this area will not directly reduce the EBA supervisory reporting costs, but technology will contribute to an overall reduction of institutional reporting costs.

Potential impact of the recommendations

Qualitative and expert judgement based assessments suggest the recommendations in this report will have a substantial positive impact on reducing report costs to small and non-complex institutions. Their combined effect is estimated at up to 15-24%. This equates to EUR 188-288 million (using the median as the basis). Industry representatives corroborated this in the EBA interviews. This is in line with the objectives set by the CRR.

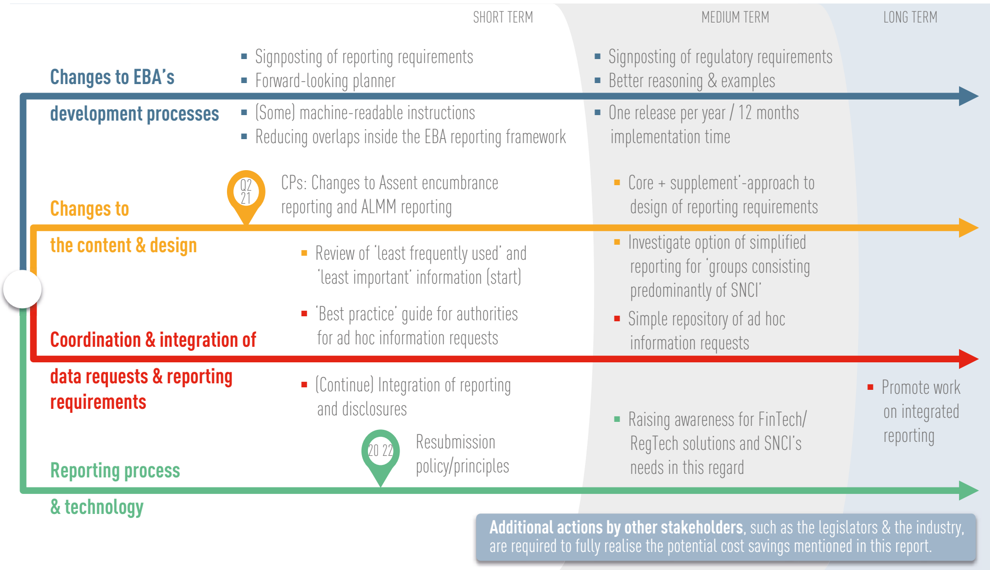
Next steps

The EBA Board of Supervisors agrees with the recommendations in this report. The EBA will incorporate the recommendations addressed to the authority into its work programme and implement them as part of the ongoing work, according to the availability of internal resources.

Recommendations regarding improvements to the EBA policy development processes for the development of the supervisory reporting requirements will be gradually introduced into ongoing work.

Certain recommendations would lead to specific policy products, such as amendments to the ITS on Supervisory Reporting, or guidelines/recommendations for the resubmission policies. Those regulatory products will follow the usual policy development process, which includes seeking industry and other stakeholders' views through the public consultation process.

Figure 2: Approach to the implementation of report recommendations



1. Introduction

1.1. Background

Proportionality and relevance of the supervisory requirements lies at the core of the EBA approach to developing its regulatory products. Since its establishment, the EBA has been working extensively on various aspects of proportionality, which applies in relation to nearly every policy product the EBA has developed, ensuring that the application of regulation or supervisory practices is proportionate to the nature, scale and complexity of the supervised institutions and their activities [1].

The majority of reporting requirements included in the EBA reporting framework are designed to enable an assessment of compliance with the underlying regulation. For that reason, many of the proportionality elements applying to reporting are actually a result of the underlying legislation, with the use of less or more complex approaches for the calculation of own funds requirements or the new simplified versus the full NSFR as prominent examples. Beyond that, the scope and nature of reporting entities' activities - in short, their business model - influence the scope of reporting. Additional thresholds looking at the level of the risk the credit institution is exposed to or other trigger criteria aim to keep the reporting cost and the administrative burden for reporting entities at bay, while still supporting supervisors' monitoring of compliance or assessment of risks. In practice, smaller and less complex institutions are, in general, already reporting much less information than their larger peers. Nevertheless, supervisory reporting, and reporting in general, was named as one of the areas of compliance institutions perceive as associated with very high cost and demands for further proportionality measures that especially benefit smaller entities are often heard.

As part of the ongoing work on proportionality in the supervisory framework and supervisory reporting requirements, in 2020, the EBA conducted an in-depth analysis aimed at assessing the effectiveness of current reporting, including the measures targeting a containment of the reporting cost, and identifying further areas for proportionality in the reporting framework. This analysis was conducted following the legislative mandate in Article 430(8) of the CRR [2] that itself builds on the European Commission 2015 call for evidence, where the financial sector mentioned supervisory reporting as one of the challenges (e.g. too many reporting requirements at national and EU level, inconsistencies and overlaps etc.).

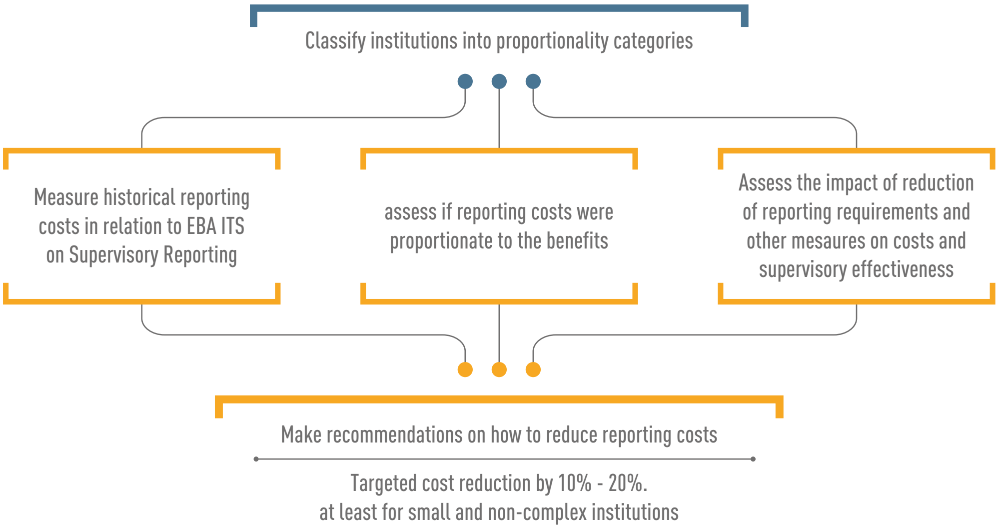
Article 430(8) of the CRR asks the EBA to measure the costs that credit institutions incur when complying with the supervisory reporting requirements set out in the EBA's ITS on Supervisory Reporting [3]. In accordance with the mandate, reporting costs should be assessed since the introduction of these common and harmonised supervisory reporting requirements in the EU in 2014. The EBA is also asked to assess whether the reporting costs associated with supervisory reporting requirements are commensurate with the benefits delivered for the purposes of prudential supervision and, based on that, to make recommendations on how to reduce the reporting cost at least for small and non-complex institutions (SNCI) by 10 to 20%. The findings from this analysis should be formulated in a report and delivered to the European Commission (see Figure 3).

[1] See also EBA Risk Reduction Package Roadmaps (https://www.eba.europa.eu/sites/default/documents/files/document_library//EBA%20Risk%20Reduction%20Package%20Roadmaps.docx.pdf)

[2] See the following link for the full text of the mandate of Article 430(8) of the CRR: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32019R0876&qid=1581929680553&from=EN#d1e23788-1-1

[3] Regulation (EU) 2021/451.

Figure 3: Key elements of the CoC study in accordance with Article 430(8) CRR



The CoC study looks at the overall reporting costs of credit institutions to understand the costs and their main drivers. Given that institutions often cannot isolate the reporting cost associated with reporting requirements of a specific origin or on a specific topic, as part of the study, the EBA collected some basic information on the costs associated with other reporting obligations. However, the main focus of the more detailed assessments is in the EBA supervisory reporting framework, and in particular, the reporting requirements laid down in the EBA's ITS on Supervisory Reporting, consisting of reporting on own funds and own funds requirements (COREP OF), large exposures (COREP LE), the leverage ratio (COREP LR), liquidity (LCR, NSFR, additional monitoring metrics) as well as FINREP and reporting on asset encumbrance.

In this regard, it is essential to consider the position of the EBA supervisory reporting framework within the overall reporting requirements to completely understand the nature of the concerns raised by the institutions as well as to understand which kind of measure could or would not be effective. However, the assessment of reporting obligations outside the EBA's direct control is not explored prominently in the analysis, nor does the EBA provide any recommendations in this regard.

The detailed nature of the CRR mandate allowed the EBA to partake in the overall debate regarding proportionality in reporting and make the interaction with the industry in this field more specific and focused - focusing on understanding concrete challenges and how those affect overall reporting costs faced by the institutions, rather than maintaining discussion around the general burden arising from the reporting requirements.

In response to the analysis of the reporting costs and benefits, the report provides recommendations on how to reduce the reporting costs and make the EBA Reporting framework more efficient. Some specific examples of such measures to be analysed are explicitly included in the mandate of Article 430(8) of the CRR, for example, a potential waiver of SNCI from reporting on asset encumbrance levels and a reduction of frequencies for certain areas of reporting. As part of the analysis, the EBA also looked into other areas, for example, regarding the reporting on additional monitoring metrics for liquidity (ALMM) reporting that is suggested in Article 415(3a) of the CRR, and to this end aims at determining the potential for cost savings arising from measures in addition to 'cutting data points' or reducing reporting frequencies.

Consequently, the recommendations presented in this report, rather than being limited to the proposals for changes to the content of EBA reporting requirements, also target improvements to the efficiency of the reporting process and the reporting environment as a whole. Among others, the recommendations cover changes that the EBA can make to its processes to make the reporting requirements easier to understand and more accessible. Although the CRR mandate specifically targets cost reductions for SNCI, the EBA sees the study as an opportunity to increase the efficiency of reporting requirements and the reporting process for all reporting entities.

The recommendations provided in this report aim at addressing the concerns regarding the current EBA reporting framework and reporting process in general, as raised by those reporting entities that provided their input to the study. All measures are assessed in relation to the benefits that standardised supervisory reporting provides for various stakeholders that are using the information received this way to discharge their functions, in particular focusing on supervisory and resolution authorities.

Against this background, the report is structured into four main sections, where:

a. Section 2 gives an overview of the reporting costs borne by credit institutions and specific drivers of those costs. It also summarises the key challenges reporting entities identified in supervisory reporting, and in particular in the EBA supervisory reporting framework;
b. Section 3 discusses key benefits of the standardised reporting, and the EBA reporting framework in particular, for its main users;
c. Section 4 discusses the institutions' key challenges summarised in Section 2 in the light of their impact on the performance of supervisory tasks. It presents specific recommendations aimed at reducing reporting costs and making the EBA supervisory reporting framework more efficient. The section also discusses the expected overall impact of possible measures on the reporting costs incurred by reporting entities, and primarily SNCI, including:
    i. changes to the development process for the EBA reporting framework;
    ii. changes to the design of EBA supervisory reporting requirements and reporting content;
    iii. improvements regarding the coordination and integration of data requests and reporting requirements;
    iv. changes to the reporting process, including the wider use of technology.
d. Section 5 provides information on the next steps and how the EBA plans to implement the recommendations provided in this report, including through the feasibility study on integrated reporting.

The report is also supplemented by a number of annexes, where:

a. Annex 1 provides an overview of the methodological approach the EBA has chosen to collect information and conduct the analysis for the elements listed in Article 430(8) of the CRR;
b. Annex 2 summarises the outcome of the mapping of the credit institutions operating in the EEA to the proportionality categories introduced in the CRR;
c. Annex 3 explains the methodology and the results of the estimation of the reporting costs across the EEA;
d. Annex 4 provides full ranking of costs drivers as identified by the institutions; and
e. Annex 5 provides an overview of the full ranking of reporting obligations.

1.2. Link to feasibility study on integrated reporting

As part of its overall work on proportionality, the EBA is also working on a feasibility study on a consistent and integrated system for collecting statistical data, resolution data and prudential data (hereinafter the 'feasibility study' [4]. In contrast to the feasibility study, which is of forward-looking nature and aims at identifying core features of a potential future approach to regulatory reporting, the CoC study also has a retrospective character, giving the EBA an opportunity to verify the effectiveness of the reporting requirements put in place, including the effectiveness of measures to achieve proportionality, and to revisit and revise these, where needed. The information collected in the CoC study, however, is also used for the purposes of the feasibility study as it contributes to a better understanding of the cost drivers of reporting and provides insights leading to an improvement of the future reporting design.

Both exercises have visible synergies that have been fully exploited by the EBA, especially when it comes to the information regarding the use of reporting solutions and impact on (reducing) reporting costs through the wider use of technology.

[4] For more information regarding the EBA's work on the feasibility study on integrated reporting see: https://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/integrated-and-consistent-reporting-system

2. Overview of the reporting costs and key challenges faced by institutions

2.1. Analysis of institutions' reporting costs

This section presents the main results of the quantitative part of the questionnaire addressed to institutions focusing on the estimation of costs related to compliance and reporting, as well as an additional breakdown of these costs for the sample of institutions that have provided data in the questionnaire, and the results of the extrapolation of these numbers to the full population of credit institutions in the EEA in order to understand the reporting costs of all EEA institutions.

2.1.1. Caveats and assumptions

The results presented in this section should be interpreted as conservative estimates due to the following reasons [5]:

a. due to the voluntary nature of the questionnaire, credit institutions with higher compliance and reporting costs are more likely to spend time and resources to fill it in and therefore in general the reporting costs may be overestimated. Any overestimation within the sample is significantly magnified during the extrapolation to a large number of institutions;
b. the extrapolations of costs were made assuming that each credit institution has provided estimates for the costs incurred only by itself as a legal entity, and did not include in its estimates the costs incurred by any other legal entities in its supervisory consolidation scope. The final costs are calculated by summing up all the costs of all credit institutions both at solo and consolidated levels. However, in cases where some credit institutions reported data both for themselves and other entities in the same group, the extrapolation results would lead to overestimating the costs for reporting credit institutions, and for double-counting and therefore overestimation of the analysed costs; [6]
c. entities that are waived from reporting requirements were included in the extrapolation. Although they do not need to report, they still need to contribute to the consolidated reporting requirements and therefore have to incur costs. Since these costs are not known, it was assumed they are the same as for the other entities.

2.1.2. The sample of credit institutions

The responses to the quantitative questionnaire on overall compliance and reporting costs were submitted by 251 credit institutions, of which 39 large institutions, 49 medium institutions and 163 SNCI (UK was excluded from the quantitative analysis). Further breakdown of costs of sufficient quality was reported by 145 banks, of which 26 are large, 28 are medium-sized, and 91 are SNCI.

Figure 4 below shows the main characteristics of the sample in terms of cost ratios. Generally, the EBA supervisory reporting costs represent around a third of the total compliance costs. The share is slightly higher among SNCI, and smaller among medium and large banks.

[5] See Annex 3 for more details on the assumptions and caveats.

[6] One exception is the Austrian Association of Savings Banks that explicitly highlighted that the costs include the costs for all the banks in its group, and this has been taken into account for extrapolation.

Figure 4: EBA supervisory reporting cost in percent of the compliance cost for the reduced sample of institutions (average across 2018-2020)

	Number of banks	Average	Median	Min	Max
SNCI	91	38.38%	36.88%	3.14%	83.27%
Medium	28	25.53%	17.04%	4.30%	66.53%
Large	26	23.72%	17.54%	3.52%	68.46%
All institutions	145	33.48%	29.82%	3.14%	83.27%

2.1.3. Estimates for the full EEA banking population

To calculate the estimates of the reporting costs for the full EEA banking population (excluding the UK), the EBA matched the data from the quantitative questionnaire dataset with institutions that were reported in the Phase 1 data collection, which were classified by size and business model. Using as an anchor the total assets reported by majority of the institutions in both datasets, the reporting cost estimates were calculated using the extrapolation of median and average cost ratios reported for the years 2018-2020 from the sample of 251 credit institutions in the questionnaire addressed to 4687 credit institutions in the Phase 1 dataset (both at individual and consolidated level), which account for EUR 25 trillion on a consolidated basis.

Both medians and averages are used for extrapolation. The median represents a better estimate of the overall costs, as it shows the costs of a typical bank. In contrast, the average is usually influenced by outliers - banks in the sample with particularly high costs, which are very likely to be overrepresented in the small sample. Therefore, when extrapolating averages, the estimates are likely to be significantly more overestimated. For transparency reasons, the EBA presents the extrapolation results both in terms of medians and averages.

At the foundation of this methodology is the assumption that the share of reporting costs is similar across a homogeneous group of institutions, defined in terms of size, business model and country. The reason is that reporting costs are often dependent on size, as they can reflect economies of scale. They also depend on business model, reflect specific activities and requirements connected to them, as well as the complexity of business model. Finally, the reporting costs may be connected to the country, as they also feature national specificities related to local supervision and reporting.

Consequently, credit institutions have been grouped by size, business model and country, and the cost ratios calculated for the sample of institutions were assigned to the same group in the full population of EEA credit institutions, with some additional restrictions to account for insufficient observations in the sample and for a high concentration of observations in one country or one business model. See Annex for more detailed methodology.

The shares are based on the reported costs in 2018, 2019 and 2020. Based on the results of the quantitative questionnaire, the SNCI in the EEA incurred annual ongoing costs of EUR 0.9 billion from EBA supervisory reporting requirements (Figure 5), which translates to an annual cost of EUR 304.7 thousand per institution. Using the average values from the sample, the estimate of annual ongoing costs for SNCI is EUR 4.3 billion, or EUR 1.5 million per institution.

Figure 5: Estimates of annual ongoing costs related to the EBA supervisory reporting for the entire EEA banking population (EUR billion)

		Estimate based on median values obtained from the survey		Estimate based on average values obtained from the survey	
	Number of banks	Total (EUR billion)	Per institution (EUR)	Total (EUR billion)	Per institution (EUR)
SNCI	2,857	0.9	304,652	4.3	1,518,284
Medium	1,444	1.0	688,496	7.2	4,988,558
Large	386	1.8	4,770,548	2.1	5,336,184
All institutions	4,687	3.7	790,700	13.6	2,901,853

Note: The estimates are calculated using the extrapolation of ratios of costs reported for the years 2018-2020 from a sample of 251 institutions to 4687 institutions (both at individual and consolidated level).

Apart from the ongoing reporting costs, credit institutions also incur implementation costs that may differ from year to year, depending on the specific changes to the reporting framework. Using the median values of the sample as a basis, the annual implementation costs for EBA supervisory reporting for SNCI were estimated to be approximately EUR 0.3 billion, or 100.7 thousand per institution (Figure 6). Using the average values from the sample, the estimate of annual implementation costs for SNCI is EUR 1.4 billion, or EUR 501.8 thousand per institution.

Figure 6: Estimates of annual implementation costs related to the EBA supervisory reporting for the entire EEA banking population (EUR billion)

		Estimate based on median values obtained from the survey		Estimate based on average values obtained from the survey	
	Number of banks	Total (EUR billion)	Per institution (EUR)	Total (EUR billion)	Per institution (EUR)
SNCI	2,857	0.3	100,694	1.4	501,825
Medium	1,444	0.5	337,393	3.5	2,444,608
Large	386	1.1	2,724,192	1.2	3,047,195
All institutions	4,687	1.8	389,677	6.1	1,309,995

Note: The estimates are calculated using the extrapolation of ratios of costs reported for the years 2018-2020 from a sample of 251 institutions to 4687 institutions (both at individual and consolidated level).

In addition to the costs related to EBA supervisory reporting, ad hoc requests account for EUR 0.7 billion of annual total costs for the EU banks, based on median values obtained from the survey, of which EUR 0.1 billion are incurred by SNCI. This results in costs of EUR 160 thousand per institution, or EUR 19.2 thousand per SNCI. Using average values from the sample, the estimates are EUR 1.9 billion for the full EU banking sector, and EUR 0.3 billion for SNCI. The annual cost per institution is EUR 410.7 thousand and EUR 95.8 thousand respectively.

The estimate for the overall costs related to EBA supervisory reporting for all EEA banks (both solo and consolidated) represents EUR 5.5 billion based on median survey values, of which EUR 1.2 billion is incurred by SNCI. This represents approximately 1.4% of the total operating costs of all the consolidated banks at EU level.[7]

Figure 7: Working on harmonising supervisory reporting requirements in the EU

Since 2011, when the development of the later Regulation (EU) No 680/2014 began, the EBA has been working on complementing the directly applicable and harmonised prudential requirements as codified in the CRR/CRD, BRRD and other regulations with equally harmonised and directly applicable reporting requirements. This kind of harmonised reporting contributes to a consistent application and implementation of regulatory requirements, avoiding regulatory arbitrage and fostering competition. In contrast to (purely) national reporting, the EU-level reporting delivers comparable data for entities across the EU, thereby facilitating crisis management or the application of recovery and resolution measures. In that respect, reporting – or the information delivered through it – is a public good. Even if there were no harmonised reporting at EU-/EEA-level, the authorities charged with supervision of entities, markets or macroprudential supervisory tasks would impose some kind of their own (thus fully non-harmonised) reporting on the (harmonised and non-harmonised) prudential requirements and therefore the cost of prudential reporting would still be there.

In terms of cost and efforts associated with reporting, the main beneficiaries of a harmonised reporting framework are those institutions that operate across borders – as they are faced with the same (core) report-

[7] Total operating costs were estimated to be EUR 389.8 billion based on the 2018-2019 average of total operating costs from the CBD database (https://sdw.ecb.europa.eu/browse.do?node=9691144).

ing requirements everywhere in the EU and EEA. Even without cross-border activities, a harmonised prudential framework and harmonised reporting ensures that entities, including smaller ones, operate in different countries under the same (prudential) conditions. Should such entities decide to adjust their business model or expand their activities business across borders, the harmonised elements of the reporting in particular and the prudential framework in general would at least not present an obstacle or even facilitate entry into new markets at a relatively low additional cost.

The EBA's harmonised reporting delivers a set of high quality data with a common dictionary in a common format. In its more than six years of application, communication channels have been well established. Common issues, as identified, for example, through questions and answers (Q&As) are addressed in a common manner; know-how is accumulated and exchanged continuously in competent authorities and institutions, accelerating rectification and improving the prevention of issues.

2.2. Key challenges in supervisory reporting faced by institutions

Based on the results of the questionnaire addressed to institutions, the most prominent areas of concern regarding current supervisory reporting arrangements, as well as the EBA supervisory reporting framework, can be summarised in four large groups:

a. complexity;
b. the amount of information to be reported;
c. internal data extraction and calculations; and
d. stability of the EBA supervisory reporting framework.

In that sense, the findings of the cost of compliance study in general are aligned with industry feedback received during various consultations on the EBA supervisory reporting framework and represent similar concerns that have been raised in the past by the institutions in various proportionality-related dialogues. While adjustments to the complexity, scope and stability of the regulatory and reporting frameworks are in the remit of the reporting standard setters, be it EBA or competent authorities, those standard setters only have an indirect influence, if any, on how the actual preparation of the data to be submitted is organised within the institutions.

Although institutions from the different size classes largely agree on the set of factors that most drive costs, the relative importance of these is judged differently.

For large institutions the most concerning factors are the scope of reporting requirements they have to comply with and consequently the (lack) of stability of the EBA supervisory reporting framework, considering that nearly every change is likely to affect them. Alone among the three proportionality groups, large institutions rank the need to deal with multiple data requests from different bodies as a Top 10 cost driver.

SNCI identify both the complexity of the underlying regulatory framework and the scope of reporting in general, as well as the complexity of the reporting – and the complexity of the underlying regulatory framework – as their main challenges, but also struggle with internal data transformations and calculations. In combination with statements made by industry representatives during the interviews, this may be an indication of a simpler setup of IT solutions and processes for reporting given the overall greater simplicity of business models, and in relative terms scarcer resources available or allocated to compliance with reporting (as well as other prudential and regulatory) requirements.

Medium institutions are the most diverse group of the three proportionality categories. According to ranking of cost drivers, the biggest issue beyond the complexity of regulation in general is the preparation of the data to be reported.

Figure 8: Major factors driving the reporting costs according to the questionnaire addressed to institutions (ranked based on the share of respondents classifying the factor as having a 'high' or 'medium-high' contribution to the reporting cost)

The 10 biggest cost drivers

All respondents			Large		Medium		SNCI	
(1)	91.1%	Complexity of the underlying regulatory requirements	(4)	87.7%	(3)	87.8%	(1)	93.0%
(2)	89.9%	Scope of the reporting requirements of the EBA ITS on Supervisory Reporting	(1)	89.0%	(6)	85.1%	(3)	91.4%
(3)	88.9%	Scope of supervisory reporting requirements (general)	(7)	83.6%	(8)	82.4%	(2)	92.2%
(4)	87.5%	Implementation time in the case of major changes to the re-porting framework	(3)	87.7%	(2)	89.2%	(6)	86.9%
(5)	86.4%	Complexity of the reporting requirements of the EBA ITS on Supervisory Reporting	(9)	82.2%	(9)	79.7%	(4)	89.5%
(6)	85.5%	Internal transformations/ calculations for the compliance with regulatory requirements	(8)	83.6%	(1)	89.2%	(8)	85.0%
(7)	85.5%	Internal preparation and data extraction	(5)	87.5%	(4)	86.5%	(9)	84.6%
(8)	84.8%	Internal transformations/ calculations for the compliance with reporting requirements	(10)	82.2%	(5)	86.5%	(7)	85.0%
(9)	84.7%	Complexity of supervisory reporting requirements (general)	(11)	80.8%	(12)	78.4%	(5)	87.5%
(10)	84.4%	Scope / content of changes to the (EBA) reporting framework	(2)	89.0%	(10)	79.5%	(10)	84.5%

Looking more closely at the cost drivers related to the core features of the reporting framework and reporting obligations – the scope of reporting, the definition of reporting obligations and how clearly they are specified, the frequency of reporting and submission deadlines – it seems that the scope and complexity of reporting are an omnipresent issue for entities of any size class. The ITS on Supervisory Reporting, compared to reporting in general, performs worse in the respondents' view in regard to the scope and complexity of the reporting requirements (i.e. the question how many different reporting obligations are covered by it, how easy it is to identify the applicable obligations and what topics are covered in principle).

The clarity of the reporting requirements, or lack thereof, reporting frequencies and submission deadlines are a significant cost driver for a significant share of the respondents, but less omnipresent. However, the lack of clarity – the fact that many interpretation questions arise and these are answered later (than when the answers are needed for the implementation of the requirements) – was particularly mentioned in the interviews as a serious issue nearly by all associations interviewed. In terms of clarity and reporting frequencies, the respondents to the questionnaire addressed to institutions perceive the ITS on Supervisory Reporting as performing slightly better than other reporting standards in general.

Figure 9: Overview of significance of cost drivers to various types of institutions (I): cost drivers regarding the content and definition of reporting requirements, including deadlines

	Content/definitions, deadlines	Large	Medium	SNCI
	Scope of supervisory reporting requirements The number of reporting requirements and the range of topics covered by them			
1	– Reporting in general			
2	– EBA ITS on Supervisory Reporting			
3	Complexity of the underlying regulatory requirements Understand prudential and regulatory requirements (other than reporting) and apply legal provisions to the business			
	Complexity of supervisory reporting requirements Identify which reporting obligations apply and what kind of information needs to be reported			
4	– Reporting in general			
5	– EBA ITS on Supervisory Reporting			

	Content/definitions, deadlines	Large	Medium	SNCI
	Clarity (or lack of clarity) of the supervisory reporting requirements Dealing with interpretation questions on the content of the reporting requirements			
6	– Reporting in general			
7	– EBA ITS on Supervisory Reporting			
8	Complexity, clarity (or lack of clarity) of 'ad hoc reporting requests' from authorities Understand what kind of information needs to be reported and how it relates to information covered by regular reporting requirements, dealing with interpretation questions on the content			
	Reporting frequency for supervisory reporting obligations			
9	– Reporting in general			
10	– EBA ITS on Supervisory Reporting			
11	Submission deadlines and time available to prepare submissions			

Notes: The traffic light indicates whether it is a generally significant cost driver (red, >= 80% of the respondents identify it as associated with high or medium to high cost), a significant cost driver for many reporting entities, but not all of them (orange, >= 60% and <80% of the respondents identify it as associated with high or medium to high cost), or a challenge for some reporting entities (rose, >= 20% and < 60% of the respondents identify it as associated with high or medium to high cost).

As regards the changes to the EBA reporting framework, both the scale of changes to the EBA reporting framework and the frequency of changes were identified as one of key cost drivers by institutions in all of the three CRR proportionality categories, although large institutions cope a little bit better with the short(er) breaks between different releases or versions of the framework. There is also a view on all sides that the implementation time for major changes to the reporting framework - revisions in the context of the banking package (CRR2/CRD5, BRRD2) being one example - is too short. In contrast, minor changes, including, for example, scattered and isolated amendments to instructions or small-scale changes to templates (e.g. addition of a small number of rows or columns) do not raise red flags for many of the reporting entities.

Figure 10: Overview of the significance of cost drivers to various types of institutions (II): cost drivers regarding changes to the EBA reporting requirements

	Changes	Large	Medium	SNCI
1	Scope/content of changes to the (EBA) reporting framework The magnitude of changes to the (EBA) reporting framework, or parts of it, and the actual changes in terms of content			
2	Frequency of changes to the (EBA) reporting framework How often the (EBA) reporting framework as a whole, or parts of it, undergo change			
	Implementation time Implementation time when the EBA reporting framework as a whole, or parts of it, undergo change. Major changes: e.g. significant revisions or entirely new reporting requirements. Minor changes: e.g. small revisions, technical amendments			
3	– in the case of major changes to the reporting framework			
4	– in the case of minor changes to the reporting framework			
5	Implementation time in the case of thresholds being triggered Implementation time defined in the 'entry and exit criteria' of the ITS on Supervisory Reporting			
6	Accommodating different change cycles/timelines defined by different bodies Dealing with simultaneous/close-in-time changes to reporting frameworks (same or different topics, but triggered by different bodies)			

Note: see figure above.

Looking at the content of reporting, the institutions of the three size classes assess similar reporting requirements as challenging: the 10 individual reporting requirements perceived as most costly include in all three cases reporting on exposures to credit risk, the LCR and at least one of the ALMM templates, as well as reporting on non-performing and forborne loans. The latter, according to comments made by respondents, is complex because it combines multiple dimensions (counterparty sector, type of exposure, days past due, etc.) and had been significantly extended shortly before the questionnaire addressed to institutions was launched. In contrast to their medium and large peers, SNCI also associate reporting on exposures benefitting from COVID-19 moratoria, newly introduced at the time when the questionnaire addressed to institutions was launched, reporting on the overview of asset encumbrance levels and reporting on large exposures as having a comparatively very high cost.

Figure 11: Top 10 of the costly reporting requirements defined in the EBA ITS on Supervisory Reporting, ranked based on the share of respondents of the respective size class that classify the template or group of templates as associated with high or medium-high reporting cost

	Large	Medium	SNCI
(1)	92.9% Additional information on NPEs: flows (F 24)	87.8% Credit risk: SA (C 07)	86.7% LCR (C 72 to C 77)
(2)	82.6% NPEs and forbearance (F 18, F 19)	85.1% ALMM: maturity ladder (C 66)	86.3% ALMM: maturity ladder (C 66)
(3)	81.0% Collateral obtained (F 25)	80.0% Credit risk: IRB (C 08, C 10)	82.7% Credit risk: SA (C 07)
(4)	81.0% Forbearance management (F 26)	78.4% LCR (C 72 to C 77)	80.0% NPEs and forbearance (F 18, F 19)
(5)	80.0% Credit risk: IRB (C 08, C 10)	75.3% ALMM: roll-over of funding (C 70)	77.1% ALMM: counterbalancing capacity (C 71)
(6)	80.0% LCR (C 72 TO C 77)	75.0% Credit risk: securitisations (C 12, C 13, C 14)	76.5% Balance sheet and comprehensive income (F 01, F 02, F 03)
(7)	78.6% ALMM: maturity ladder (C 66)	75.0% NPEs and forbearance (F 18, F 19)	74.0% Asset encumbrance overview (F 32)
(8)	76.7% Additional information on NPEs: stocks (F 23)	74.3% Additional information on NPEs: flows (F 24)	73.9% Large exposures limits, counter parties, amounts (C 26 to C 29)
(9)	75.7% Provisioning (F 12, F 43)	74.3% Additional information on NPEs: stocks (F 23)	73.8% COVID-19: moratoria and public guarantees (core data) (F 90.01, F 91.01, F 91.05)
(10)	74.3% ALMM: roll-over of funding (C 70)	72.5% Credit risk: geographical breakdown (C 09)	73.7% NSFR (pre-CRR2) (C 60, C 61)

3. Key benefits of standardised supervisory reporting for users

3.1. General considerations

Supervisory reporting is an essential input for supervisory work. In particular, it is a key element for facilitating off-site supervisory activities. Yet it can be also be used as an important input into other areas of supervision, such as preparation for on-site inspections and visits.

Generally speaking, supervisory reporting has two principal purposes: to enable the data recipient to assess and monitor credit institutions' compliance with regulatory and prudential requirements ('compliance reporting') and to enable the identification and monitoring of risks ('risk reporting'). Many of the different reporting requirements serve both purposes simultaneously (e.g. COREP own funds, LCR). Some, in the absence of a prudential requirement, focus on the latter (e.g. FINREP, asset encumbrance).

The assessment of compliance with a regulatory or prudential requirement is, first and foremost, a question of the supervision of individual institutions and groups in the prudential sense, although there are also exemptions from that general principle, such as stress testing exercises. The quality of the data - particularly its accuracy - is crucial, as non-compliance with a certain requirement, may have imminent legal implications for the credit institutions (no 'statistical error' acceptable). On the other hand, the data obtained from risk reporting supports both the scrutiny of the situation of the individual entity, on its own, and the financial system as a whole, or subsets of it.

To provide more tangible examples: authorities as data recipients use these data both for the assessment of compliance with regulatory requirements - including, for example, basic checks of the level of core prudential ratios, the analysis of developments over time or comparisons with peer groups - and for an assessment of the risk the credit institution is exposed to. However, the same data will be used also for the fulfilment of other tasks assigned to the authority, including, among others, macroprudential surveillance, preparation for resolution actions or the need to provide information to the public, as well as for more 'administrative' purposes such as the allocation of the supervisory resources or the planning of supervisory activities.

The last point is interesting, as the risk reporting angle of supervisory reporting is used by the authorities to position themselves (and their supervisory resources) with respect to the 'intrusiveness' of supervision from the point of view of engaging with the supervised entities:

a. supervisory models that generally, or regarding the supervision of specific groups of institutions, give preference to off-site supervisory activities and risk monitoring tend to rely more on data and information submitted by an institution through standardised regular reporting; and
b. supervisory models that prioritise on-site engagements with the institutions either in form of more frequent and in-depth on-site examinations or (semi-) permanent on-site presence in the institutions may rely less on the reported data and information, as they have more direct access to the institutions' functions and management teams.

Although the two cases described above represent extremes, as most authorities pursue mixed approaches, the general benefit of the data and information transmitted from reporting entities to supervisors and other data recipients is evident: It allows for more off-site supervisory monitoring and risk assessment, thus helping to perform ongoing supervisory activities, prioritise areas and resources for on-site examinations and generally for more optimal uses of the scarce supervisory resources.

Focusing more on the data used for regular off-site supervisory activities, those activities usually rely on three broad categories of data and information provided by the institutions to supervisors:

a. standardised supervisory reporting;
b. institutions' internal risk and other data (e.g. risk reports and underlying information);
c. ad hoc supervisory information requests and data collections.

Each of the above sources of information has its costs and benefits for institutions/reporting entities and users (supervisors)/data recipients. Their use also largely depends on the intended focus of the supervisory, or other, activity.

From the perspective of institutions, providing own internal data, risk and other reports may be the most cost effective means of reporting. In contrast, the use of such information by the supervisors will be limited only to the purpose of supervision of a particular institution. Although such internal data may represent the institution-specific circumstances more accurately, its uniqueness and reliance on the institutions' strategies, policies, models and assumptions will not allow for the use of such data on a broader scale.

It does not enable supervisors to make comparisons across the institutions (peer group/outlier analysis), nor it will satisfy the needs of wider sectoral and macro-economic analyses. Furthermore, non-harmonised data from institutions will not allow for the effective establishment of various monitoring systems (e.g. early warning systems) used by supervisors as those require a certain degree of consistency of data. Besides, institutions' own data and reports do not necessarily have to follow regulatory assumptions (e.g. when it comes to confidence intervals) and therefore may not be suitable for compliance monitoring.

The fact that the data need to be not only understandable to a wider group of supervisors (including those that are not closely following the institution in question), but also comparable across institutions calls for a certain degree of data standardisation, the use of common definitions, taxonomy metrics etc., that is achievable when using standardised supervisory reporting.

There is a broad understanding that there is room for more targeted and, in some cases, more urgent requests for ad hoc data and information, especially in rapidly emerging situations (e.g. COVID-19 response measures), where regular reporting does not adequately cover the issue of concern.

Whilst from the supervisory side, the focus of ad hoc data and information requests is usually on specific topics requiring more in-depth supervisory analysis, ad hoc requests can also be used to compensate for the lack of specific regular reporting. In more extreme cases, such ad hoc requests could substitute regular reporting without following the due process associated with the development of regular standardised supervisory reporting (including public consultation, impact assessment, etc.).

According to the feedback from the institutions, ad hoc information requests, especially multiple ones, have a higher impact on institutions' reporting costs through higher implementation costs. Therefore, it is necessary to find a balance between richer datasets from standardised regular reporting on one hand and narrower ad hoc information requests covering specific emerging issues/emergency situations or supervisory deep-dives into specific issues (in the latter case ad hoc requests may essentially look at the internal data discussed above) [8] on the other, as well as to ensure a better coordination of ad hoc requests.

The discussion above highlights the benefits of standardised supervisory reporting for the purposes of regular supervisory activities from the cost/benefit point of view, compared to the use of the institutions' own internal data and ad hoc information requests: Standardised reporting would ensure a consistent dataset for off-site supervision both from the compliance and risk monitoring perspectives, prioritisation of supervisory resources and identifying topics for on-site examinations and other activities. It should be noted that in practice standardised supervisory reporting will be complemented with other information with all three sources of information continuing to be used by supervisors. Furthermore, there might be also situations where more stable and mature temporary solutions based on ad hoc information requests are subsequently integrated into standardised supervisory reporting.

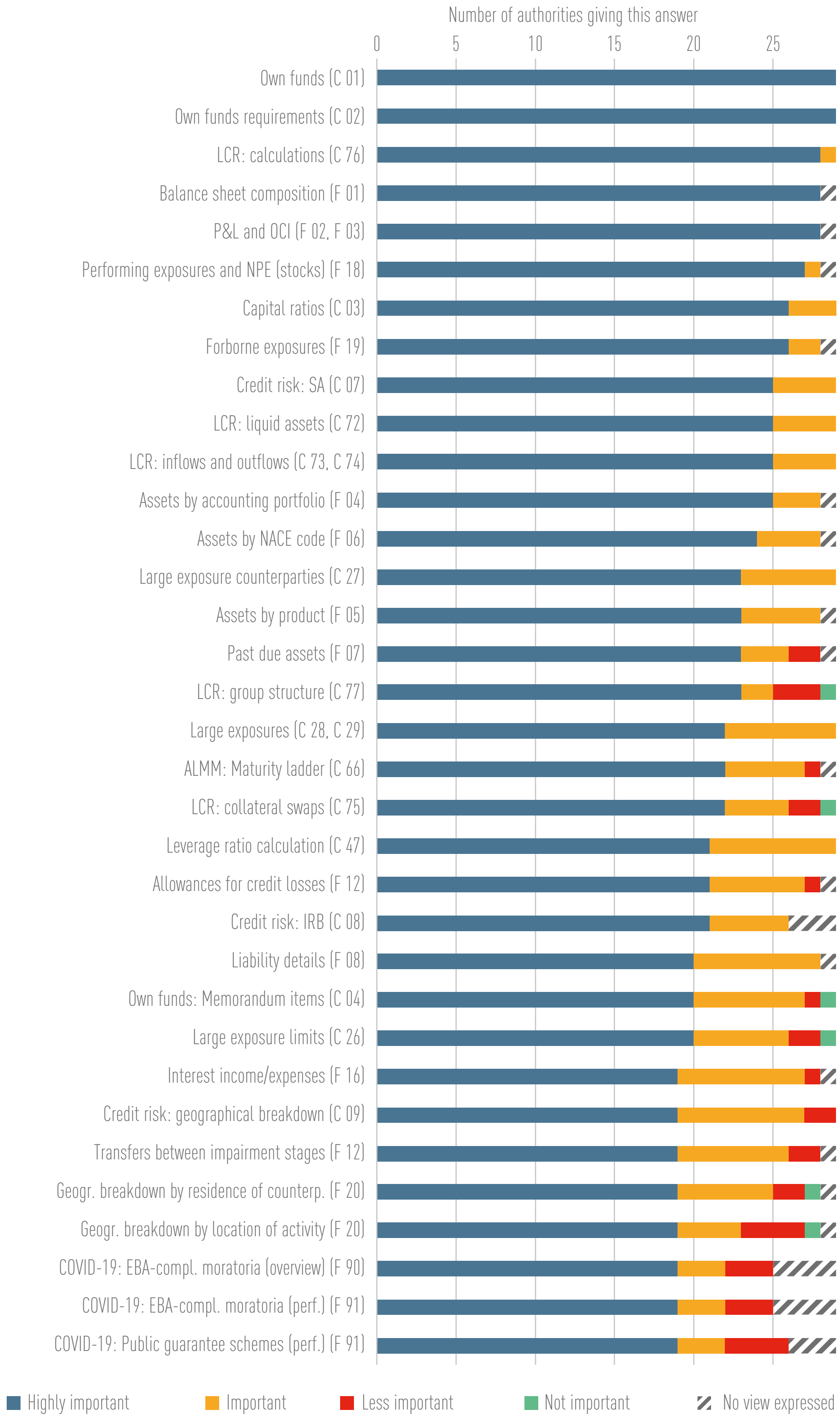
3.2. Results of the user questionnaire: use of the data of the EBA supervisory reporting framework

The results of the questionnaire addressed to institutions prove that most authorities that receive data see benefits in almost all components of the EBA supervisory reporting framework. Figure 12 below depicts the list of reporting templates that two thirds or more of the authorities responding to the user questionnaire identified overall as 'highly important'. Besides the obvious 'all time favourites' such as information on the composition of own funds/requirements, balance sheet, the NPE portfolio or institutions' income and expenses, information on large exposures, liquidity

[8] In rarer but important cases, ad hoc information requests may currently substitute regular standardised/harmonised reporting requirements for a short period until the standardised reporting framework addresses the changed data needs or for a longer period, if existing mandates for harmonised/standardised reporting do not fully consider the data requirement.

data and geographical breakdowns, the table below also includes reporting requirements that were being implemented at the time the institutions submitted their responses to EBA questionnaire – namely three of the COVID-19 reporting templates. It is also worth noting that some of the reporting requirements perceived by reporting entities as most costly are associated with the highest benefits from the point of view of the data recipient.

Figure 12: Selection of EBA reporting templates that two thirds of the users identify as 'Highly important' (number of responses)



Conversely, the analysis of the answers to the questionnaire addressed to institutions also highlights a series of templates that at least one third of the responding authorities identified as 'less important' or 'not important' (see Figure 13). These include a number of templates that feature less in the data recipients' perception because they are only reported annually (e.g. F 40, F 44).

Figure 13: Selection of EBA reporting templates that one third of the users identify as 'Less important' or 'Not important' (number of responses)

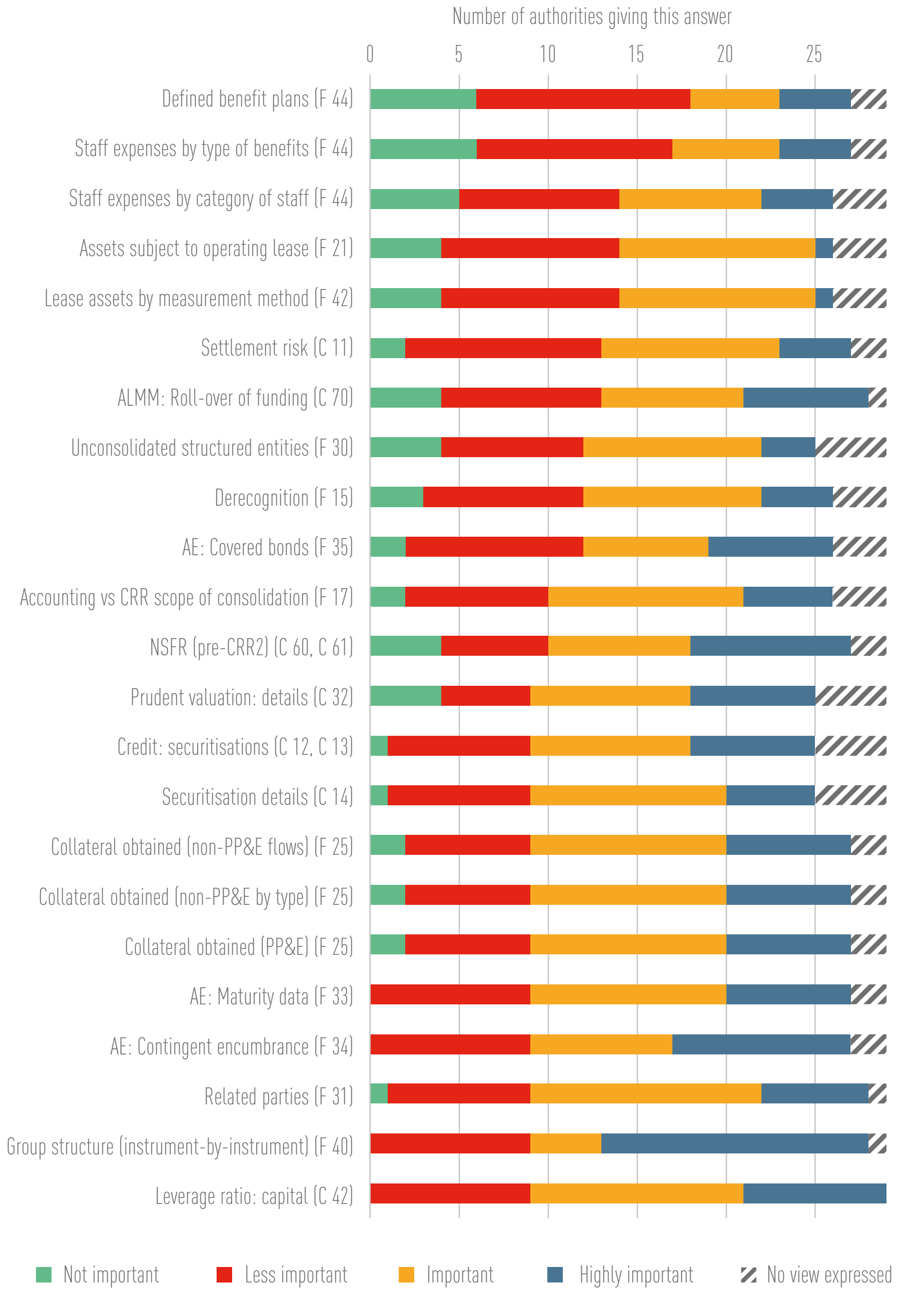


Figure 13 also shows that views on the usefulness of certain reporting requirements differ significantly among the authorities, with some pieces of information being highly valued by half of the data recipients and considered expendable by the other half.

Within the same authority, the assessment of the overall importance of the data reported also varies in some cases, when additional variables are considered, such as the size, relevance for the (local) financial sector or business model. This can be, and was also in the past, the starting point for discussions on proportionality measures. Even in the case of reporting requirements that are apparently of lower importance, data recipients (or at least some of them) may still consider the data of particular relevance and high interest for certain reporting entities or groups of reporting entities. As the figures below show, data recipients' views are not homogenous across Europe either, even when only one additional aspect - the CRR proportionality category entities are allocated to - is considered.

Figure 14: Data recipients' view on the relevance of certain reporting requirements when the credit institution belongs to a certain CRR proportionality category [9]

Moving away from the global indication of the level of benefits for the data recipient, the frequency of use by the different data recipients can also be assessed as an element contributing to overall importance. For this particular assessment, the fact that the different reporting requirements have different reporting frequencies - already an expression of a difference in the perception of relevance - presents a challenge. For the purposes of the questionnaire, users were asked to assess the frequency of use per reference date (e.g. both quarterly and annual reports could be classified as 'frequently used', if the data is used two-three times per reference date, even if the intensity of use over the year is obviously different).

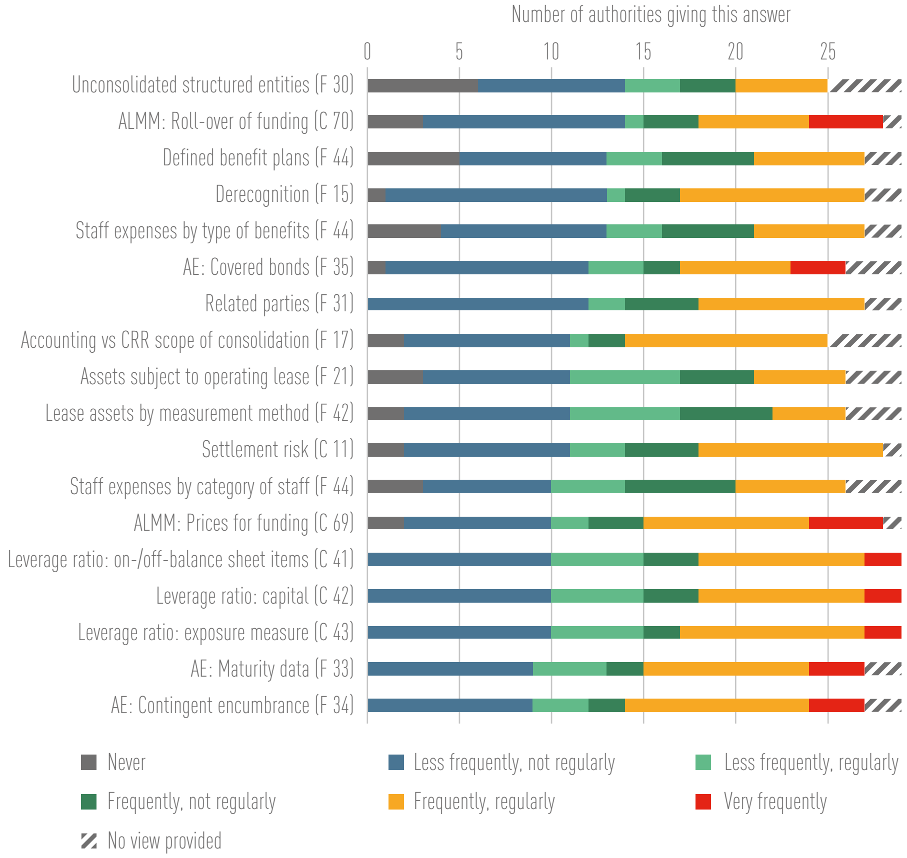
Industry representatives perceive at least some of the information they are reporting to the supervisors as not necessarily used, or apparently used only very rarely. It is, how-

[9] Regarding the other individual reporting requirements mentioned in Figure 14: none of the authorities considered the data of templates F 21, F 25, F 42, F 30, F 31, F 40 and F 44 as particularly relevant or less relevant for entities belonging to a certain CRR proportionality category (no data to be shown); for details on the ALMM and asset encumbrance templates, see Section 4; the original NSFR templates are not included in the figure as they are replaced by revised templates from June 2021.

ever, also hard to define and measure objectively when a certain set of data is used 'sufficiently intensively' to justify its reporting with the given frequency.

Most of the elements of the supervisory reporting framework are frequently and regularly used by supervisors. Figure 15 below provides an overview of the other end of the ranking, focusing on the templates that were used 'less frequently and not regularly' or 'never' by at least one third of the authorities responding to the questionnaire. Many of the templates classified as of lower importance to authorities, as shown in Figure 13 above, can also be found among the templates used somewhat sporadically.

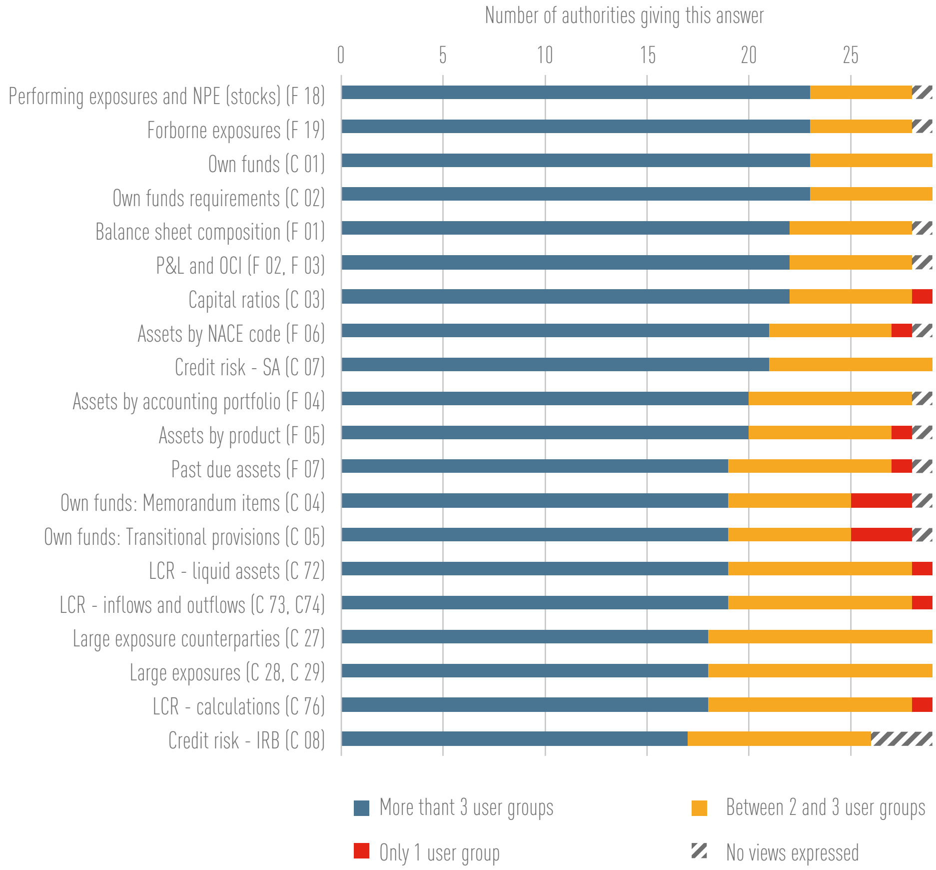
Figure 15: Selection of EBA reporting templates that are used by one third of the data recipients only 'Less frequently, not regularly' or 'Never'



As was the case for 'Overall importance', the results of the user questionnaire show that the EBA supervisory reporting framework contains templates that are at the same time used very frequently by some authorities and only rarely or never by other authorities. This can be explained by differences in supervisory approaches and the availability and use of other sources of data or qualitative information (such as internal reports of institutions) as well as a lack of supervisory resources, as discussed above.

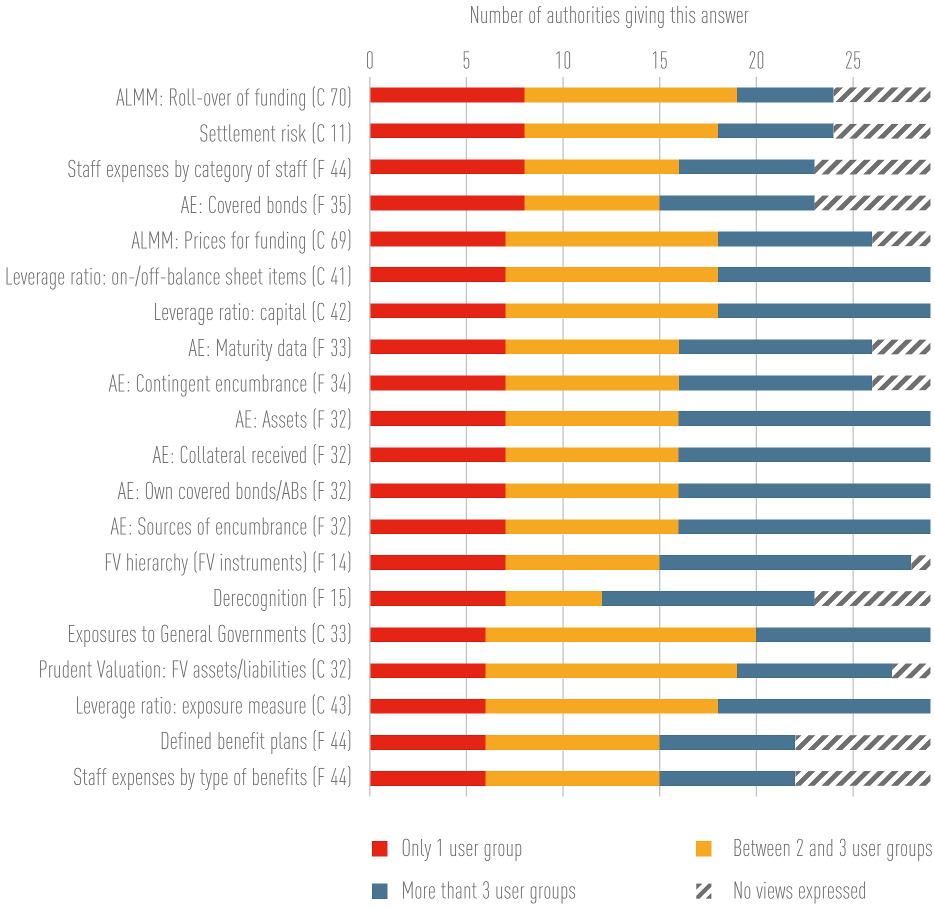
As explained above, the information included in the EBA supervisory reporting framework has a broader audience, including not only people in charge of the supervision of the credit institutions in question, but indirectly a wider range of analysts, policy makers or even the general public. Unsurprisingly, the list of the 20 templates that the broadest range of users are interested in includes the central templates of compliance reporting requirements (e.g. overview of own funds/ own funds requirements, the LCR calculations table or large exposures data) as well as templates presenting information that is the starting point or linchpin for a number of risk assessments (e.g. NPE data, balance sheet and P&L composition or assets by counterparty).

Figure 16: EBA reporting templates used most widely within the authorities



The responses to the questionnaire addressed to the users of supervisory reporting show that there is no single reporting template in the EBA supervisory reporting framework that contains information that would be used only or predominantly by one user group among the authorities receiving the data. There are, however, some reporting requirements that are used by a less diverse group of users within the authorities, tending to serve a special purpose and/or to consist of less versatile information. These include, among others, many of the asset encumbrance templates, some of the additional liquidity monitoring metrics, or selected items of the financial statements that are mainly of explanatory character.

Figure 17: EBA reporting templates used less widely within the authorities



4. Recommendations aimed at reducing reporting costs

4.1. Changes to the development process for the EBA reporting framework

4.1.1. Addressing the complexity of regulatory requirements

One of the key concerns regarding supervisory reporting requirements highlighted by the institutions is the overall complexity of reporting – mirroring the complexity of the underlying legislation (e.g. CRR) - which the reporting requirements are built on. Institutions, in particular SNCI, pointed out that they are faced with resource constraints and can only dedicate limited internal resources to tracking and understanding legislation, especially in the case of changes to said legislation. During the interviews, a number of participants complained that understanding the legislation, and especially understanding which requirements apply or which changes in the legislation are relevant, takes significant time and effort and contributes to a major part of the implementation costs (in relation to the overall compliance costs or reporting costs).

Against this background, institutions requested the EBA to find ways to reduce the overall complexity of the legislation and to help them navigate the legislation to facilitate the identification of those requirements and provisions that are relevant for the credit institution considering its type, specific business model, activities, portfolios or other characteristics. This will help to reduce implementation costs and therefore lead to an overall reduction in the reporting costs for institutions, especially SNCI.

The EBA cannot directly address the question of the complexity of the underlying legislation applicable to different types of institutions across the EU, considering that there are different layers of legislation (e.g. EU, national). However, the EBA can aim at helping institutions to navigate this legislation. In particular, the EBA can improve communication and help understand which provisions and requirements apply to different types of institutions, in particular identifying which provisions apply to SNCI.

This can be achieved through better signposting of the legislation implemented at the level of the EBA Single Rule Book [10] allowing institutions in various proportionality categories (including SNCI) to better identify the provisions of the Single Rulebook that are applicable to them. Such signposting should help with understanding the regulation and will reduce the time and effort needed to navigate the relevant requirements for institutions and, as a result, will lead to reducing overall compliance costs for SNCI and also contribute to a reduction in reporting costs.

Recommendation 1

Addressee: EBA	**Time horizon [11]:** medium term (within the framework of the dedicated project on signposting of the Single Rule book)
Signposting of overall regulatory requirements applicable to different proportionality categories of institutions	
Potential impact [12]: 'Medium' (combined impact of all recommendations in Section 4.1 is expected to be 'High')	
Impact on: mostly one-off or implementation costs	

In addition to the matter of the complexity of the underlying regulation, institutions also face specific challenges in navigating the requirements of the EBA reporting framework. In particular, some interviewees asked for a better overview of what reporting requirements or even specific data fields apply to entities in the different CRR proportionality categories, and, in particular SNCI. Beyond the CRR proportionality categories, additional thresholds or criteria established in the ITS and other reporting standards also determine whether or not entities are subject to the obligation to report certain data fields or comply with certain reporting obligations.

[10] See https://www.eba.europa.eu/regulation-and-policy/single-rulebook

[11] Time horizon (short, medium, long) for the recommendation, once implemented, to have an effect on institutions' costs, primarily reporting costs.

[12] Potential impact on the institutions' costs, primarily reporting costs, of the recommendation, once implemented.

Building on the overall signposting exercise discussed above, the EBA will introduce a more targeted signposting of reporting requirements which could directly reduce the time/resources spent on understanding regulation especially in the implementation phase.

Recommendation 2

Addressee: EBA	Time horizon: short term (as a simple mapping solution ([13])), medium (within the framework of the dedicated project on signposting of the Single Rule book)
Signposting of the EBA supervisory reporting requirements and identification of the reporting templates applicable to different proportionality categories of institutions	
Potential impact: 'Low' (combined impact of all recommendations in Section 4.1 is expected to be 'High')	
Impact on: mostly one-off or implementation costs	

4.1.2. Maintaining the stability of supervisory reporting requirements

Many institutions and industry trade bodies providing input for the study expressed major concerns regarding the frequent changes made to the reporting requirements - bearing in mind that they are confronted with reporting requirements from different origins with different change cycles - and the short time available to implement the changes and new reporting requirements. They also criticised the fact that releases that have only just been implemented are followed immediately by further change requests.

Consequently, the stability of reporting requirements was identified as one of the most costly areas, where improvements could entail significant cost reductions or efficiency gains. Institutions noted that frequent changes in the regulation lead to increased compliance and implementation costs. In particular, they identified the following challenges in implementing changes to the reporting requirements, that include, but are not limited to, clarification on questions for interpretation, application of the reporting requirements, legal requirements for their business activities and/or mapping them to the accounting standard, translation of 'legal requirements' into a 'recipe ready for IT implementation' and late clarifications and interpretations by data recipients (through Q&As or national guidance) that may require further changes in institutions' IT systems and result in a re-implementation.

Both reporting entities and data recipients are of the opinion that it usually takes at least two reporting periods (e.g. two quarters in the case of quarterly reporting) to achieve minimum levels of stability and data quality especially in the case of newly reported data. Therefore, frequent changes and the need to implement new requirements whilst still working on improvements of previous releases (if there are any resources for stabilising implemented processes) have knock on effects, thus significantly affecting reporting costs (implementation costs) and possibly necessitating additional expenses for consultant or external service providers.

Whilst understanding the concerns raised by the institutions, the EBA notes that changes to the EBA supervisory reporting framework and their timing are usually caused by and linked to the changes in underlying regulatory requirements. Where the reporting requirements are aimed at helping supervisors to assess institutions' compliance with the applicable regulatory requirements, it is difficult to maintain the stability of reporting requirements and reduce the frequency of changes without the stability of the regulatory requirements and a proper consideration of development cycles for reporting in new legislation.

In order to cope with different dates of entry into force arising from Level 1 legislation (CRR, BRRD etc.) as well as differences in development cycles for different reporting requirements, the EBA started to release reporting requirements, more specifically the technical packages (DPM, validation rules, XBRL taxonomy) for these, in phases ('modular release'). This aims to provide both the authorities and reporting entities with the necessary material and documents to initiate at least parts of the implementation work as early as possible. The main drawback of this approach is that there are multiple publications on the same release in the EBA supervisory reporting framework.

From the supervisory angle, any prudential requirement requires compliance monitoring and any emerging risk requires scrutiny, with the information received through reporting being an essential source for this monitoring and scrutiny. The absence of such reporting – where changes to the underlying legislation may not yet be reflected in the existing supervisory reporting requirements or the

([13]) See for example how the signposting of disclosure (Pillar 3) requirements has been implemented: https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Draft%20Technical%20Standards/2020/ITS/ITS%20on%20institutions%E2%80%99%20public%20disclosures%20of%20the%20information%20referred%20to%20Titles%20II%20and%20III%20of%20Part%20Eight%20of%20Regulation%20%28EU%29%20No%20575/2013/961777/Mapping%20between%20reporting%20and%20disclosures%20under%20v3.0.xlsx introduction of new requirements is delayed because of the requirement to keep the reporting stable – may prompt data recipients to have recourse to ad hoc information requests until the requirements are covered by regular supervisory reporting. In that sense, it is important to find a balance between maintaining the stability of the regular reporting requirements and reflecting changed needs in a timely manner, considering that the risk of uncoordinated ad hoc information requests (that give rise to their own concerns, as discussed in this report) is higher, the longer the minimum stability period.

In principle, bi-annual revisions, for example, would be preferable to annual ones. However, a lower than annual frequency of changes probably cannot be achieved both because of the continuous changes in Level 1 legislation and because certain reporting requirements (especially supervisory benchmarking, which is, however, less relevant for SNCI) have an annual revision cycle. Subsets of the EBA reporting framework (such as asset encumbrance reporting, large exposures reporting) may be stable for longer periods (unless they are not subject to changes resulting from underlying Level 1 legislation).

Bearing in mind that impediments may arise from Level 1 legislation, the EBA could improve its efforts to (i) require only 'one change per year' by applying as many changes as possible on one single reference date per year; (ii) apply changes in the same quarter every year to improve predictability and planning certainty; (iii) publish the reporting requirements (guidelines, final draft ITS) and technical packages 12 months before that first reference date and in as few phases as possible.

Recommendation 3

Addressee: EBA	Time horizon: medium term (to be introduced for future updates of ITS on supervisory reporting)
Apply a new reporting framework release at most once per year and provide materials and documents for implementation 12 months before the date of application (first reference date) of that release	
Potential impact: 'High'	
Impact on: mostly one-off or implementation costs	

Further to maintaining a degree of stability in the EBA reporting framework, another aspect discussed with industry representatives was predictability: More information regarding possible future releases and upcoming changes to the reporting requirements – some kind of a forward-looking planner of reporting changes –could support institutions' planning of future budgets and IT resources.

Whilst issuing such a forward-looking plan is possible, as basic information about upcoming legislative changes or new legislation is available in most cases, it may remain fairly high-level. It will not offer necessary details regarding specific data fields, as those usually become known during the development process.

However, a general forward-looking planner that does not identify specific data requirements may not be sufficient to help the institutions in their budget planning and preparation of IT resources needed for the future implementation. To provide such details (including an overview of specific future data requirements), the EBA would have to prepare a form of 'pre-consultation papers', but that would unnecessarily lengthen the development process of the standardised reporting, risking ad hoc information requests from supervisors. It would also have significant resource implications for the EBA coupled with a potentially weak response from the industry in the light of the early stages of development and associated uncertainties.

Recommendation 4

Addressee: EBA	Time horizon: short term (if limited to the basic explanation of the pipeline) Medium term (if to also consider more details on actual reporting needs for upcoming regulatory products)
Include in the EBA consultation paper on changes to the ITS on Supervisory Reporting, or as a separate reporting roadmap, a forward-looking plan for new reporting requirements based on the regulatory pipeline and calendar	
Potential impact: 'Low'	
Impact on: Mostly one-off or implementation costs	

In order to keep the EBA reporting framework more stable and to arrive at longer implementation periods, there is a need for stability and a better 'packaging' of changes in the overall regulatory framework, as this regulatory framework drives the need for supervisory reporting.

Recommendation 5

Addressee: EU Commission, co-legislators	Time horizon: medium term
Consider a more coordinated approach to introducing changes into the existing legislation or developing new legislation allowing for better 'packaging' of reporting changes and longer implementation time proportionate to the nature and scope of changes/new requirements	
Potential impact: 'Medium to High'	
Impact on: mostly one-off or implementation costs	

4.1.3. Making the ITS on Supervisory Reporting easier to understand and more consistent

In the interviews, several industry trade bodies raised the issue that the standards defining the reporting requirements, including the EBA ITS on Supervisory Reporting, leave too much room for interpretation. The implementation of the requirements involves sizeable upfront resources to interpret the resources in the context of particular institutions (how do these requirements apply to my specific business and circumstances). Several interviewees mentioned that new interpretations or changes to the interpretation - driven, among others, by clarifications and statements of the data recipients often provided late - cause a secondary implementation wave. Some industry representatives further argued that it would be easier to understand the supervisory data needs if institutions had a better understanding of why certain data are requested and what they are used for, and that this knowledge would also facilitate the implementation of the reporting requirements by institutions.

On the other hand, it seems that there is an information gap between the EBA and institutions, particularly in the case of SNCI. The information provided in the EBA consultation papers does not necessarily reach SNCI, which leave it to industry trade bodies and national authorities to comment on upcoming reporting requirements and learn of them in detail rather late in the process. Furthermore, the information may not reach the intended final recipient in all cases, as consultation papers are not translated into all EU official languages (a need for translation would have serious resource implications).

To address these concerns, the EBA could consider improving the way reporting requirements are presented for public consultation, including providing better explanations of the requirements or more examples of how to calculate and report certain data fields. Potentially, the EBA could present those examples and explanations not only in the Background and Rationale of the consultation paper and draft ITS (where they are already provided today), but also through using explanatory notes and other supporting products. Further improvements to the presentation of changes to the reporting requirements and explanations in this regard seemed to be appreciated by the industry, but would not necessarily lead to any specific reduction of reporting costs.

The EBA will also explore ways of using latest technology available to simplify the implementation of the instructions in practice. After a pilot exercise in 2021, the EBA will consider the possibility of gradually introducing reporting instructions in machine-readable form.

Recommendation 6

Addressee: EBA	Time horizon: medium term (to be introduced for future updates of ITS on supervisory reporting)
Better articulation of the reporting requirements – provide better additional reasoning and explanations of the use of reported information as well as examples for calculating certain data points in CPs and supporting material for ITS (e.g. explanatory notes)	
Potential impact: 'Low' (the combined impact of all recommendations in Section 4.1 is expected to be 'High')	
Impact on: mostly one-off or implementation costs, but also on ongoing reporting costs as examples could help with reporting new positions	

Recommendation 7

Addressee: EBA	Time horizon: short term (based on the pilot case)
Provide instructions for reporting requirements and other data collections in machine-readable format	
Potential impact: 'Low' (the combined impact of all recommendations in Section 4.1 is expected to be 'High')	
Impact on: mostly one-off or implementation costs	

Another concern highlighted by the industry representatives is the possibility of overlaps between different reporting requirements (within the EBA reporting framework and its implementation/application by the competent authorities), including data points that are similar but somewhat different. Against this background, they have called for a better coordination and stronger efforts to avoid overlaps between the different reporting requirements.

Whilst the issue of overlapping or seemingly similar but different data requests appears to be more significant between the EBA and other reporting requirements (see Section 4.3 below) than within the EBA's reporting framework, the EBA notes that there might be ways to improve its internal processes for developing the reporting requirements to address possible inconsistencies within its requirements. Although such analyses and comparisons with previous EBA reporting releases are already part of the development process for supervisory requirements, the EBA can aim at doing more also through better feedback from the institutions informing it about specific identified overlaps.

Recommendation 8	
Addressee: EBA	Time horizon: short term (better cross-checks with the existing requirements can be introduced into the internal development process and already incorporated into ongoing projects)
Further improving EBA internal processes to ensure that new reporting requirements are free from overlaps with already existing reporting, and also that redundant data points are removed from earlier releases	
Potential impact: 'Low' (the combined impact of all recommendations in Section 4.1 is expected to be 'High')	
Impact on: mostly one-off or implementation costs, but also on ongoing reporting costs through the reduction of potential overlaps	

4.2. Changes to the design of EBA supervisory reporting requirements and reporting content

4.2.1. Reporting at individual level vs. reporting at consolidated level

Both in the responses to the questionnaire addressed to institutions and the interviews with industry trade bodies, institutions raised the issue of having to comply with reporting obligations simultaneously at the level of a single legal entity (individual reporting) and at consolidated level considering all entities in the prudential, liquidity, resolution or, in rarer cases, accounting scope of consolidation. In certain circumstances, all or selected reporting requirements also need to be complied with at a sub-consolidated level.

In this context, respondents to the questionnaire and interviews identified as a particular challenge the need to ensure completeness, also bearing in mind time constraints resulting from submission deadlines: the size and complexity of the group, as well as the size, location, IT infrastructure and sometimes the business model of individual group entities make it hard to obtain the contributions to reports at consolidated level from all entities inside the applicable scope of consolidation, obtain the necessary information in time and/or to automate the preparation of individual contributions to the group report.

Against this background, some industry representatives suggested:

a. applying reporting requirements exclusively at consolidated level, where a group exists (i.e. exempt entities of the group from reporting at individual level);
b. permitting the exclusion of entities from the applicable scope of consolidation, where the contribution of the entity in question is 'not significant'; or
c. limiting the scope of the reporting to reporting at individual level, where the figures at consolidated level and at individual level differ only immaterially.

The level of application of the reporting requirements is usually the same as the level of application of the underlying prudential or regulatory requirements, and needs to be the same to enable the data recipient to monitor compliance with those requirements at the appropriate level (both for the purposes of compliance monitoring as well as financial stability assessment). The definitions of the level of application is reserved for Level 1 legislation (e.g. CRR, BRRD) and cannot be modified by Level 2 legislation such as the ITS on Supervisory Reporting.

However, the possibility already exists for the competent or resolution authorities to grant waivers from compliance with requirements at individual level, or apply simplified obligations, including waivers from the reporting requirements and simplified reporting obligations, where certain preconditions are met (for example Articles 7, 8, 11 of the CRR, Article 4(1) of the BRRD). A 'blanco waiver' without similar safeguards or an exemption based on the concept of 'immateriality' is not acceptable for data recipients in the light of the clear framework set by Level 1 legislation.

Parallel compliance with prudential requirements and the corresponding reporting at multiple levels that currently exist under the Level 1 framework reflect fundamental prudential concerns and objectives. Changing the Level 1 framework would therefore require a broader debate that is not limited to reporting and the costs linked to it.

Besides the practical challenges arising from the need to prepare, and where needed, to revise reports submitted at multiple levels, industry representatives also pointed out that the obligation to report information at consolidated level often reduces the beneficial impact of embedded and explicit proportionality measures. For example, individual entities may qualify as small and non-complex and therefore apply the simplified NSFR-framework and report their additional liquidity monitoring metrics on a quarterly basis, or may have limited exposure to non-domestic clients and therefore benefit from less granular reporting under COREP or FINREP. Groups of entities, in contrast, are less likely to remain below size thresholds or may consist of entities with very different business models, risk structures or similar. Where the group does not meet the criteria for alleviations or exemptions, its entities have to implement the fully fledged reporting requirements, or at least prepare contributions with a higher level of granularity and/or with a higher frequency.

Against this background, some industry representatives advocated simplified reporting at group level, where the group in question consists only or mainly of entities that qualify at individual level for the simplified version of the reporting (e.g. no reporting of the granular data on NPE or forbearance measures ('FINREP NPE module 2') by a group that consists only of small and non-complex entities).

The current EBA reporting standards treat the different levels of application as independent from each other, in line with the philosophy and principles of Level 1 legislation, leading to the issue described above. There are only a few cases where the potential 'misalignment' described by the industry is avoided, because the fact that an institution is part of a group is taken into account to determine the applicable scope of reporting requirements (e.g. reporting on the prudent valuation requirement), to determine the applicable prudential approach or even to determine the applicable overall prudential framework (e.g. investment firms as referred to in Articles 1(2) of the IFR, Article 4(1) point (1)(b) of the CRR).

From a formal point of view, the idea of simplified reporting at consolidated level encounters the same obstacle as the proposal for general waivers: where the primary purpose is the monitoring of compliance with a prudential requirement, the reporting will always have to consider the framework and level of application set out in Level 1 legislation. Another point to consider in this regard is the use of reported data for the purpose of setting supervisory requirements (including Pillar 2 requirements) that also follow the level of application of Level 1 legislation, unless there are any specific waivers.

Greater leeway exists where the simplification is a result of an explicit proportionality measure of the reporting framework but even if a group consists predominantly or exclusively of SNCI or entities benefitting from the simplified reporting requirement, the group as such may be big and non-complex. In this case, considering the impact of its potential failure, more detailed monitoring by the authority in charge of supervision or resolution may be warranted. When implementing such an approach, it should therefore be carefully assessed whether this possibility could be realised without losing the information that may be necessary for various supervisory purposes.

Recommendation 9

Addressee: EBA, EU Commission	Time horizon: medium to long term
Investigate the possibility of enabling simplified reporting also at consolidated level (e.g. develop criteria for 'group consisting predominantly of entities benefitting from the simplified reporting requirement') where compatible with the level of application of underlying legislation and data needs for the performance of supervisory tasks	
Potential impact: 'High'	
Impact on: mostly ongoing reporting costs	

4.2.2. Reducing the overall scope of reporting requirements: Reporting requirements with similar content

Most of the industry representatives who provided input for this study were of the very clear opinion that reducing the scope of the reporting requirements (e.g. exempting SNCI from the obligation to comply with certain reporting requirements in part or even as a whole) would have a more noteworthy, and significant, impact on reporting costs than a reduction of the frequency or a conditional obligation considering certain (quantitative) thresholds.

In this context, some industry representatives argued that certain elements of the reporting framework that apply to SNCI do not provide additional insights, if it is considered that SNCI in general engage in less risky and simpler business activities and that information on the same topic is already available from other elements of the reporting framework. More specifically, those industry representatives considered reporting on the leverage ratio by SNCI to be superfluous, as (similar enough) information is available from the reporting on own funds; that the reporting on ALMM could be given up on entirely in favour of LCR reporting; and that NSFR reporting already includes enough information about encumbered assets to entirely exempt SNCI from reporting on asset encumbrance.

Where the credit institution is under the obligation to comply with two different (prudential or regulatory) requirements, such as capital ratios under of Article 92 of the CRR and the leverage ratio, reporting on one cannot be given up on in favour of the other. Even if the conceptual differences between the two frameworks do not carry much weight for the credit institution in question, or SNCI in general, and the actual figures reported are therefore 'nearly the same', the authority in charge of supervision or resolution does not have the option to trust that one prudential ratio, or elements of it, adequately substitute the other – both in 'normal' times and in times of stress – given that non-compliance with certain requirements has immediate legal consequences that may include, in extreme cases, a withdrawal of the banking licence.

The question of whether data points included in other parts of the reporting framework can adequately substitute data points in one part of the reporting framework also arises in reports primarily focusing on risk, such as reporting on asset encumbrance and additional liquidity monitoring metrics. While NSFR reporting includes information on encumbered assets, this reporting does not deliver sufficiently conclusive insights: the information on encumbered assets in the NSFR is not complete and likely not to reflect all aspects (e.g. matching liabilities) relevant for the assessment of the reporting entities' capacity to procure (additional) liquidity in certain scenarios.

The comparability of the data, for example in the context of peer reviews, and the possibility of calculating consistent aggregates, for example for financial stability analyses, plays an important role – in the case of risk reporting sometimes even more than in the case of compliance reporting. From a user perspective, having only 'proxy substitutes' from certain entities that do not consider the actual level of risk an institution is exposed to constitutes a serious impediment to the execution of analytical, supervisory and other tasks.

As exempting entities from the obligation to comply with certain reporting requirements where similar information is available in other parts of the reporting framework would likely have severely negative impacts on supervision, it cannot be recommended here. However, understanding and documenting the conceptual links and differences between 'neighbouring' reporting requirements - for example, as an element of a data dictionary as discussed in the feasibility study on integrated reporting - would certainly facilitate both compliance with the reporting requirements by reporting entities and effective use (including the combined use of data points included in different parts of the reporting framework) by the data recipients.

4.2.3. Overall scope of reporting requirements: core and supplementary reporting

In ideal circumstances, reporting entities only have to submit the data that is 'actually needed' by the data recipient. There are certain cases where both the credit institution and the data recipient are likely to share the same view on the need for close scrutiny and reporting as a means to support it: for example, where the credit institution is barely complying with prudential requirement or very clearly exposed to a certain type of risk.

There is, however, an even bigger number of cases where views are likely to differ. Questions raised especially by industry representatives of SNCI in the answers to the questionnaire and in the interviews include the following: Is it necessary to ask smaller institutions to report memorandum items and supplementary data? Would it not be enough to ask for the reporting of positions that feed directly into prudential ratios like the LCR? Does there have to be granular reporting, for example, on the denominator and numerator of a ratio, if the credit institution is meeting the requirement with ease and comfortably exceeding a minimum requirement or remaining far below a risk threshold?

These comments from industry representatives point to the idea of 'core' reporting for smaller reporting entities, or reporting entities exposed to a lower level of risk, and additional or supplementary reporting for the rest.

In an extreme scenario, the 'core' report would consist only of an 'overview'-template, including the final ratios and high-level figures for the denominators and numerators of the capital ratio, the leverage ratio, LCR and NSFR ratios, etc., similar to the 'key metrics' templates that exist in disclosure, while everything else would be part of the supplementary reporting. In this scenario, the data recipient would have the means to monitor compliance with certain requirements in principle, but would have to revert to other means – ad hoc reports, on-site visits, discussions with the supervised entities – to scrutinise and verify whether the regulatory and prudential framework was applied correctly by the institution, or to gain more detailed insights into the relevance of different risks for the credit institution in question and whether the financial or risk situation of the credit institution in question is changing. Where policies are developed with the help of reported data, the situation of entities only reporting core data could not be considered;

equally, the analysis for macroprudential financial stability and similar purposes would probably be severely hampered. Besides that, this extreme version of a 'core' report could negatively impact the data quality, as none or fewer of the components feeding into the 'key metrics' would be subject to a data quality review by the data recipient. Considering these significantly negative impacts on the performance of supervisory and other tasks in respect of entities that would only have to report the core data, this extreme version of a 'core plus supplement' approach is entirely unacceptable for data recipients at this point.

If at all, milder versions of a 'core plus supplement approach', where the core comprises more comprehensive and detailed information, to some extent could be considered. This milder approach is more likely to work for risk reporting than for compliance reporting, considering also that current compliance reports are predominantly structured according to the process for calculating the different prudential ratios.

The current reporting framework already factors in different examples of 'core plus supplement' reporting requirements on different levels, such as:

a. COREP C 09.01 / C 09.02: reporting of the breakdown by country only by entities with a significant exposure to non-domestic obligors;
b. FINREP NPE Module 2 (F 23 to F 26): various additional breakdowns of non-performing and forborne exposures, as well as more detailed information on changes during the period, are reported by entities other than SNCI with elevated level of NPEs;
c. Asset encumbrance: reporting of 'advanced data' (F 36) by entities with elevated levels of asset encumbrance.

On the other hand, there are cases where the idea of core data plus supplements was investigated but finally not implemented. For example, information on the distribution of exposures subject to credit risk by risk weight in the different exposure classes was considered too important for analysing the risks and dynamics of risk parameters for any type of credit institution to give it up in favour of a simple lower-dimensional presentation of the overall exposures by exposure class as part of a core report, as some respondents to the questionnaire addressed to institutions had suggested. Similarly, the memorandum items in LCR reporting allow supervisors to assess how the LCR would be developed if certain waivers were not applied; given their relevance in some particular jurisdictions, moving them to a 'supplementary' report was not considered a viable option. Other potential 'supplementary' items, whose information value was deemed too low after scrutiny – before or as part of consultations – were never included in the reporting framework or removed.

The main challenge of the 'core + supplement' approach is still to draw the line between the information that is needed from each and every credit institution to understand the basic picture, and the information needed for further supervisory investigation, also bearing in mind the costs and challenges associated with preparing the information for reporting entities. From the point of view of the data recipient, there are, at this point, no obvious cases in the existing reporting framework besides ALMM where (more of) such an approach could be applied with noteworthy benefits for reporting entities; but it may, where suitable, be considered more prominently as a possible feature in the future design of new or significantly revised reporting requirements.

Recommendation 10

Addressee: EBA	Time horizon: medium to long term
Adopt a 'core + supplement' approach when designing new reporting requirements as well as when revising existing requirements, where such an approach is suitable	
Potential impact: 'Low to Medium'	
Impact on: mostly ongoing reporting costs	

4.2.4. Reporting frequency

As a basic principle, the current reporting framework envisages that data used to assess compliance or the basic financial position of credit institution and its core risks are reported with the highest frequency (quarterly for solvency/financial position figures, monthly for liquidity figures), bearing in mind that most of the prudential ratios are to be calculated (and complied with) in principle on a daily basis. Data that are first and foremost of a 'supplementary' character, of a more structural nature or expected to be stable over the year, or that seem to be more complex to prepare, such as details on securitisations or sovereign exposures, the structure of groups or certain off-balance sheet activities, are reported with a lower frequency (semi-annual or annual). In ALMM, the frequency is used as a means to achieve proportionality, with SNCI benefitting from the option to report information on a quarterly, instead of monthly, basis.

As part of this study, both credit institutions and data recipients were asked about the extent they agree with the statement that a lower reporting frequency only reduces ongoing costs, while the implementation costs are the same and therefore a less effective measure to introduce proportionality or to contain the reporting cost. Among the industry representatives, 91% of the respondents agreed with this statement fully or partially, and the SNCI among them even more strongly (93%). Among the data recipients, 25 out of 29 respondents agreed with the statement considering the impact on their work.

The same sentiment is also reflected in reporting entities' comments and estimates of the impact of a reduction in frequency on ongoing reporting costs. Many respondents expected reduced frequency not to have any impact, especially where the same (or similar) data are also prepared for internal purposes. Although the responses to the questionnaire addressed to institutions show that there is also a noteworthy number of entities that expect cost savings, many of them only expect impacts at a low level and mainly on the staff cost (e.g. cost for manual validation or reconciliation), especially where the reporting process is highly automised or internal and reporting processes are integrated. Some respondents argue that noteworthy impacts can only be achieved where the reporting frequency of all templates of a certain element (reporting module) of the reporting framework is reduced.

Industry representatives mainly named the monthly liquidity reporting (LCR and ALMM) as a particular challenge and suggested reducing the frequency for smaller institutions in general (SNCI or medium-sized) or for institutions that meet the LCR requirement comfortably. From the point of view of the data recipient, this would have serious negative effects on the fulfilment of supervisory tasks, as most of the liquidity ratios and reported data have a time horizon of one month only and quarterly 'spot checks' would risk missing both structural and sudden changes to the liquidity supply.

From the data recipients' perspective, a noteworthy concern associated with reports received semi-annually or annually was the data quality: past experience shows that the data quality of reports with a lower frequency is usually lower than in reports with a higher frequency, and takes longer to improve. Industry representatives mentioned in this regard that the incentive to automate low frequency reporting is lower and that the need to re-familiarise themselves with a report after a longer break presents a challenge.

Despite the lower level of effectiveness, especially compared to other measures, and despite the issues and concerns mentioned above, neither reporting entities nor data recipients want to completely exclude a reduction of frequencies as a means to reduce the reporting cost. At this point, no specific recommendation has been made (although Recommendation 14 discussed below considers, inter alia, a reduction in the frequency of the less used supervisory reporting requirements), as reporting requirements offering a potential for cost reduction by means of a reduction in the frequency in the eyes of a noteworthy share of those SNCI that participated in the survey, or to a noteworthy extent (average cost reduction expected by SNCI that gave an estimate > 10%), are either an integral and important part of compliance reporting requirements ([14]) or provide information on risks that, in the eyes of the supervisor, are core risks that 'typical' SNCI are exposed to ([15]).

4.2.5. Changes to specific reporting requirements: asset encumbrance

Reporting on asset encumbrance can be found, with one exception, in the lower two thirds of the costliness ranking: SNCI that responded to the questionnaire addressed to institutions, perceive reporting the overview on asset encumbrance as very costly, but otherwise none of the elements of asset encumbrance reporting stands out in the cost assessment by industry representatives. However, reporting on asset encumbrance is by far the reporting requirement that features most in the comments on the survey.

([14]) Composition of own funds (C 01), exposures under the standardised approach for credit risk (C 07), counterparty identification for large exposures (C 27), information on exposures subject to the prudent valuation framework (C 32).

([15]) Sovereign exposures (C 33), basic asset encumbrance data (F 32, F 33).

Figure 18: Credit institutions' view on the costliness of asset encumbrance reporting

Ranking in terms of 'costliness' among all reporting requirements

	All respondents	Large institutions	Medium institutions	SNCI
Asset encumbrance overview (F 32)	Rank 32 (57%)	Rank 32 (57%)	Rank 28 (56%)	Rank 8 (74%)
Maturity, contingent encumbrance, advanced data (F 33, F 34, F 36)	Rank 23 (65%)	Rank 23 (65%)	Rank 23 (59%)	Rank 21 (62%)
Covered bonds (F 35)	Rank 31 (57%)	Rank 31 (57%)	Rank 30 (55%)	Rank 46 (29%)

Note: Ranking based on the share of respondents (per size class) to the questionnaire to institutions that classified the reporting requirements in question as associated with 'high' or 'medium-high' cost; ranking comprises 58 template groups; rank 1 = reporting requirement perceived as most costly.

The mandate for the study asks the EBA to look particularly into the possibility of waiving the obligation to report asset encumbrance data for SNCI where the asset encumbrance level is below a certain threshold.

The current ITS on Supervisory Reporting envisages that the overview information (F 32.00) is reported in any case. The information on covered bonds (F 35.00) is reported only where the credit institution issues this kind of instrument and the remainder of the asset encumbrance data (F 33.00, F 34.00 and F 36.00) are reported where the entities' total assets amount to at least EUR 30 billion and their asset encumbrance level is equal to or higher than 15%.

The questionnaire addressed to institutions sought credit institutions' opinions on the proposal to exempt institutions from asset encumbrance reporting, where the asset encumbrance level falls below thresholds of between 20% and 12%. A very large number of respondents argued that this proportionality measure would not have the desired effect, and would have no impact on the reporting cost, as many of the data points included in the F 32 templates need to be calculated to verify whether or not the asset encumbrance level exceeds the defined threshold. Others pointed out that they would not benefit in any case, as their asset encumbrance level is consistently above the threshold. Many respondents to the questionnaire addressed to institutions asked for a complete exemption for SNCI (and even medium institutions) from asset encumbrance reporting based on their size class, instead of a risk-based threshold.

In the light of the feedback from the credit institutions, the option of a complete exemption for SNCI was intensively discussed. However, the information included particularly in the F 32-templates was considered to be too crucial for a variety of supervisory purposes by all data recipients across the board (e.g. liquidity supply assessment in normal times and under stress, SREP, recovery and resolution planning) for even small entities to dispense with this data. For the same reasons, and based on concerns over a possible sudden deterioration of the liquidity supply, given its short-lived nature, the possibility of reducing the frequency to semi-annual for smaller entities was dismissed.

Figure 19: Data recipients' use and view of asset encumbrance reporting

	Overall importance Number of authorities that classified the template(s) as highly important or important	Frequency of use [16] Number of authorities that use the data very frequently or frequently & regularly	Broadness of use [17]	Reporting entities of interest Number of authorities that consider information from entities of this size (L = large entities; M = medium entities) as particularly relevant (of high interest) or less relevant (of low interest) [18]		
	Rank out of 140 ranked templates or template groups; Rank 1 = most important/most frequently used					
F 32.01	27 authorities (Rank 30)	22 authorities (Rank 40)	Broad(er) audience	High interest		
				L: 16	M: 14	SNCI: 13
F 32.02	25 authorities (Rank 58)	22 authorities (Rank 41)	Broad(er) audience	High interest		
				L: 15	M: 13	SNCI: 12
F 32.03	23 authorities (Rank 89)	19 authorities (Rank 62)	Broad(er) audience	High interest		
				L: 15	M: 12	SNCI: 11
F 32.04	25 authorities (Rank 56)	21 authorities (Rank 45)	Broad(er) audience	High interest		
				L: 15	M: 13	SNCI: 12
F 33.00	22 authorities (Rank 120)	12 authorities (Rank 107)	Mixed	High interest		
				L: 13	M: 10	SNCI: 10
F 34.00	22 authorities (Rank 120)	13 authorities (Rank 99)	Mixed	High interest		
				L: 13	M: 10	SNCI: 10
F 36.01, F 36.02	22 authorities (Rank 114)	12 authorities (Rank 106)	Broad(er) audience	High interest		
				L: 13	M: 10	SNCI: 10
F 35.00	22 authorities (Rank 130)	9 authorities (Rank 131)	Specialist audience	High interest		
				L: 13	M: 11	SNCI: 9

Considering that data recipients attribute such high importance to the information included in the F 32-templates even in the case of SNCI, it could be an option to exempt SNCI at least from reporting the more granular data on asset encumbrance (i.e. data included in the F 33-, F 34- and F 36-templates). In this scenario, the current threshold that considers the level of risk would be replaced for SNCI by a generic exemption of this group of entities based on their size and complexity. The main argument supporting this approach is that difficulties or the failure of a SNCI, should its liquidity supply dry up, would have a limited impact on other financial institutions or the economy, and would not warranting a very close monitoring. Nothing would change for medium and large institutions: The original risk-based threshold would continue to apply for medium institutions; large entities would continue to be subject to reporting all asset encumbrance templates irrespective of their level of asset encumbrance.

Recommendation 11

Addressee: EBA	Time horizon: short term
Exempt SNCI irrespective of their level of asset encumbrance from reporting the information included in the F 33-, F 34- and F 36-templates	
Potential impact: 'Medium' (for SNCI with asset encumbrance levels above the original threshold before the revision)	
Impact on: mostly ongoing reporting costs	
Potential reduction of data points: up to 945 data points less to report (-71.9% of the data points of asset encumbrance reporting)	

[16] The ranking is based on all assessments by authorities, not just the indications of use with high frequency. Given that the different reports cannot be substituted between each other, a low rank is not equal to 'reporting of low interest'.

[17] Very broad audience: more than 75% of the authorities indicate that data is used by more than 3 user groups; Broad(er) audience: In more than 60% of the authorities, data is used by 2 or more different user groups; Specialist audience: More than 30% of the authorities indicate that there is only 1 user group, and not more than 60% indicate there are up to three different user groups; Mixed: diverging audience across authorities/no clear tendency.

[18] In the case of asset encumbrance, no authority considered the data as of low interest for entities of a particular size.

A high number of respondents to the questionnaire addressed to institutions also criticised the definition of the asset encumbrance level, arguing that the threshold specified in the ITS on Supervisory Reporting is often already broken solely because of the inclusion of promotional loans in its calculation, which according to the respondents, should benefit from preferential treatment. Bearing in mind the risk associated with these kinds of loans, as well as considerations regarding the creation of a level playing field, the EBA is looking into a refinement of the definition of the asset encumbrance level that would exclude those promotional loans that are accounted for differently under IFRS and certain national GAAPs.

Recommendation 12

Addressee: EBA	Time horizon: short term
Review the asset encumbrance definition to create a level playing field between entities applying different accounting standards	
Potential impact: 'Medium' (for entities with asset encumbrance levels below the threshold as a consequence of the revision)	
Impact on: mostly ongoing reporting costs	
Potential reduction of data points: up to 945 data points less to report (-71.9% of the data points of asset encumbrance reporting)	

4.2.6. Changes to specific reporting requirements: additional liquidity monitoring metrics

The reporting on additional liquidity monitoring metrics was identified as particularly costly and challenging by a high number of respondents to the questionnaire addressed to institutions, as well as in the industry interviews held with associations. Overall, the results suggest that to some extent medium and large institutions cope with this reporting requirement better than SNCI. While entities of any size perceive the maturity ladder template (C 66.01) as a very costly reporting requirement, reporting on the roll-over of funding (C 70.00) stands out for medium and large institutions and reporting on counterbalancing capacity for SNCI.

Although the cost assessment by the respondents gives the impression that entities from certain jurisdictions struggle more with this reporting in general, or with certain elements of this reporting requirement, than others – with the due caveats regarding the geographical representativeness of the responses to the questionnaire addressed to institutions – the diversity of the geographical sources of comments and suggestions for changes indicates that compliance with this reporting requirement is costly irrespective of the location of the credit institution or national particularities.

Figure 20: Credit institutions' view on the costliness of ALMM reporting

	Ranking in terms of 'costliness' among all reporting requirements			
	All respondents	Large institutions	Medium institutions	SNCI
Maturity ladder (C 66.01)	Rank 1 (85%)	Rank 7 (79%)	Rank 2 (86%)	Rank 7 (79%)
Concentration of funding by counterparty/ product type (C 67.00, C 68.00)	Rank 17 (67%)	Rank 25 (60%)	Rank 22 (60%)	Rank 25 (60%)
Prices for various lengths of funding (C 69.00)	Rank 22 (65%)	Rank 15 (71%)	Rank 13 (69%)	Rank 15 (71%)
Roll-over of funding (C 70.00)	Rank 18 (67%)	Rank 10 (74%)	Rank 5 (76%)	Rank 10 (74%)
Concentration of counterbalancing capacity by issuer (C 71.00)	Rank 10 (72%)	Rank 28 (59%)	Rank 17 (67%)	Rank 28 (59%)

Note: Ranking based on the share of respondents (per size class) to the questionnaire addressed to institutions that classified the reporting requirements in question as associated with 'high' or 'medium-high' cost; Ranking comprises 58 template groups; Rank 1 = reporting requirement perceived as most costly.

As regards the effectiveness of proportionality measures applied in the past, roughly 63% of the respondents to the questionnaire addressed to institutions that shared their opinion considered the threshold applied to templates C 67 and C 68 – exempting entities from reporting funding types that account for less than 1% of their overall funding – as not effective. Their main point of criticism was that all the potentially-reported data points need to be calculated to check whether the threshold has been exceeded or not. The data recipients have a mixed view on this threshold as well as some consider the threshold level suboptimal or are critical of the analysability of the data or their combinability with other data.

The information included in the ALMM framework is of higher importance to the competent authorities and frequently and regularly used. This applies particularly to those elements of the reporting perceived as most challenging by the industry, namely the maturity ladder and counterbalancing capacity templates. Half of the authorities or more consider (most of) the information as particularly relevant not only for large and medium entities, but also for small and non-complex ones. The information on prices of funding (C 69) and roll-over of funding (C 70) attracts less supervisory attention than the rest of the ALMM templates.

Figure 21: Data recipients' use and view on ALMM reporting

	Overall importance Number of authorities that classified the template(s) as highly important or important	Frequency of use [19] Number of authorities that use the data very frequently or frequently & regularly	Broadness of use [20]	Reporting entities of interest Number of authorities that consider information from entities of this size (L = large entities; M = medium entities) as particularly relevant (of high interest) or less relevant (of low interest)		
	Rank out of 140 ranked templates or template groups; Rank 1 = most important/most frequently used					
C 66.01	27 authorities (Rank 23)	25 authorities (Rank 16)	Broad(er) audience	High interest		
				L: 19	M: 18	SNCI: 18
				Lower interest		
				L: ---	M: ---	SNCI: 2
C 67.00, C 68.00	23 authorities (Rank 74)	20 authorities (Rank 48)	Broad(er) audience	High interest		
				L: 20	M: 19	SNCI: 18
				Lower interest		
				L: 2	M: 2	SNCI: 2
C 69.00	20 authorities (Rank 112)	13 authorities (Rank 103)	Specialist audience	High interest		
				L: 18	M: 18	SNCI: 15
				Lower interest		
				L: 3	M: 3	SNCI: 3
C 70.00	15 authorities (Rank 132)	10 authorities (Rank 130)	Mixed	High interest		
				L: 17	M: 17	SNCI: 14
				Lower interest		
				L: 3	M: 3	SNCI: 4
C 71.00	25 authorities (Rank 50)	20 authorities (Rank 50)	Broad(er) audience	High interest		
				L: 19	M: 18	SNCI: 18
				Lower interest		
				L: 1	M: 1	SNCI: 2

Against the background of these findings, both regarding the perception of costliness and use, particularly the scope of application of the requirement to report templates C 69 and C 70, the apparently ineffective proportionality threshold in templates C 67 and C 68 warrant further scrutiny. Beyond exempting SNCI from the obligation to report template C 70.00, data recipients are also discussing removing that obligation for medium entities, considering both the complexity of this template and the fact that it is of higher relevance in times of crisis than as an ongoing monitoring tool. Also, discussions on the results of the questionnaires show that the information included in template C 68.00 is, to some extent, less of interest for data recipients in the context of the supervision of SNCI, which is why consideration is being given to reducing the scope of application of the obligation accordingly. The detailed proposals were published by the EBA for a public consultation on 28 April 2021 [21].

[19] See footnote 16 for explanations.

[20] See footnote 17 for explanation.

[21] See: https://www.eba.europa.eu/calendar/consultation-draft-its-supervisory-reporting-respect-almm

Recommendation 13	
Addressee: EBA	Time horizon: short to medium term
Exempt SNCI from reporting C 68.00, C 69.00 and C 70.00 Exempt medium entities from reporting C 70.00 Remove 1% thresholds on reporting C 67.00 and C 68.00	
Potential impact: 'High' (for SNCI) and probably 'Medium' for medium and large institutions	
Impact on: mostly ongoing reporting costs	
Potential reduction of data points: up to 4166 (SNCI)/3968 (medium institutions) data points less (up to -60.2%/-57.3% of the data points of ALMM reporting)	

4.2.7. Review of the reporting requirements least used by the data recipients

The table below lists those templates that were, according to the graphs presented in Section 3, either considered less important or not important and/or used less frequently and not regularly or never by at least one third of the authorities that responded to the user questionnaire. The table reflects the frequency and scope of application applicable from June 2021 (reporting framework v3.0) and therefore does not include those templates listed in Section 3 that have been removed from the reporting framework (see also next section).

As the user survey shows that the information included in the templates mentioned below is of lower relevance for day-to-day use by the data recipient, they appear to be potential candidates for reducing their scope of application, including their complete removal from the EBA supervisory reporting framework, streamlining of their content or a change to the reporting frequency. The consequences of changes and the actual nature of the use require a more detailed evaluation, therefore, no concrete proposal has been made at this stage.

Figure 22: Templates less relevant for day-to-day use, their reporting frequency and scope of application

	Principal driver of reporting	Reporting Frequency	Obligation applicable in principle?		
			Large	Medium	SNCI
COREP own funds					
Settlement risk (C 11)	Activity	Q	Yes	Yes	Yes [1]
Credit risk: securitisations (C 12, C 13)	Activity	Q	Yes	Yes	Yes [1]
Securitisation details (C 14)	Activity	S	Yes	Yes	Yes
Prudent valuation: details (C 32)	Accounting standard	Q	Yes	Yes	Yes
COREP leverage ratio					
LR: exposure measure (C 43)	(Always)	Q	Yes	Yes	Yes
COREP liquidity					
ALMM: prices for funding (C 69)	(Always)	M/Q	Yes	Yes	No
ALMM: roll-over of funding (C 70)	(Always)	M/Q	Yes	No	No
FINREP (Note: EBA reporting exclusively at consolidated level)					
Derecognition (F 15)	Activity	Q	Yes	Yes	Yes
Accounting vs CRR scope of consolidation (F 17)	Accounting standard	Q	Yes	Yes	Yes
Assets subject to operating lease (F 21)	Activity	Q	Yes [2]	Yes [2]	Yes [2]
Collateral obtained (non-PP&E flows) (F 25)	Activity	Q	Yes [2]	Yes [2]	No
Collateral obtained (non-PP&E by type) (F 25)	Activity	Q	Yes [2]	Yes [2]	No
Collateral obtained (PP&E) (F 25)	Activity	Q	Yes [2]	Yes [2]	No
Unconsolidated structured entities (F 30)	Structural factors	S	Yes	Yes	Yes [1]
Related parties (F 31)	Structural factors	S	Yes	Yes	Yes
Group structure (instrument-by-instrument) (F 40)	Always	A	Yes	Yes	Yes
Lease assets by measurement method (F 42)	Activity	A	Yes	Yes	Yes

	Principal driver of reporting	Reporting Frequency	Obligation applicable in principle?		
			Large	Medium	SNCI
Defined benefit plans (F 44)	Activity	A	Yes	Yes	Yes
Staff expenses by type of benefits (F 44)	(Always)	A	Yes	Yes	Yes
Staff expenses by category of staff (F 44)	(Always)	A	Yes	Yes	Yes
Asset encumbrance					
AE: maturity data (F 33)	Activity	Q	Yes [2]	Yes [2]	Yes [2]
AE: contingent encumbrance (F 34)	Activity	Q	Yes [2]	Yes [2]	Yes [2]
AE: covered bonds (F 35)	Activity	Q	Yes	Yes	Yes

[1] SNCI are less frequently engaged in relevant activities and/or do not have significant exposures.
[2] Obligation applies only where a threshold is exceeded.
Reporting frequency: A: annual, S: semi-annual, Q: quarterly, M: monthly.

Recommendation 14	
Addressee: EBA	Time horizon: short to medium term
Review of the scope of application, the reporting frequency and/or the content of the reporting requirements identified as least important and least frequently used by data recipients	
Potential impact: 'Low to Medium'	
Impact on: mostly ongoing reporting costs	

4.2.8. Changes to specific reporting requirements: changes already implemented in the ITS on Supervisory Reporting

Maturity bucket breakdown in large exposures (C 30.00, C 31.00). Large exposures reporting is perceived as a notable challenge by institutions. The information at the heart of large exposures reporting - i.e. on limits, identification of the counterparties and the composition of the large exposures (templates C 26 to C 29) - ranks among the top 15 most costly reporting obligations, and the information of a more supplementary nature - on the maturity of those exposures (templates C 30.00, C 31.00) - only in the second third. The nature of the comments made by industry representatives suggests, however, that the costs are driven more by features of the large exposures legislation itself (e.g. identification of connected clients) than by features of the reporting. There does not seem to be an obvious option for simplifying core reporting on large exposures, and reporting at lower than quarterly frequency is deemed entirely inadequate by the data recipients. However, the maturity breakdown was considered to be of too low informational value in comparison to the reporting cost even before the questionnaire addressed to institutions was launched and will therefore be dropped as soon as the CRR2 applies.

Figure 23: Credit institutions' view on the costliness of large exposures reporting

	Ranking in terms of 'costliness' among all reporting requirements			
	All respondents	Large institutions	Medium institutions	SNCI
Limits, identification of counterparties, large exposures (C 26, C 27, C 28, C 29)	Rank 8 (73%)	Rank 13 (73%)	Rank 11 (69%)	Rank 9 (74%)
Maturity buckets (C 30, C 31)	Rank 29 (58%)	Rank 29 (59%)	Rank 29 (56%)	Rank 27 (59%)

Note: Ranking based on the share of respondents (per size class) to the questionnaire addressed to institutions that classified the reporting requirements in question as associated with 'high' or 'medium-high' cost; Ranking comprises 58 template groups; Rank 1 = reporting requirement perceived as most costly.

Figure 24: Data recipients' use and view on large exposures reporting

	Overall importance Number of authorities that classified the template(s) as highly important or important	Frequency of use [22] Number of authorities that use the data very frequently or frequently & regularly	Broadness of use [23]	Reporting entities of interest Number of authorities that consider information from entities of this size (L = large entities; M = medium entities) as particularly relevant (of high interest) or less relevant (of low interest)		
	Rank out of 140 ranked templates or template groups; Rank 1 = most important / most frequently used					
C 26.00 (limits)	26 authorities (Rank 46)	25 authorities (Rank 24)	Broad(er) audience	High interest		
				L: 16	M: 17	SNCI: 16
				Low interest		
				L: 1	M: ---	SNCI: ---
C 27.00 (Counterparty information)	29 authorities (Rank 16)	28 authorities (Rank 5)	Broad(er) audience	High interest		
				L: 18	M: 18	SNCI: 17
				Lower interest		
				L: 1	M: 1	SNCI: 1
C 28.00, C 29.00 (Composition of large exp.)	29 authorities (Rank 18)	27 authorities (Rank 8)	Broad(er) audience	High interest		
				L: 18	M: 18	SNCI: 17
				Lower interest		
				L: 1	M: 1	SNCI: 1

Leverage ratio (LR) streamlining. The reporting requirements for the leverage ratio can be found in the second third of the ranking in terms of perceived costliness by respondents to the questionnaire addressed to institutions. Nevertheless, a high number of respondents (from one country and mostly consisting of SNCI) suggested removing templates C 40.00 to C 44.00 from the leverage ratio framework, arguing that sufficient information on the composition of the leverage ratio exposure measure is available from the own funds reporting framework. The information in templates C 41.00 and C 42.00 mainly served policy development purposes (input to the 2016 EBA report on the leverage ratio) and now that the leverage ratio has been finally calibrated is no longer of high interest. Consequently, those two templates have been dropped.

Figure 25: Industry view on the costliness of leverage ratio reporting

	Ranking in terms of 'costliness' among all reporting requirements			
	All respondents	Large institutions	Medium institutions	SNCI
General information and core data for calculation of the leverage ratio (C 40, C 44, C 47)	Rank 35 (50%)	Rank 35 (55%)	Rank 45 (37%)	Rank 31 (52%)
Additional breakdowns (C 41, C 42, C 43)	Rank 33 (52%)	Rank 26 (60%)	Rank 33 (53%)	Rank 34 (49%)

Note: Ranking based on the share of respondents (per size class) to the questionnaire addressed to institutions that classified the reporting requirements in question as associated with 'high' or 'medium-high' cost; Ranking comprises 58 template groups; Rank 1 = reporting requirement perceived as most costly.

[22] See footnote 16 for explanations

[23] See footnote 17 for explanation

Figure 26: Data recipients' use and view on leverage ratio reporting

	Overall importance Number of authorities that classified the template(s) as highly important or import.	Frequency of use [24] Number of auth. that use the data very frequently or frequ. & regularly	Broadness of use [25]	Reporting entities of interest Number of authorities that consider information from entities of this size (L = large entities; M = medium entities) as particularly relevant (of high interest) or less relevant (of low interest)		
	Rank out of 140 ranked templates or template groups; Rank 1 = most important/most frequently used					
C 47.00 (LR calculation)	29 authorities (Rank 19)	25 authorities (Rank 23)	Broad(er) audience	High interest		
				L: 17	M: 17	SNCI: 16
C 40.00 (Alternat. treat-ment of expo-sure measure)	23 authorities (Rank 74)	20 authorities (Rank 54)	Broad(er) audience	High interest		
				L: 16	M: 16	SNCI: 15
				Lower interest		
				L: 1	M: 1	SNCI: 1
C 44.00 (General information)	22 authorities (Rank 98)	19 authorities (Rank 61)	Broad(er) audience	High interest		
				L: 14	M: 14	SNCI: 14
				Lower interest		
				L: 2	M: 2	SNCI: 2
C 41.00 (On- and Off-Balance Sheet items – add. breakdowns)	21 authorities (Rank 111)	11 authorities (Rank 126)	Broad(er) audience	High interest		
				L: 14	M: 12	SNCI: 12
				Lower interest		
				L: –	M: 1	SNCI: 2
C 42.00 (Alternative definition of capital)	20 authorities (Rank 116)	11 authorities (Rank 126)	Broad(er) audience	High interest		
				L: 14	M: 12	SNCI: 12
				Lower interest		
				L: –	M: 1	SNCI: 2
C 43.00 (Breakdown of LR exposure measure components)	22 authorities (Rank 100)	12 authorities (Rank 118)	Broad(er) audience	High interest		
				L: 15	M: 13	SNCI: 11
				Lower interest		
				L: –	M: 1	SNCI: 2

Simplified vs. full NSFR. From June 2021 onwards, institutions will have to comply with a binding Net Stable Funding Ratio requirement. At that point, the previously existing reporting requirements on the NSFR, which mainly sought input for the calibration of the NSFR requirement, will be replaced by reporting requirements supporting the monitoring of compliance. The reporting will be comprised of two different sets of templates, one set for entities applying the 'fully fledged' NSFR and a different one for entities applying a simplified framework for the calculation of the NSFR, to honour the approach defined in the CRR. As a consequence, SNCI that received permission to apply the simplified framework will have to report much less granular data than those applying the fully fledged regulatory framework: they would have to report, as a maximum, roughly one third of the number of data points other entities might have to report. Although this does not mean that entities applying the simplified framework will incur only one third of the cost - not every data point 'costs' the same, and some items in the fully fledged framework may not be relevant at all for entities of smaller size or with a particular business model - there should be noteworthy cost savings compared to the application of the fully fledged (regulatory and) reporting framework. Compared to the previous reporting on the NSFR, the new reporting should also offer more synergies between data prepared for internal purposes, such as management information systems, and data prepared for the external data recipients.

Other changes from June 2021. Template C 05.01 (reporting on the impact of transitional provisions on own funds) was cleaned of expired items. The frequency of reporting on the losses stemming from immovable property exposures (C 15.00) was reduced to annually, considering the nature of the use of the data.

[24] See footnote 16 for explanations.

[25] See footnote 17 for explanation.

Both measures are expected to have only a minor impact on institutions' reporting costs.

Recommendation 15 [26]

Addressee: EBA	Time horizon: short term
Large exposures reporting: drop maturity bucket breakdown *(mainly benefitting medium and large institutions)* Leverage ratio: drop templates C 41.00 and C 42.00 Develop dedicated and simpler reporting for entities applying the simplified NSFR Other small changes (streamline information on transitional provisions, reduce frequency of reporting on losses stemming from immovable property exposures)	
Potential impact: 'High'	
Impact on: mostly ongoing reporting costs	
Potential reduction of data points: • Large exposures reporting: up to 48 data points less per counterparty/group of connected clients (up to -38.4% of the data points of large exposures reporting) • Leverage ratio reporting: up to 29 data points less (up to -12.7% of the data points of leverage ratio reporting pre CRR2-changes) • NSFR reporting: compared to original NSFR reporting (pre CRR2): up to 774 (full NSFR reporters)/1264 (sNSFR reporters) data points less (up to -50.5%/-85.2% of the data points of NSFR reporting); Comparing full and simplified NSFR reporting (CRR2): up to 490 data points less (up to -64.6% of the data points of NSFR reporting) • Streamlining of the information on transitional provisions: up to 177 data points less (net) (up to -63.2% of the data points of reporting on transitional provisions)	

4.3. Coordination and integration of data requests and reporting requirements

The lack of coordination between various stakeholders requesting reported information and data from institutions on a regular basis has been raised as a major concern. Institutions often claim that they are subject to duplicative reporting obligations, where often similar information/data are being requested by recipients using close but different definitions; overlapping timelines/deadlines make it hard for institutions to prioritise and comply with reporting deadlines for the various regular and ad hoc information requests. In the industry's view, the concerns arise both for regular reporting (e.g. overlaps between supervisory and resolution reporting, or between the EBA supervisory reporting framework and reporting requirements set by other stakeholders) as well as ad hoc information requests (e.g. ad hoc requests regarding non-performing loans (NPLs) or COVID-19 impacts and related response measures). The lack of coordination between the authorities and the perceived overlaps drive up both implementation and ongoing costs.

Data recipients are aware of the industry's concerns and have already taken some measures to address them, where they prove justified [27].

4.3.1. Seeking more coordination between various reporting requirements

Reducing overlaps and inconsistencies between the EBA supervisory reporting framework and reporting to other stakeholders, in addition to improving the coordination between authorities setting reporting requirements in terms of definitions has been flagged in the industry responses as one of the areas requiring attention. This point complements the reduction of potential overlaps and reducing redundancies within the EBA reporting framework (discussed in Section 4.1) but was more prominently flagged by industry representatives who called for better data sharing between data recipients, or at least the use of common definitions (data dictionary) and reporting formats, thereby ideally ensuring that the needs of the various stakeholders collecting information could be satisfied through a common source of information.

When developing the reporting requirements, the EBA already considers the needs of supervisory and other authorities involved in its work. In that regard, all interests of the EBA's stakeholders as well as their experience with data collection on the matter in question should be normally considered at the development stage of the reporting requirements.

The EBA is aware at least of major developments in the area of reporting outside its remit through its work and discussions in its various technical expert groups. However, the EBA's main responsibility lies in the development of the EU Single Rulebook, including the common supervisory reporting that is part of this Single Rulebook and directly applies across the whole of the EU. When developing these common reporting requirements, the EBA cannot scan all other existing reporting requirements or develop its requirements in alignment with or as a complement to all the existing reporting re-

[26] The changes provided in this recommendation have been already implemented in the EBA supervisory reporting framework v3.0.

[27] Some data requests perceived by the industry as duplicative are not as such duplicative from the data recipients' point of view, for example due to differences in scope or reflections of national particularities.

quirements for various reasons, including legal and resource constraints, nor would its current powers or resources allow it to coordinate or get deeply involved in the process of setting reporting requirements at national or cross-jurisdictional (sub-EU) level for other authorities. In this sense, the onus is more on the side of the other authorities to revisit and adjust national reporting requirements in light of the development of EU-level requirements.

Whilst sufficient coordination of the reporting requirements can be achieved in the long run through integrated reporting (see Section 4.3.3), it is possible to aim for better coordination between various stakeholders requesting reporting from the same institutions and reducing unnecessary overlaps between reporting requirements before the move to integrated reporting.

Recommendation 16	
Addressee: National competent authorities, ECB, SRB	**Time horizon:** short term
Commitment to better coordinate additional reporting requirements or data requests (at national or jurisdiction level) with the EBA reporting framework using the same definitions and taxonomy until the introduction of the integrated reporting and realisation of its benefits	
Potential impact: 'Medium to High' (depending on inconsistencies and overlaps between various reporting requirements and data requests)	
Impact on: mostly ongoing reporting costs	

4.3.2. Improving practices in ad hoc data collection

Ad hoc requests have been highlighted as another area affected by a duplication of information requirements and lack of coordination between various authorities. In particular, the following aspects were of concern:

a. the (lack of) coordination between authorities submitting requests in terms of the information needs, definitions and formats: for example, in the past many authorities asked for slightly different information about NPLs, exposures to certain sectors, or COVID-19 related information on the use of various support and mitigating measures at around the same time;
b. the timelines and prioritisation of information requests: many requests are issued with 'high priority' and short deadlines that often coincide with the deadlines for regular reporting or other ad hoc information requests, putting a strain on institutions' resources, requiring them to prioritise between the authorities requesting information and even putting institutions' compliance with regular reporting at risk.

These issues affect not only the institutions' resources and reporting costs, but also the quality of data provided to the authorities - which may ultimately lead to additional costs and efforts for all parties through resubmissions.

From the supervisory perspective, ad hoc requests are necessary supervisory tools and cannot be completely avoided, as they usually address some specific (often near emergency) situations that are not adequately covered by the regular reporting in terms of content or timeliness of the information provided. Although ad hoc requests reflect the specific needs of the authorities making the requests, there might be cases where similar information is being requested in a slightly different form. Nevertheless, the authorities should improve coordination with a view of reducing overlaps with other similar requests addressed to the same institutions (e.g. coordinating requests in terms of timing, or including own data fields into similar requests made by other authorities).

There are different possibilities for improving the coordination between various stakeholders making ad hoc requests for information from the same institutions, ranging from a simple commitment on the side of the authorities requesting information to cooperate and coordinate their requests with their peers, to having more in-depth cooperation on the design of the data requests between authorities interested in a similar type of information from similar institutions and sharing data for the analysis, or access to a common dataset and considerations for the data repository in the integrated reporting project.

To this end the, the EBA approach to possible improvements is two-fold (until the further steps are considered as part of the integrated reporting ([28])):

a. Policy-level work on better coordination and cooperation of various stakeholders requesting ad hoc information from the same institution, which is particularly important in the cross-border context; and
b. Facilitation of cooperation in the design of ad hoc requests: without an overview

([28]) It is noted that the Discussion Paper on integrated reporting is suggesting an 'agile coordination mechanism' to address similar concerns.

of data requests made by other authorities to the same institution(s), authorities cannot adjust the content and format of their requests. To this end, having access to the requests (e.g. blank questionnaires/templates) from other authorities that have already made similar requests to the same institutions enables authorities preparing new information requests to adjust their own requests and reduce overlaps and inconsistencies. There are already practical experiences with such repositories of ad hoc information exchange set up by the competent authorities (e.g. SSM) that can be explored for this purpose.

Recommendation 17

Addressee: EBA, national competent authorities, ECB, SRB	Time horizon: short term
Develop 'best practice' guidance for CAs for better coordination of ad hoc information requests in a form of module of the EBA Supervisory Handbook [29]	
Potential impact: 'Low' individually ('Medium' if combined with other recommendations in Section 4.3)	
Impact on: mostly one-off or implementation costs for ad hoc requests, but also on ongoing reporting costs through a reduction of duplications	

Recommendation 18

Addressee: EBA, national competent authorities, ECB, SRB	Time horizon: medium term (for the simple repository of ad hoc information requests (blank questionnaires/ templates) Long term (for more sophisticated solutions proposed for the integrated reporting project)
EBA to maintain a simple repository of ad hoc requests that stakeholders could consult before making their own requests	
Potential impact: 'Low' individually ('Medium' if combined with other recommendations in Section 4.3)	
Impact on: mostly one-off or implementation costs for ad hoc requests, but also on ongoing reporting costs through a reduction of duplications	

4.3.3. Moving towards data integration

During the course of the study, almost all industry representatives complained that similar data are being reported to various stakeholders either regularly or through ad hoc requests, using seemingly identical but effectively different definitions, formats, etc.

When discussing these concerns, the industry representatives were broadly supportive of the general idea of integrating the various reporting requirements and using an overall granular data pool to fill in particular requests/templates of the different stakeholders. Without being specific about the data integration approaches discussed as the part of the EBA work on the feasibility study on integrated reporting, various industry representatives advocated for a solution where stakeholders could populate the reports themselves using the data reported to the pool of underlying data for credit institutions.

The EBA, as part of its work on the feasibility study on integrated reporting, is investigating how such integration of reporting can be organised, how it could improve the coordination between stakeholders imposing reporting requirements or requesting ad hoc information and how it could reduce or avoid duplication of reporting and information requests (being a major contributing factor to reducing institutions' reporting costs). During the discussions, some institutions acknowledged that the move towards integrated reporting may lead to a temporary increase in reporting costs (through higher implementation costs) in the short term due to the need to make adjustments to the systems and data to support the integrated reporting process, but the longer term benefits of the switch to such an approach would be net positive for institutions.

Recommendation 19

Addressee: EBA, national competent authorities, ECB, SRB	Time horizon: long term (impact to be realised under the integrated reporting project)
Promote the work on integrated reporting as a way of reducing overlaps between the information reported to various stakeholders and differences in definitions/taxonomies	
Potential impact: 'High' (if full integration of reporting were achieved or implemented)	
Impact on: mostly ongoing reporting costs	

One specific aspect of data integration, where benefits for the institutions could be realised much faster compared to the overall integrated reporting projects, is the integration between supervisory reporting and public disclosures (Pillar 3) for institutions.

The integrated approach, where (quantitative) Pillar 3 disclosures are defined as a subset of the supervisory reporting and links between the disclosure requirements and the EBA supervisory reporting frameworks are made, is the approach already used by the EBA. This approach has obvious benefits, ensuring that the disclosed and reported data are better aligned and more consistent and thus re-

[29] In accordance with Article 29(2) of Regulation (EU) No 1093/2010 (EBA Founding Regulation).

ducing costs for institutions associated with preparation of their public disclosures.

Industry representatives had mixed views on the impact of this integration on reporting costs for SNCI. Some industry representatives argued that disclosure requirements for SNCI are very limited (but, in the view of some of them, still too numerous) and that the process, mapping and IT support for preparing them based on reported data were already in place before the EBA mapping table was published. Others appreciated the efforts made by EBA already and supported the continuation of these initiatives.

Recommendation 20

Addressee: EBA	Time horizon: short term (depending on the circumstances of individual institutions and their approach to public disclosures)
Continue ongoing work on the integration of reporting and disclosures	
Potential impact: 'Low' (for SNCI, as mostly large and medium-sized institutions are likely to benefit from this integration)	
Impact on: mostly ongoing reporting costs, and costs associated with public disclosures	

4.4. Changes to the reporting process, including the wider use of technology

As illustrated in Section 2, three of the major reporting cost drivers for institutions were related to internal supervisory reporting processes, including (1) internal preparations of data and data extractions, (2) internal transformations/calculations for the purpose of compliance with regulatory requirements, and (3) internal data transformations/calculations for the purpose of supervisory reporting requirements.

The ranking of these cost drivers across the different proportionality categories of institutions differs. It is quite natural that the internal data aggregation, transformations and calculations are more demanding the higher the degree of complexity of an institution is. SNCI that are less complex and usually have simpler data structures and IT solutions have less concerns about data aggregation and preparation.

It can be argued that a discussion of institutions' internal processes, which are outside of the EBA's direct control, is not within the scope of this report. However, the EBA is of the view that there are numerous internal factors that could help with institutions' internal processes, thereby contributing to reducing their reporting costs even if no other recommendations presented in this report were considered. This section deals with such factors and recommendations addressing institutions' own internal processes.

4.4.1. Better internal risk data aggregation capabilities and digitalisation

Better internal risk data aggregation capabilities and the need for better IT and data infrastructures have been on the supervisory radar for long time - the original supervisory focus was prompted by the financial crisis of 2007-2008 with the response delivered in 2013 by the Basel Committee on Banking Supervision Principles for effective risk data aggregation and risk reporting (BCBS 239) [30].

The EBA has been pushing for a proportionate application of BCBS 239 through various products, including Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing [31] or the Guidelines on stress testing [32]. However, despite the emphasis on proportionality, there is an understanding that the matter of internal data aggregation is more relevant for larger institutions that operate on the basis of numerous data sources/systems, using various IT solutions, and have to aggregate data across numerus portfolios and entities; and it may be less relevant for SNCI with simpler transactions, structures, data and systems.

This understanding has been further corroborated in the discussions with the industry as part of this study: while the industry acknowledges that better internal granularity of data and risk data aggregation capabilities should help with populating the supervisory reporting, the topic of BCBS 239 seemed to be perceived as more relevant by large and, subject to the principle of proportionality, medium-sized institutions.

Representatives of many SNCI pointed out that there is no noteworthy benefit from investing into BCBS 239 compliance and better internal risk data capabilities, be it for the purposes of supervisory reporting, or in general. However, they pointed out a differ-

[30] See: https://www.bis.org/publ/bcbs239.htm

[31] See: https://www.eba.europa.eu/regulation-and-policy/supervisory-review-and-evaluation-srep-and-pillar-2/guidelines-for-common-procedures-and-methodologies-for-the-supervisory-review-and-evaluation-process-srep-and-supervisory-stress-testing

[32] See: https://www.eba.europa.eu/regulation-and-policy/supervisory-review-and-evaluation-srep-and-pillar-2/guidelines-on-stress-testing2

ent type of challenge associated with internal data: the main problem they face is not having the underlying data available in their systems in the first place. Once the data are in the systems, SNCI are able to process and report the data in their view.

Against this background, for SNCI the digitalisation of documents/contracts is more relevant as a way to ensure that they possess a richer set of underlying granular data and not to miss out any data for future reporting needs. This also speaks to the points regarding the process of developing and updating the EBA ITS on Supervisory Reporting, where SNCI showed interest in the public consultation stage to identify data gaps in their underlying internal data to see whether they have the data that supervisors plan to request.

Investing in the digitalisation of documents/contracts would also improve SNCIs' (and other institutions') abilities to compete with the data-driven digital-only credit institutions and FinTech service providers who are benefiting from much leaner and efficient IT and data management solutions compared to the majority of well-established institutions struggling with legacy systems and paper-based documentation [33].

Recommendation 21

Addressee: large and, subject to the principle of proportionality, medium-sized institutions	**Time horizon:** short to medium term (depending on the circumstances of individual institutions in the implementation of BCBS 239)
Wider use of better internal risk data aggregation and proportionate implementation of BCBS 239 as a means to improve internal data management and simplify reporting preparation processes leading to the reduction of reporting costs	
Potential impact: 'Low to Medium' (depending on the circumstances of individual institutions in the implementation of BCBS 239). This recommendation would actually lead to a short term increase in costs, associated with investments in the implementation of BCBS239, but will lead to longer term reductions in reporting costs through better internal data management capabilities	
Impact on: both one-off or implementation costs and ongoing reporting costs	

Recommendation 22

Addressee: all institutions	**Time horizon:** medium term (depending on specific circumstances and level of digitalisation of individual institutions)
Better digitalisation of documents/contracts for all institutions as a way to ensure that they have a richer set of underlying granular data	
Potential impact: 'Low' impact on cost reduction in the short term due to more investments in digitalisation of underlying contracts, but medium to high impact on cost reductions in the longer term due to better granular datasets	
Impact on: both one-off or implementation costs and ongoing reporting costs	

4.4.2. Accessibility of technology and its wider use

Whilst there is an overall agreement that a wider use of innovative technological solutions should help institutions to build more efficient internal processes and lead to a reduction of their operating costs (and reporting costs in this particular case), the representatives of SNCI and their industry trade bodies were largely sceptical about FinTech/RegTech solutions to support (parts of) the reporting process.

The reasons for this scepticism to emerging technologies from SNCI are different, ranging from the SNCI not being aware of any relevant reporting technologies or RegTech solutions that may be available to them, or to such solutions not being suitable or accessible for their own set of reasons:

a. solutions are prohibitively expensive for SNCI (either from the outright pricing perspective or from the point of view of the cost/benefit analysis);
b. SNCI business does not reach the 'critical mass' for implementing such a solution leading to a lack of interest from RegTech providers;
c. none of the available RegTechs are mature enough to be used by SNCI (not ready for implementation)
d. given the specificities of every institution's business model or activities, none of the available solutions readily fits the business model/activities.

What SNCI may need from the RegTech providers to realise the benefits of emerging technologies is ideally an 'end to end' solution supporting the understanding of the underlying legislation and reporting requirements, as well as supporting the reporting process, including all necessary internal data transformations and calculations. According to

[33] See: https://www.eba.europa.eu/eba-assesses-impact-of-fintech-on-payment-institutions-and-e-money-institutions-business-models

SNCI representatives, such solutions either do not exist or do not offer any advantage compared to the existing solutions/reporting methods used by SNCI. Furthermore, it was noted that onboarding of new RegTech solutions would require a significant effort from SNCI, leading to possible duplication or complete reorganisation of internal data/data management, which would also prevent SNCI from adopting newer technologies.

To this end, the recommendations in this section are also addressed to technology providers, urging them to make their offerings to SNCI more affordable and accessible.

From the supervisory side, in addition to the general promotion and facilitation of the adaptation of new technology by the EBA and competent authorities (e.g. in the case of the EBA by the means of its work on FinTech/RegTech through its FinTech Knowledge Hub [34]), the EBA will continue to make advances in RegTech on the supervisory side such as making legislation machine-readable or similar, although at the current stage and for the reasons stated above, this is unlikely to help SNCI reduce their reporting costs.

Recommendation 23

Addressee: EBA, Competent authorities	**Time horizon:** medium to long term (technology needs should be matched with availability (demand/supply/cost question), but medium term solutions could be possible should the technology market evolve to meet the needs of SNCI and digitalisation pick up)
Raising awareness of institutions, and in particular SNCI, about possible use cases of FinTech/RegTech and their suitability to SNCI needs and specific business models, which might be beneficial for SNCI	
Potential impact: 'Medium' (under the assumption that current availability and suitability of FinTech/RegTech offer to SNCI will improve and benefits will be realised also through the digitalisation of underlying documents/contracts)	
Impact on: both one-off or implementation costs and ongoing reporting costs	

Recommendation 24

Addressee: industry trade bodies, FinTech/RegTech service providers	**Time horizon:** medium to long term (technology needs should be matched with availability (demand/supply/cost question), but medium term solutions could be possible should the technology market evolve to meet the needs of SNCI and digitalisation pick up)
Industry trade bodies representing SNCI to work together with FinTech/RegTech providers to improve their understanding of the technology needs of SNCI and see whether possible solutions could be found at costs that are affordable to SNCI	
Potential impact: 'Medium' (under the assumption that current availability and suitability of FinTech/RegTech offer to SNCI will improve and benefits will be realised also through the digitalisation of underlying documents/contracts)	
Impact on: both one-off or implementation costs and ongoing reporting costs	

4.4.3. Identifying a common approach to resubmission of data

Another area of concern highlighted by the industry in the discussions was related to the high costs attributable to the resubmission of data, both in the case of errors made in the reporting and in the case of changes in figures due to audits. In the ranking of cost drivers, 'Interaction with data recipient after submission and resubmissions' was found at the bottom, with only 45% to 47% of the recipients from the different size classes associating it with a high or medium-high cost, although 11 respondents mention it separately as a cost driver associated with a high cost that, in their view, was missing from the list of suggested cost drivers.

During the interviews, some industry trade bodies interviewed presented the resubmission of data as one of their main concerns, highlighting the lack of materiality thresholds or time limits for the resubmissions as a serious shortcoming and questioning the benefits for the data recipients and justification of certain resubmission requests altogether. They attributed the high cost associated with this, without putting a number to it, mainly to the fact that the identification of the source of the error or change and the recalculation of the data is usually a highly manual process. They also criticised the fact that the application of (additional) validation rules to the resubmitted data can potentially highlight additional errors that, in turn, require further revision and manual intervention. The industry representatives suggested considering materiality thresholds for triggering resubmissions (e.g. value changes of 5%/10%), time limits (e.g. resubmissions only

[34] See: https://www.eba.europa.eu/financial-innovation-and-fintech/fintech-knowledge-hub

for the preceding two reference dates or only for Q4 of the preceding year), to correct only consolidated data, or to exempt SNCI in general from resubmission obligations.

From the perspective of the data recipient, it is important that the data received duly fulfil legal requirements and meet data quality standards. In that sense, data recipients - as well as governments, where the supervisory data lay the groundwork for possible decisions that affect citizens as clients or tax payers, at local or international level - cannot accept obvious data errors. Where, in practice, minimum standards are not met on the first attempt, resubmissions are indispensable. However, dealing with resubmissions is also associated with an effort on the side of the data recipient. 'Immaterial' or 'unnecessary' resubmissions should be avoided both from the reporting entities' and data recipients' point of view.

The EBA supports the idea of formalising the approach to the resubmission of data. However, the main issue, and probably also the main point of dissent between reporting entities and data recipients, is the identification and calibration of adequate criteria - be it materiality thresholds or other criteria - that separate 'meaningful' or 'beneficial' resubmissions from 'immaterial' or 'unnecessary' ones, but still guarantee that the data are reliable and that there is an incentive to maintain and improve the data quality. Outright exemptions of certain reporting entities, like SNCI, from resubmission obligations or outright exemptions for certain types of reporting, like individual reports by entities that are part of a group, would be likely to have generally negative impacts on the fulfilment of the tasks of the data recipient and are therefore not an option.

Recommendation 25	
Addressee: EBA	Time horizon: short
Develop guidelines (or recommendations) outlining the resubmission policy	
Potential impact: 'Medium' (depending on the specific design of the resubmission policy)	
Impact on: ongoing reporting costs	

4.5. Overall impact of the recommendation on the reporting costs of SNCI

As discussed in Section 2.1, based on the results of the quantitative questionnaire and following the extrapolation of the estimates to the overall population of SNCI in the EEA, SNCI incur annual ongoing costs of EUR 0.9 billion from the EBA supervisory reporting requirements, which translates to an annual cost of EUR 304.7 thousand per institution. Furthermore, SNCI are estimated to incur up to EUR 0.3 billion (or EUR 100.7 thousand per institution) per year in implementation costs associated only with the EBA supervisory reporting framework.

Considering the requirements of the mandate for the study, the recommendation provided in this report should lead to a reduction of reporting costs '...*reduce reporting requirements at least for small and non-complex institutions, to which end EBA shall target an expected average cost reduction of at least 10% but ideally a 20% cost reduction*...'. Based on the above calculations, and considering the CRR mandate, the combined effect relating to the recommendation should lead to a reduction in reporting costs for SNCI by approximately:

a. EUR 120-240 million in total considering both ongoing and implementation costs associated with the EBA supervisory reporting framework, or
b. on average EUR 42-84 thousand per SNCI.

Despite asking for the estimations of quantitative impact on reporting costs from various existing or potential proportionality measures in the questionnaire addressed to institutions, the EBA was not able to receive cohesive information to measure the possible impact from those proportionality measures or further changes to the EBA supervisory reporting framework or reporting process. Furthermore, discussions about potential recommendations being considered by the EBA during the interviews were inconclusive as regards their potential impact on institutions' reporting costs, as the industry representatives were not able to 'price' the impact of the recommendations despite broad support for the possible recommendations in general.

Against this background, the lack of quantitative information from institutions makes the assessment of recommendations in terms of their possible quantitative impact on reporting costs difficult and instead the EBA has to rely on the qualitative assessment of the recommendations and its best expert judgement to ascertain whether the objectives set in the CRR mandate for the study can be achieved.

To help in the assessment of the impacts the recommendations would have on the reporting costs of institutions, all of the recommendations discussed above are assessed in the four dimensions using expert judgement: (1) potential qualitative impact on overall reporting costs; (2) time horizon for the potential impact to take effect on reporting costs once the recommendations are implemented; (3) quantitative estimate of potential impact on reporting costs of small and non-complex institutions; and (4) potential impacts on the reported data points, for the recommendations concerning the content of supervisory reporting requirements.

From the point of view of qualitative assessment of the potential impact on the institutions' reporting costs, the recommendations are assessed as follows:

a. 9 recommendations as having a Low impact on reporting costs;
b. 3 as having a Low to Medium impact;
c. 6 as having a Medium impact;
d. 2 as having a Medium to High impact; and
e. 5 as having a High impact on reporting costs.

In addition, for a number of recommendations assessed to have low individual impact, the EBA sees a possibility of potentially higher combined impacts if the group of related recommendations is consistently implemented in practice, resulting in a higher overall impact on the institutions' reporting costs.

Where possible and directly relevant for the reporting costs of SNCI, the EBA applied a best expert judgment to express possible qualitative impacts of the recommendations as a relative impact on the reporting costs of SNCI[35] and explaining whether these potential impacts would affect implementation (one-off costs) or ongoing reporting costs (see Figure 28).

18 out of 25 recommendations can be assessed as having a direct quantitative impact on the reporting costs of SNCI that can be estimated using expert judgment, where five recommendations address mostly implementation or one-off costs, eight address mostly ongoing reporting costs, and five address, to a varying degree, both implementation and ongoing costs. Furthermore, the remaining seven recommendations, although not specific to SNCI, would nevertheless contribute to the overall reduction of institutions' costs as well.

In aggregate, such quantitative expert judgement based estimates lead to the overall reduction of the SNCI reporting costs associated with the EBA supervisory reporting framework by up to 15-24%, where the impact solely on the implementation cost is estimated to be up to 4-6%, and impact on ongoing reporting costs up to 10-16%.

Applying these potential savings to the reporting costs associated with the EBA supervisory reporting framework as discussed in Section 2.1, the application of the recommendations would lead to a reduction of SNCI reporting costs associated with the EBA supervisory framework of EUR 188 -288 million.

In addition to the estimation on the impact of the recommendations on the reporting costs, the recommendations regarding the content of the EBA supervisory reporting requirements can be also assessed in terms of their impact on the number of data points in the EBA supervisory reporting framework, where the recommendations provided in this report lead a the reduction of up to 7026 reported data points (see Figure 27).

(35) Low: less than 0.5%; Low to Medium: 0.5-1%; Medium: 1-1.5%; Medium to High: 1.5-2%; High: 2-3%.

Figure 27: Impact of the recommendations on the number of reported data points

	Recommendation	(Net) impact	Comment
11 and 12	Asset encumbrance	Up to 945 data points less (up to -71.9% of the data points of asset encumbrance reporting)	SNCI (rec. 11) and/or any institution currently exceeding the threshold (rec. 12) would benefit.
13	ALMM: exempt SNCI from the reporting of C 68.00 to C 70.00	Up to 4166 data points less (up to -60.2% of the data points of ALMM reporting)	Impact bigger, if the institution also has to report data for significant currencies
	ALMM: exempt medium entities from the reporting of C 70.00	Up to 3968 data points less (up to -57.3% of the data points of ALMM reporting)	
15	Large exposures reporting	Up to 48 data points less per counterparty/ group of connected clients (up to -38.4% of the data points of large exposures reporting)	
15	Leverage ratio	Up to 29 data points less (up to -12.7% of the data points of leverage ratio reporting pre CRR2-changes)	The measure dampens the increase in the number of data points under CRR2 by around 13 percentage points
15	NSFR	Compared to original NSFR reporting (pre CRR2) Up to 774 (full NSFR reporters)/1264 (sNSFR reporters) data points less (up to -50.5%/-85.2% of the data points of NSFR reporting) Comparing full and simplified NSFR reporting (CRR2) Up to 490 data points less (up to -64.6% of the data points of NSFR reporting)	Impact bigger, if the institution also has to report data for significant currencies
15	Other small changes: streamline information on transitional provisions	Up to 177 data points less (net) (up to -63.2% of the data points of reporting on transitional provisions)	

Taking into account qualitative and expert judgement based assessments of the potential impact from the recommendations and considering the lack of concrete quantitative evidence provided by the institutions in their responses to the EBA questionnaire there is no evidence suggesting that the recommendations provided in the report will not have a positive impact on reducing the reporting costs incurred by small and non-complex institutions. On the contrary, based on the EBA's expert judgement the combined effect from the recommendation provided in the report on institutions' implementation and ongoing reporting costs associated with the EBA supervisory reporting framework is estimated to be up to 15-24%.

The positive effects of the recommendations have been also corroborated by the feedback received by the EBA from industry representatives at the interviews.

To this end, the EBA is of the view that the objectives set by the CRR in terms of reporting costs savings for small and non-complex institutions have been broadly achieved.

Figure 28: Summary and assessment of the impact of the recommendations on institutions' reporting costs for SNCI

		Recommendation	Addressee	Qualitative assessment of potential impact	Combined impact of groups of recommenda-tions	Potential impact on reporting costs of SNCI	Potential impact on type of costs	Time horizon of the expected impact
Changes to the development process for the EBA reporting framework	1	Signposting of overall regulatory requirements applicable to different proportionality categories of institutions	EBA	Medium	High	1-1.5%	Mostly on implementation costs	Medium
	2	Signposting of the EBA supervisory reporting requirements and identification of the reporting templates applicable to different proportionality categories of institutions	EBA	Low	High	less than 0.5%	Mostly on implementation costs	Short
	3	Apply a new reporting framework release at most once per year and provide materials and documents for implementation 12 months before the date of application (first reference date) of that release	EBA	High	–	2-3%	Mostly on implementation costs	Medium
	4	Include in the EBA consultation paper on changes to the ITS on supervisory reporting or as a separate reporting roadmap with forward-looking plan for new reporting requirements based on the regulatory pipeline and calendar	EBA	Low	–	less than 0.5%	Mostly on implementation costs	Short
	5	Consider a more coordinated approach to introducing changes into the existing legislation or developing new legislation allowing for better 'packaging' of reporting changes and longer implementation time proportionate to the nature and scope of changes/new requirements	EU Commission, co-legislators	Medium to High	–	N.A.	Mostly on implementation costs	Medium
	6	Better articulation of the reporting requirements - provide better additional reasoning and explanations of the use of reported information as well as examples for calculating certain data points in CPs and supporting material for ITS (e.g. explanatory note)	EBA	Low	High	less than 0.5%	Mostly on implementation costs and also on ongoing costs	Medium
	7	Provide instructions to the reporting requirements and other data collections in machine-readable format	EBA	Low	High	less than 0.5%	Mostly on implementation costs	Short
	8	Further improving EBA internal processes to ensure that new reporting requirements are free from overlaps with already existing reporting, and also that redundant data points are removed from earlier releases	EBA	Low	High	less than 0.5%	Mostly on implementation costs and also on ongoing costs	Short
Changes to the design of EBA supervisory reporting requirements and reporting content	9	Investigate possibility of enabling simplified reporting also at consolidated level (e.g. develop criteria for 'group consisting predominantly of entities benefitting from the simplified reporting requirement') where compatible with the level of application of the underlying legislation and data needs for performance of supervisory tasks	EBA, EU Commission	High	–	2-3%	Mostly ongoing costs	Medium
	10	Adopt a 'core + supplement' approach, when designing new reporting requirements as well as when revising existing requirements, where such approach is suitable	EBA	Low to Medium	–	0.5-1%	Mostly ongoing costs	Medium
	11	Exempt SNCI irrespective of their level of asset encumbrance from reporting the information included in the F 33-, F 34- and F 36-templates	EBA	Medium	–	1-1.5%	Mostly ongoing costs	Short
	12	Review the asset encumbrance definition to create a level playing field between entities applying different accounting standards	EBA	Medium	–	1-1.5%	Mostly ongoing costs	Short
	13	Changes to ALMM reporting requirements: – Exempt SNCI from reporting of C 68.00, C 69.00 and C 70.00 – Exempt medium entities from reporting of C 70.00 – Remove 1% thresholds regarding reporting of C 67.00 and C 68.00	EBA	High	–	2-3%	Mostly ongoing costs	Short
	14	Review of the scope of application, the reporting frequency and/or the content of the reporting requirements identified as least important and least frequently used by data recipients	EBA	Low to Medium	–	0.5-1%	Mostly ongoing costs	Short
	15	– Large exposures reporting: drop maturity bucket breakdown (mainly benefitting medium and large institutions) Leverage ratio: drop templates C 41.00 and C 42.00 – Develop dedicated and simpler reporting for entities applying the simplified NSFR – Other small changes (streamline information on transitional provisions, reduce frequency of reporting on losses stemming from immovable property exposures)	EBA	High	–	2-3%	Mostly ongoing costs	Short

		Recommendation	Addressee	Qualitative assessment of potential impact	Combined impact of groups of recommendations	Potential impact on reporting costs of SNCI	Potential impact on type of costs	Time horizon of the expected impact
Coordination and integration of data requests and reporting requirements	16	Commitment to better coordinate additional reporting requirements or data requests (at national or jurisdiction level) with the EBA reporting framework using the same definitions and taxonomy until the introduction of the integrated reporting the realisation of its benefits	National competent authorities, ECB, SRB	Medium to High	–	N.A.	Mostly ongoing costs	Short
	17	Develop 'best practice' guidance for CAs for better coordination of ad hoc information requests in a form of modules of the EBA Supervisory Handbook	EBA, national competent authorities, ECB, SRB	Low	Medium	less than 0.5%	Mostly on implementation costs and also on ongoing costs	Short
	18	EBA to maintain a simple repository of ad hoc requests that stakeholders could consult before making their own requests	EBA, national competent authorities, ECB, SRB	Low	Medium	less than 0.5%	Mostly on implementation costs and also on ongoing costs	Medium
	19	Promote the work on integrated reporting as a way of reducing overlaps between the information reported to various stakeholders and differences in definitions/taxonomies	EBA, national competent authorities, ECB, SRB	High	–	N.A.	Mostly ongoing costs	Long
	20	Continue ongoing work on integration between reporting and disclosures	EBA	Low	–	N.A.	Mostly ongoing costs	Short
Changes to the reporting process, including the wider use of technology	21	Wider use of better internal risk data aggregation and proportionate implementation of BCBS 239 as means to improve internal data management and simplify reporting preparation processes leading to the reduction of reporting costs	Large and, subject to the principle of proportionality, medium-sized institutions	Low to Medium	–	N.A.	Both implementation and ongoing costs	Short
	22	Better digitalisation of documents/contracts for all banks as a way to ensure that institutions have richer set of underlying granular data	All institutions	Low	–	less than 0.5%	Both implementation and ongoing costs	Medium
	23	Raising awareness of institutions, and in particular SNCI, about possible use cases of FinTech/RegTech and their suitability to SNCI needs and specific business models, which might be beneficial for SNCI	EBA, Competent authorities	Medium	–	N.A.	Both implementation and ongoing costs	Medium
	24	Industry trade bodies representing SNCI to work together with FinTech/RegTech providers to improve their understanding of technology needs of SNCI and see whether possible solutions could be found at costs that are affordable to SNCI	Industry trade bodies, FinTech/RegTech service providers	Medium	–	N.A.	Both implementation and ongoing costs	Medium
	25	Develop guidelines (or recommendations) outlining resubmission policy	EBA	Medium	–	1-1.5%	Ongoing costs	Short

5. Next steps for the implementation of the recommendations

The recommendations provided in the report have been agreed on by the EBA Board of Supervisors and will be incorporated into the EBA work programme to be implemented as part of its ongoing work.

Where recommendations suggest issuing new regulatory products (e.g. guidelines or recommendations on resubmission policies) or amending existing ones (e.g. amendments to the EBA ITS on Supervisory Reporting), these policy products will be developed in accordance with the rules applicable to the developments of the specific product, including appropriate public consultation. In practice this could lead to the final solution being different from the one proposed in this report, as the regulatory product will need to reflect the outcomes of the public consultation.

For the implementation of the recommendation, the EBA will apply the following tentative calendar that will be confirmed in the EBA work programme (see Figure 29).

Whilst many of the proposed recommendations could be implemented, at least partially, with existing resources as part of EBA's ongoing work and activities in the area of reporting through reprioritisation, some may necessitate changes to the EBA work programme. The implementation of several of the recommendations, however, would require more significant resources, including dedicated IT projects and a budget (e.g. signposting of regulatory requirements, machine-readable instructions, work on integrated reporting).

Figure 29: Implementation calendar for the recommendations provided in this report

	Recommendation	EBA action timeline
1	Signposting of overall regulatory requirements applicable to different proportionality categories of institutions	2024
2	Signposting of the EBA supervisory reporting requirements and identification of the reporting templates applicable to different proportionality categories of institutions	Signposting table by Q4 2021
3	Apply a new reporting framework release at most once per year and provide materials and documents for implementation 12 months before the date of application (first reference date) of that release	Starting from reporting framework release 3.2
4	Include in the EBA consultation paper on changes to the ITS on Supervisory Reporting or as a separate reporting roadmap with a forward-looking plan for new reporting requirements based on the regulatory pipeline and calendar	Starting from Q3 2021
5	Consider a more coordinated approach to introducing changes into the existing legislation or developing new legislation allowing for better 'packaging' of reporting changes and longer implementation times proportionate to the nature and scope of changes/new requirements	N.A.
6	Better articulation of the reporting requirements - provide better additional reasoning and explanations of the use of reported information as well as examples for calculating certain data points in CPs and supporting material for ITS (e.g. explanatory note)	Gradual introduction from Q2 2021 with more thorough implementation starting from Q2 2022
7	Provide instructions for the reporting requirements and other data collections in machine-readable format	Pilot in Q2 2021
8	Further improving EBA internal processes to ensure that new reporting requirements are free from overlaps with existing reporting, and also that redundant data points are removed from earlier releases	Ongoing

	Recommendation	EBA action timeline
9	Investigate the possibility of enabling simplified reporting also at consolidated level (e.g. develop criteria for 'group consisting predominantly of entities benefitting from the simplified reporting requirement') where compatible with the level of application of underlying legislation and data needs for the performance of supervisory tasks	Starting from Q2 2022
10	Adopt a 'core + supplement' approach when designing new reporting requirements as well as when revising existing requirements, where such an approach is suitable	Starting from Q4 2021
11	Exempt SNCI, irrespective of their level of asset encumbrance, from reporting the information included in the F 33-, F 34- and F 36-templates	Consultation paper in Q2 2021
12	Review the asset encumbrance definition to create a level playing field between entities applying different accounting standards	Consultation paper in Q2 2021
13	Changes to ALMM reporting requirements: - Exempt SNCI from reporting of C 68.00, C 69.00 and C 70.00 - Exempt medium entities from reporting of C 70.00 - Remove 1% thresholds regarding reporting of C 67.00 and C 68.00	Consultation paper in Q2 2021
14	Review of the scope of application, the reporting frequency and/or the content of the reporting requirements identified as least important and least frequently used by data recipients	2022
15	Large exposures reporting: drop maturity bucket breakdown (mainly benefitting medium and large institutions) Leverage ratio: Drop templates C 41.00 and C 42.00 – Develop dedicated and simpler reporting for entities applying the simplified NSFR – Other small changes (streamline information on transitional provisions, reduce frequency of reporting on losses stemming from immovable property exposures)	Completed
16	Commitment to better coordinate additional reporting requirements or data requests (at national or jurisdiction level) with the EBA reporting framework using the same definitions and taxonomy until the introduction of integrated reporting and the realisation of its benefits	N.A.
17	Develop 'best practice' guidance for CAs for better coordination of ad hoc information requests in the form of modules of the EBA Supervisory Handbook	Supervisory Handbook Chapter in 2022
18	EBA to maintain a simple repository of ad hoc requests that stakeholders could consult before making their own requests	2022
19	Promote the work on integrated reporting as a way of reducing overlaps between the information reported to various stakeholders and differences in definitions/taxonomies	Ongoing
20	Continue ongoing work on integration between reporting and disclosures	Ongoing
21	Wider use of better internal risk data aggregation and proportionate implementation of BCBS 239 as means to improve internal data management and simplify reporting preparation processes leading to the reduction of reporting costs	N.A.
22	Better digitalisation of documents/contracts for all banks as a way to ensure that institutions have richer set of underlying granular data	N.A.
23	Raising awareness of institutions, and in particular SNCI, about possible use cases of FinTech/RegTech and their suitability to SNCI needs and specific business models, which might be beneficial for SNCI	N.A.
24	Industry trade bodies representing SNCI to work together with FinTech/RegTech providers to improve their understanding of technology needs of SNCI and see whether possible solutions could be found at costs that are affordable to SNCI	N.A.
25	Develop guidelines (or recommendations) outlining resubmission policy	Consultation paper in 2022

Annexes

Annex 1. EBA approach to the study

Given the two-fold nature of the mandate, the EBA has split the study into two phases:

a. Phase 1 – focusing on categorising credit institutions operating in the EEA by size according to the criteria provided in the CRR, and
b. Phase 2 – focusing on analysing reporting costs and benefits, reporting challenges and identifying possibilities for cost reductions.

Phase 1 – Categorisation of institutions by size according to CRR criteria

Article 430(8)(a) of the CRR asks the EBA to 'classify credit institutions into categories based on their size, complexity and the nature and level of risk of their activities' as part of the CoC study. To fulfil this part of the mandate, the EBA, together with the competent authorities, conducted a dedicated analysis using available supervisory information to map all EEA credit institutions into the proportionality categories introduced in the CRR following its revision in 2019. In particular, using supervisory data and solely for the purposes of this study, the EBA assigned the institutions to one of the three categories: 'large', 'small and non-complex' or 'others'/'medium', where the latter comprises those entities of the reporting population that do not meet the specific size criteria set out in Articles 4(1)(145) or (146) of the CRR.

For the purposes of the mandate, the EBA collected the information for the whole population of the credit institutions licenced and operating in the EEA as of the reference date of 31 December 2018 (including institutions that ceased to exist after the reference date, excluding institutions that have been established after the reference date). Therefore, the data collection covered all EEA institutions that are subject to the CRR and its reporting requirements, including credit institutions whose obligation to comply with capital or liquidity requirements, including associated reporting requirements at the individual level, had been waived in accordance with Articles 7 or 8 of the CRR. The data collection and the analysis did not cover branches of the EEA or third country institutions, unless they were established or treated as legal entities with dedicated reporting obligations. Investment firms were also excluded from the scope of the analysis, as there will be a separate regime in place, both for prudential requirements and reporting under the Investment Firms Regulation (IFR) ([36]) and Investment Firms Directive (IFD) ([37]).

Information was collected and analysed at individual and consolidated levels, focusing on:

a. the actual classification of an institution as 'large', 'medium' or 'small and non-complex', where such classification has already been performed by the competent authorities and irrespective of the point in time at which the assessment was completed;
b. information on individual criteria that determine whether an institution is considered a 'large' in accordance with Article 4(1)(146) of the CRR;
c. information on individual criteria that determine whether an institution is considered as 'small and non-complex' in accordance with Article 4(1)(145) of the CRR;
d. supporting quantitative information from COREP, FINREP and, where relevant, comparable national sources, allowing the reconstruction of the calculations needed to determine whether institutions meet certain criteria to be considered as SNCI, in particular those that provide an understanding of the size of trading book and overall derivatives positions.

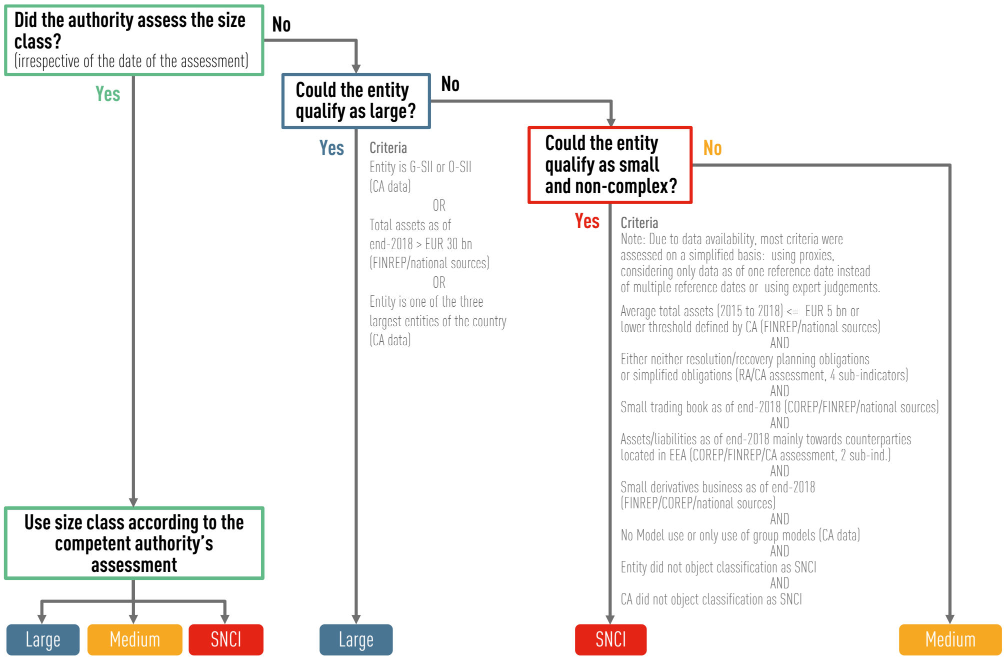
Figure 30 below presents the basic idea of the calculation logic/algorithm applied to determine the applicable proportionality category in accordance with the CRR, based on the information collected and certain simplifying approximations to cater for incomplete or imprecise input data.

Given that competent authorities have more detailed information on their supervised entities, including qualitative information and non-structured data, the EBA relied, where available, on the categorisation provided by the authority. Only in the absence of such a categorisation, the CRR criteria were directly applied to determine which institutions can be classified as 'large', 'medium' or 'small and non-complex'.

([36]) Regulation (EU) 2019/2033.

([37]) Directive (EU) 2019/2034.

Figure 30: Algorithm to facilitate the classification of institutions into proportionality categories



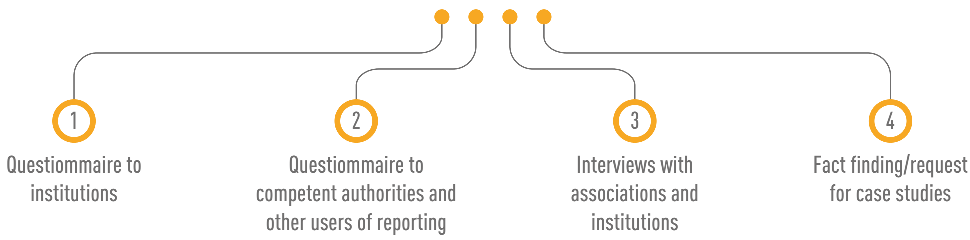
The categorisation performed by the EBA for the purposes of this study does not supplant the responsibility of competent authorities for the categorisation for supervisory and other purposes as provided in the CRR. The EBA collected data from the competent authorities to support the categorisation for the purposes of the cost of compliance study only. The objective of this study is neither to perform such a categorisation on behalf of the competent authorities nor to provide an interpretation of the CRR criteria for 'small and non-complex' and 'large', nor to harmonise the practical application of those criteria.

Phase 2 – Analysis of the reporting costs and benefits, reporting challenges and making recommendations

In order to address the remainder of its mandate, in Phase 2 the EBA collected and assessed detailed information on the reporting costs of the reporting institutions, their views on the current EBA reporting framework and specific challenges, as well as institutions' views on the existing and potential future proportionality elements within the reporting framework. The views of institutions had to be reconciled with those of users of the supervisory reporting, in order to arrive at a cost/benefit perspective in the assessment.

To fulfil its mandate for this study, the EBA organised the analytical work based on four components/sources of information: (1) a questionnaire addressed to institutions, (2) a questionnaire addressed to users of the reporting, (3) interviews with selected industry associations and institutions, and (4) case studies (see Figure 31).

Figure 31: Sources of information for the cost of compliance study



Questionnaire addressed to institutions

The main source of information for the study was a voluntary questionnaire addressed to credit institutions. It was open to all EEA credit institutions and their reporting service providers. The information obtained through the questions was also used by the EBA for the purposes of the work on the feasibility study on integrated reporting.

The questionnaire addressed to institutions [38] was split into two main parts covering:

a. Qualitative information focusing on (1) the significance and drivers of the reporting cost; (2) the benefits of reporting for reporting entities, including in the forward-looking context of the EBA work on integrated reporting; (3) views on the ways to achieve proportionality and on the effectiveness of existing proportionality elements in the current EBA supervisory reporting framework, (4) views on and assessment of the expected impact on the cost of specific potential measures aimed at making the reporting more proportionate, and (5) information on IT solutions and data management processes and procedures.
b. Quantitative information focusing on institutions' reporting costs in the context of overall compliance costs [39], as well as various breakdowns of those costs, and proxy information including the number of full time equivalents (FTEs) of staff involved in reporting and overall compliance. In line with the mandate for the study, the questionnaire sought to cover information regarding reporting costs since the introduction of the ITS on supervisory reporting in 2014. However, based on the feedback from the industry prior to the launch of the questionnaire - indicating serious difficulties regarding the identification of the reporting costs and their breakdowns -, the EBA made the provision of historical information optional and aimed at obtaining the information on reporting costs for the most recent period (2019).

The qualitative part of the questionnaire consisted mostly of various multiple choice questions with the possibility of providing additional explanations in the responses or, for example, to make suggestions regarding possible changes to the reporting and ways to reduce the reporting costs.

Given the crucial role of the questionnaire for the study and the need to have adequate input from the institutions, the EBA discussed a draft of the questionnaire and other supporting and explanatory materials with the major EU-level industry trade bodies as well as several national industry trade bodies before the launch of the questionnaire in the summer of 2020. The EBA has taken into account their feedback[40] in the final design of the questionnaire as well as in the timing of the information collections, also considering COVID-19 developments.

Throughout the data collection process, which lasted from the launch of the exercise on 22 July 2020 to 31 October 2020, the EBA received 408 responses to the qualitative questionnaire and 298 responses to quantitative questionnaire.

Figure 32: Breakdown of responses to the qualitative part of the questionnaire addressed to institutions (respondents per country)

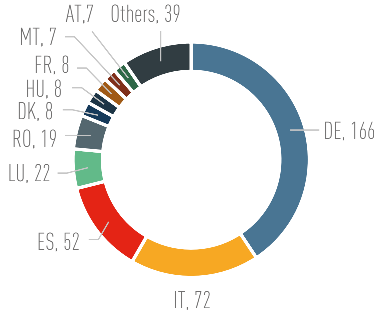
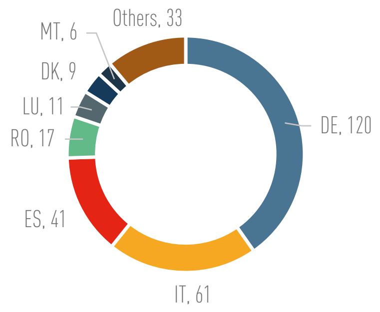


Figure 33: Breakdown of responses to the quantitative part of the questionnaire addressed to institutions (respondents per country)



In terms of geographical coverage, there is a concentration of responses from the countries with significant share of SNCI in their respective banking sectors. This was expected

[38] The complete questionnaire can be found here: https://www.eba.europa.eu/sites/default/documents/files/document_library/Regulation%20and%20Policy/Supervisory%20Reporting/Cost%20of%20compliance%20with%20Supervisory%20Reporting/897266/4%20-%20Cost%20of%20compliance%20study%20-%20Industry%20Questionnaire.pdf

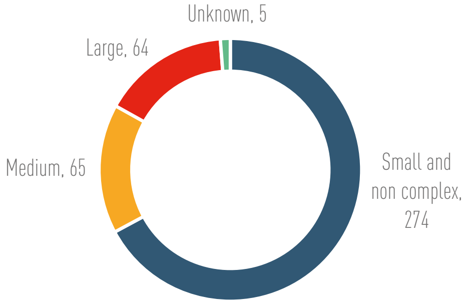
[39] For the purposes of the questionnaire, respondents were asked to consider the cost of complying with the regulatory requirements in particular, but not exclusively, of the CRR, CRD and BRRD. To the extent they also lead to reporting costs, the costs of compliance with other requirements (such as accounting requirements) would also be included.

[40] The EBA received feedback from AFME, EBF, EACB, ESBG, and EAPB and 10 national industry trade bodies conveyed through the relevant competent authorities.

given that the mandate for the study explicitly mentions the reporting cost reduction for that particular group of institutions. Many countries are represented with just one or two institutions per country (PT, EL, EE, CZ, HR, FI, CY, LV for the qualitative questionnaire, and NL, PT, EL, AT, SK, PL, LV, EE, CY and LI for quantitative questionnaire). Despite all the efforts of the EBA and the competent authorities in promoting the study and questionnaire and prompting for more responses following the extension of the deadlines, no responses to the qualitative questionnaire were received from institutions in LT, SI, SE, LI, and IS and none to the quantitative questionnaire from BG, HR, CZ, FI, LT, SI, SE, and IS.

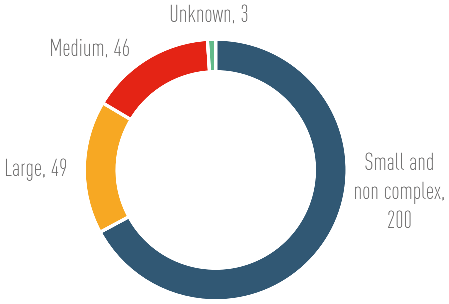
In terms of the types of institutions providing responses to the questionnaires, most of the answers came from SNCI[41] (274 to the qualitative questionnaire and 200 to the quantitative questionnaire). The overall coverage of institutions does not suggest any particular bias towards this group of institutions as in general the responses cover approximately 8.5% of credit institutions operating with the EEA (27.6% of large institutions, 3.3% of medium institutions and 10.5% of SNCI).

Figure 34: Breakdown of responses to the qualitative part of the questionnaire addressed to institutions (respondents per proportionality category)



Allocation to proportionality category based on respondents' own assessment.

Figure 35: Breakdown of responses to the quantitative part of the questionnaire addressed to institutions (respondents per proportionality category)



Questionnaire addressed to the users of supervisory reporting

The objective of the questionnaire addressed to the competent authorities and other users of supervisory reporting (e.g. resolution authorities, macro-prudential supervisors etc.) was to gather information to assess the benefits of standardised supervisory reporting, and in particular the EBA supervisory reporting framework, for its users. The survey was primarily addressed to the supervisory authorities of the EEA and covered the following topics: (1) relevance of the data of the ITS on Supervisory Reporting; (2) the benefits of the overall EBA Supervisory reporting framework; (3) efficiency of the proportionality measures applied in the past; (4) possible approaches to proportionality and reduction of reporting costs; (5) potential impacts of the reduction of the frequency of reporting on supervisory effectiveness; (6) users' views on other measures, including potential changes to the scope and level of application and other possible changes to the content of EBA reporting requirements.

Most of the questions in the user questionnaire were designed using the same approach and structure as the questions in the institution questionnaire that allowed for the side-by-side analysis of institution and supervisory views on the same issue/proposal. The questionnaire was answered by most of the EEA competent authorities as well as by the SRB.

Case studies

To complement the questionnaire with more in-depth analysis, as part of the methodology, the EBA decided to issues a call for submission of case studies - voluntary deep-dive case study analyses of practical examples or specific areas of reporting, to be provided by stakeholders ([42]).

([41]) The figures in this paragraph and Figures 34 and 35 are based on the respondents' own assessment of the CRR proportionality category they belong to, while the reference data for the EU uses the results of Phase 1. The respondents' own assessment and the Phase 1 results are not aligned in some cases.

([42]) Click here for the call for submission of case studies: https://www.eba.europa.eu/sites/default/documents/files/document_library/Regulation%20and%20Policy/Supervisory%20Reporting/Cost%20of%20compliance%20with%20Supervisory%20Reporting/897267/5%20-%20Cost%20of%20Compliance%20Study%20-%20Case%20Studies%20Note.pdf

The idea of the case studies was to get additional, and potentially more practical insights into costs, cost drivers and ways to reduce the reporting costs, focusing on those matters or areas of reporting that the stakeholders perceive as particularly costly or those measures bearing a particular potential for cost reduction. They were also meant to offer an opportunity for interested parties other than reporting entities and their associated service providers to contribute to the study. For example, the EBA sought tangible examples of how institutions have reduced or are able to reduce their reporting costs through the use of various technologies and other operational means.

The EBA received contributions from four stakeholders ([43]). The case studies received provided insider views from the perspectives of external providers of technology or consultancy services on the problems with the current reporting framework and discussed possible ways to reduce the reporting costs and make the reporting process more efficient through the use of technology or other solutions by institutions, either directly or through the service providers. The areas of the current EBA reporting framework highlighted as problematic in the submitted case studies are broadly the same as those identified in the questionnaire addressed to institutions.

The information provided in the case studies complemented the responses to the questionnaire addressed to institutions and fed directly into the analysis presented in this report. It was mainly taken into account for the analysis of options for improvements to the reporting framework, for the estimates of costs and cost savings as discussed in Section 4. Information on specific technology solutions provided in the case studies will be further considered as part of the EBA work on RegTech ([44]) and also through the implementation of the related recommendations suggested in this report.

([43]) KPMG, Accenture AFI, Fiducia GAD, MLAdvisory.

([44]) For more on the EBA work on FinTech and RegTech see: https://www.eba.europa.eu/financial-innovation-and-fintechc

Interviews

Based on the preliminary analysis of the responses to the questionnaires, the EBA organised a series of focused interviews with national industry trade bodies – mostly those representing mainly SNCI and medium-sized institutions – and their member credit institutions. The focus of the interviews was on the specific challenges SNCI face in the practical application of the EBA supervisory reporting framework and the reporting process in general, as well as their views on the question 'what measure or package of measures could deliver the desired 10-20% reduction of the reporting costs for SNCI?'.

Altogether the EBA has conducted interviews with 11 industry trade bodies ([45]) with the participation of some of their member institutions, central technology providers, where relevant, and national competent authorities. The information from the interviews was primarily used to better understand the responses to the questionnaires and to form the recommendations provided in this report.

Annex 2. Mapping of credit institutions into proportionality categories

Based on information provided by competent authorities, at the reference date for this part of the study ([46]), in the EEA there were a total of 4501 credit institutions (individual level) and 456 groups of institutions and other entities reporting at consolidated level.

Out of the total number of credit institutions at the individual level, SNCI form more than half (62% or 2792 institutions), medium-sized institutions - those that neither meet the CRR criteria for large institutions nor for SNCI - represent 29% of the total population of EEA institutions (1304 entities), whereas large institutions represent only 9% of total number of institutions, or 405 entities (see Figure 36).

([45]) BVR and DSGV (DE), ABI and Federcasse (IT), ABE, CECA and UNACC (ES), Erste and RBG (AT), FBF and OCBF (FR).

([46]) Data mostly at the reference date of Phase 1 data collection (31 December 2018) updated for some Member States based on the latest supervisory information regarding classifications made at national level. The information presented here is a snapshot of the situation for the purposes of the study.

Figure 36: EEA credit institutions by CRR proportionality categories

The distribution of large institutions, medium institutions and SNCI within the EEA, EU and Euro Area is broadly the same, with most of the credit institutions being SNCI. The distribution of entities between the proportionality categories is different at the level of groups of institutions, where groups classified as large represent 39% (179 groups) of the overall number of groups reporting at the consolidated level in the EEA, and groups classified as SNCI only 23% (or 103 groups) (see Figure 37).

Figure 37: Breakdown of EEA credit institutions according to CRR proportionality categories

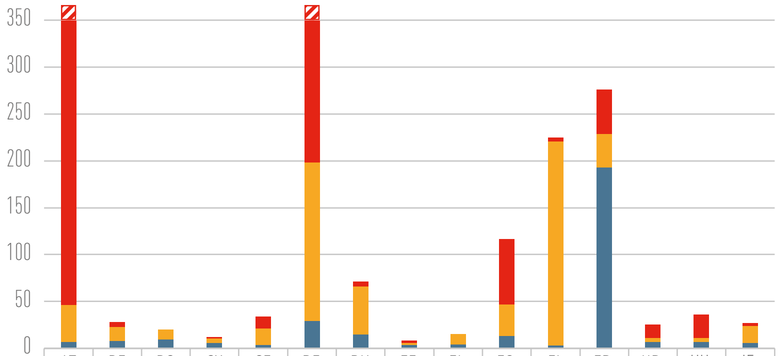
	Credit institutions (individual level)						
	Total	Large		Medium		SNCI	
EEA	4501	405	(9.0%)	1304	(29.0%)	2792	(62.0%)
– European Union	4324	399	(9.2%)	1247	(28.8%)	2678	(61.9%)
i) Euro area	3413	331	(9.7%)	1067	(31.3%)	2015	(59.0%)
ii) Other EU	911	68	(7.5%)	180	(19.8%)	663	(72.8%)
– Other EEA countries	177	6	(3.4%)	57	(32.2%)	114	(64.4%)

	Groups of institutions and similar (consolidated level)						
	Total	Large		Medium		SNCI	
EEA	456	179	(39.3%)	174	(38.2%)	103	(22.6%)
– European Union	430	174	(40.5%)	160	(37.2%)	96	(22.3%)
i) Euro area	343	129	(37.6%)	139	(40.5%)	75	(21.9%)
ii) Other EU	87	45	(51.7%)	21	(24.1%)	21	(24.1%)
– Other EEA countries	26	5	(19.2%)	14	(53.8%)	7	(26.9%)

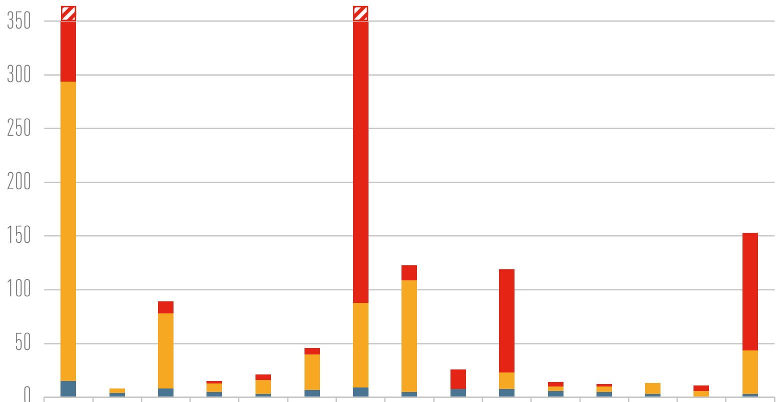
Notes: Absolute number and share of institutions/consolidating entities in the country (group) in question

In terms of the distribution of the number of credit institutions (individual level) by size per country, the highest number of SNCI can be found in Germany (1270 entities representing 87% of the entities reporting at individual level), Austria (469 entities, 91%), and Poland (492 entities, 85%), whereas France has the highest number of large institutions (193 entities representing 70% of the entities reporting at individual level) followed by Germany (29 entities, 2%) (see Figure 38 and Figure 39).

Figure 38: Number of credit institutions per geographical area and CRR proportionality category (absolute number of entities reporting at individual level, country allocation based on jurisdiction of incorporation)

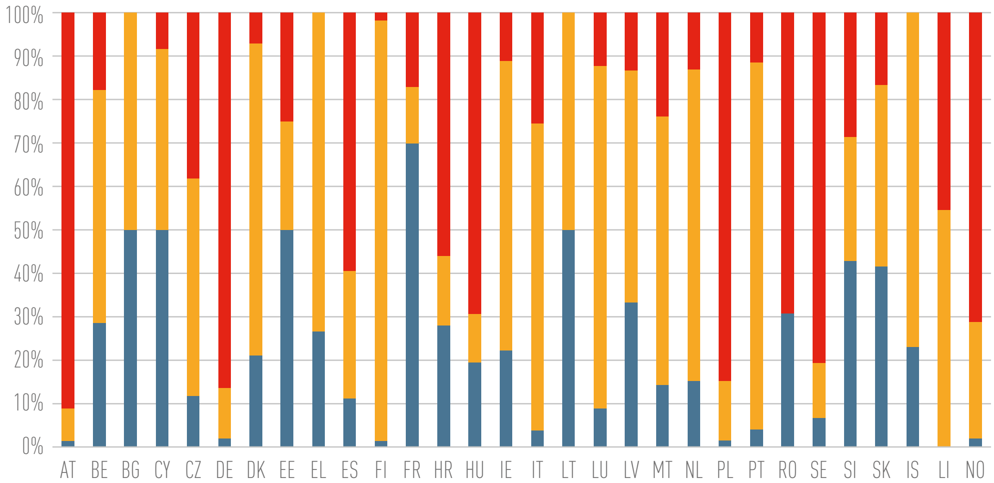


	AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	FI	FR	HR	HU	IE
Small and non-complex	469	5	0	1	13	1270	5	2	0	69	4	47	14	25	3
Medium	39	15	10	5	17	169	51	2	11	34	218	39	4	4	18
Large	7	8	10	6	4	29	15	4	4	13	3	193	7	7	6



	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	IS	LI	NO
Small and non-complex	101	0	11	2	5	6	492	14	18	96	4	2	0	5	109
Medium	279	4	70	8	13	33	79	104	0	15	4	5	10	6	41
Large	15	4	8	5	3	7	9	5	8	8	6	5	3	0	3

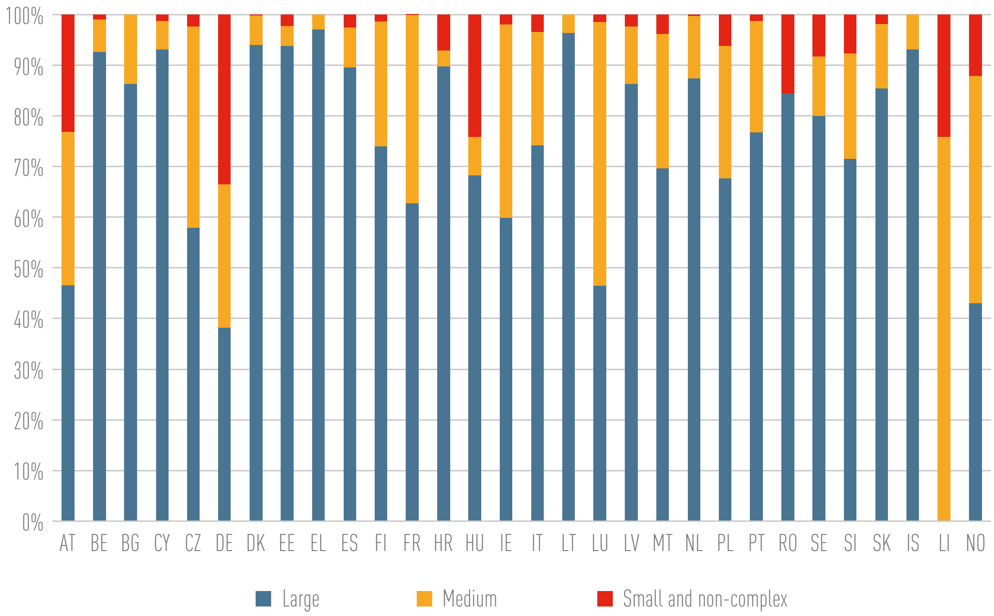
Figure 39: Share of credit institutions of the different CRR proportionality categories by geographical area (share of all entities reporting at individual level, country allocation based on jurisdiction of incorporation)



In terms of the distribution of credit institutions (individual level) within the EEA by total assets, the 4501 credit institutions had approximately EUR 18 903 billion of total assets. 68.7% or EUR 12 989 billion were attributed to the entities classified as 'large'. The combined total assets of the 2792 SNCI represented only EUR 2 087 billion or 11% of the total assets held by the credit institutions in the EEA. This means that the 62% of all credit institutions by number only account for 11% of the total assets in the EEA.

The share of total assets held by SNCI differs significantly per country, ranging from 33% (EUR 1 548 billion) in Germany to 0.04% (EUR 0.4 billion) in Denmark (see Figure 40).

Figure 40: Share of total assets of credit institutions of the different CRR proportionality categories by geographical area (share of total assets of entities reporting at individual level of the same country, country allocation based on jurisdiction of incorporation)



Annex 3. Estimation of reporting costs across the EEA – methodology and results

The EBA is mandated in accordance with Article 430(8) of the CRR to measure the costs that institutions incur when complying with supervisory reporting requirements, and in particular with those set out in the EBA's ITS on Supervisory Reporting.

The objective of this Annex is to provide a high-level view of the reporting costs and isolate from these the costs of compliance with supervisory reporting requirements stemming from EU financial regulation (EBA supervisory reporting). The data on reporting costs were obtained from a voluntary quantitative questionnaire, in which the EBA asked institutions to provide estimates of costs related to compliance and reporting, as well as additional breakdowns of these costs.

This Annex describes the methodology used to estimate the costs of reporting though extrapolation to the entire EU banking sector.

Assumptions and caveats

At the foundation of this methodology is the assumption that the share of reporting costs is similar across a homogeneous group of institutions, defined in terms of size, business model and country. The reason is that reporting costs are often dependent on size, as they can reflect economies of scale. They also depend on the business model, reflecting specific activities and requirements connected to it, as well as the complexity of business model. Finally, reporting costs may be connected to the country, as they also feature national specificities related to local supervision and reporting. These three dimensions are available to us in the data collected in Phase 1 of the Cost of Compliance project.[47]

The analysis is based on the responses of 251 banks provided in a voluntary questionnaire. The participation was lower than expected and, as a result, not all business models and countries were sufficiently represented.

The final estimates of costs for EEA institutions should be interpreted as a conservative estimate of these costs, due to the following reasons:

- due to the voluntary nature of the questionnaire, credit institutions with higher compliance and reporting costs are more likely to spend time and resources to fill it in and therefore the reporting costs may be overestimated. Any overestimation in the sample is significantly magnified on extrapolation to a large number of institutions;
- the extrapolations of costs were made assuming that each credit institution has provided estimates for the costs incurred only by itself as a legal entity, and did not include in its estimates the costs incurred by any other legal entities in its supervisory consolidation scope. The final costs are calculated by summing up all the costs of all credit institutions both at solo and consolidated levels. However, in cases where credit institutions were to report data both for themselves and other entities in the same group, the extrapolation results would lead to overestimating the costs for the reporting credit institutions, for double-counting and therefore overestimation of the costs;[48]
- entities that are waived from reporting requirements were included in the extrapolation. Although they do not need to report, they still need to contribute to the consolidated reporting requirements and have to incur costs. Since these costs are not known, it was assumed they are the same as for the other entities.

The sample of institutions

The sample of institutions that participated in Phase 2 of the project were matched with the Phase 1 full population data collection. The intersection represents the sample for which data on size, business model and country are available, as well data on the costs of compliance and reporting. The sample includes 251 institutions[49]. The distribution of institutions across size, countries and business models is shown below.

(47) Other dimensions that may have an impact on the costs of compliance and reporting are the type of reporting model the banks choose. For example, some banks have in-house reporting, others defer to external service providers, while others have essential service providers owned by and servicing a network of institutions. The approach taken has implications on the costs as it determines whether the costs are in the form of IT internal costs, licence fees for a software, fees for reporting services, or regular payments to the essential service provider. Due to a lack of consistent data, this information could not be considered.

(48) One exception is the Austrian Association of Savings Banks that explicitly highlighted that the costs include the costs for all the banks in its group, and this has been taken into account for extrapolation.

(49) Following the data quality checks all banks with reporting costs equal or higher than compliance costs were excluded, because the reporting costs are part of the compliance costs and they cannot be higher, and because it is unrealistic that all of a bank's compliance costs derive exclusively from reporting.

In terms of business models (Figure 41), [50] out of 251 institutions, more than half (152) are co-operative banks, followed by local universal banks (36) and savings banks (21). While public development banks are not present in the sample, for other groups, the number of institutions in the sample represents between 1.1% and 10.3% of the total population of those institutions in the EEA. Three business models have less than three institutions in the sample - corporate-oriented, mortgage banks, and pass-through banks.

In terms of countries (Figure 42), out of 251 institutions in the sample, 106 are from Germany (of which, 95 co-operatives), followed by Italy (53) and Spain (37). Nine out of 19 countries participating in the questionnaire have less than three institutions reporting data.

Figure 41: Number of institutions in the sample, by size and business model

Business model	Large	Medium	Small and non-complex	Total
Cross-border universal	6	1	1	9
Local universal	22	7	7	36
Consumer/ auto		2	1	3
Cooperative	2	13	137	152
Mortgage	1	1		2
Savings	2	8	11	21
Corporate-oriented	2			2
Private		6	4	10
Custodian	1	3		4
Pass-through	1	1		2
Other	2	7	2	11
Total	39	49	163	251

Note: The definition of business models is based on the business classification established in Cernov and Urbano (2018), 'Identification of EU business models', EBA Staff Paper Series No 2.

Figure 42: Number of institutions in the sample, by size and country

Country	Large	Medium	Small and non-complex	Total
AT	1	1		2
BE	2	1		3
DE	3	5	98	106
DK	4	4		8
ES	5	15	17	37
FR	1			1
HU	1		1	2
IE	2	1		3
IT	7	10	36	53
LI		1		1
LT	1			1
LU	3	6		9
LV			1	1
MT	1	2		3
NL	1	1		2
NO		1	3	4
PL	1			1
PT		1		1
RO	5		7	12
SK	1			1
Total	39	49	163	251

Extrapolation methodology

The institutions in the dataset containing the full population of EEA institutions were grouped by size, business model and country, and the cost ratios calculated for the sample of institutions were assigned to the same group. The cost ratios were based on the costs reported by the institutions in the sample for the years 2018, 2019 and 2020. The median and average of the cost ratios in the sample were then extrapolated to the full population of banks.

Both medians and averages are used for extrapolation. The median represents a better estimate of the overall costs, as it shows the costs of a typical bank. In contrast, the average is usually influenced by outliers - banks in the sample with particularly high costs, which are very likely to be overrepresented in our small sample. Therefore, when extrapolating averages, the estimates are likely to be significantly more overestimated. For transparency reasons, we present the extrapolation results in terms of both medians and averages.

[50] The definition of business models is based on the business classification established in Cernov and Urbano (2018), 'Identification of EU business models', EBA Staff Paper Series No 2.

Additional restrictions were specified to account for insufficient observations in the sample and for a high concentration of observations in one country or one business model.

- Insufficient observations: each group should have at least three institutions in order to calculate and extrapolate the cost ratios to the full banking population;
- High concentration: each group should have a sample of institutions that is sufficiently diversified across business models and countries in order to calculate and extrapolate the cost ratios to the full banking population. The maximum concentration was set at 60%.

To apply the sample cost ratio medians or averages to the full population of institutions for a group defined by size, business model and country, the groups had to fulfil two conditions: have at least three institutions and not to be too concentrated in one single business model or one single country. For the groups where these conditions were not fulfilled, no cost ratio was assigned to the institutions in the full population dataset, instead the average was calculated based on two dimensions: size and business model, and the median or average cost ratio was assigned to the institutions applying the same constraining rules. In a similar manner, if the rules were not fulfilled in groups defined by size and business model, the cost ratios were calculated and extrapolated using only size, median or average. Finally, if insufficient data or high concentrations were present also at the size level, the full sample median or average is assigned to the remaining institutions.

The final costs in EUR were computed by multiplying the extrapolated cost ratios by the denominator used in the calculation, which was either total assets, or another estimated cost. For example:

> ***Estimated compliance costs*** = *<u>Extrapolated</u> ratio of compliance costs over total assets x reported total assets*
>
> ***Estimated reporting costs*** = *<u>Extrapolated</u> ratio of reporting costs over compliance costs x **estimated compliance costs***

The total costs at the EEA level were computed by adding up these estimated costs across the entire population of EEA credit institutions. Both solo and consolidated entities were included in the sum, including subsidiaries and their parents. The summation of both solo and consolidated levels, although not normally practiced in the context of supervisory requirements, makes sense in the context of reporting costs, as each individual entity incurs its own reporting costs, which do not compensate at consolidated level but add up at the level of the group.

Sample cost ratios

The sample of institutions was used to calculate cost ratios relative to total assets, averaged over the years 2018-2020 and across groups of institutions defined by size, business model and country. The cost ratios are defined in Figure 43.

Figure 43: Cost ratios used for extrapolation, description

Cost ratio	Description	Extrapolation	
		Sample used	Dimensions
Overall cost of compliance with regulatory requirements/ total assets	The cost of complying with the regulatory requirements in particular, but not exclusively, of the CRR, CRD and BRRD. To the extent they also lead to reporting costs, the cost of compliance with other requirements (such as, accounting requirements3), should also be included.	251	Ratio extrapolated to institutions with similar size, business model and country, where conditions apply*
Total reporting cost/ compliance costs	Comprise, in accordance with the definition provided in Article 430(8) CRR, all expenditure related to the implementation (→ implementation cost) and operation on an ongoing basis (→ ongoing cost) of the reporting systems, including expenditure on staff, IT systems, legal, accounting, auditing and consultancy services.	251	Ratio extrapolated to institutions with similar size, business model and country, where conditions apply*
EBA supervisory reporting framework/reporting costs	EBA supervisory reporting framework means all supervisory reporting requirements specified by the EBA, including the ITS on Supervisory Reporting, the ITS on Supervisory Benchmarking and the Guideline on Funding plans. This excludes resolution reporting.	145*	Ratios extrapolated to institutions with similar size
Ongoing costs/EBA supervisory reporting Implementation costs/EBA supervisory reporting	Ongoing costs refer to costs connected to the maintenance and operation on an ongoing basis of the reporting systems. Implementation costs refer to costs connected to the set up and implementation of reporting systems.	145*	Ratio extrapolated to institutions with similar size
Ad hoc requests from CAs and RAs/reporting costs	Ad hoc requests from CAs and RA authorities mean any non-regular/non-standardised request from supervisory or resolution authorities.	145*	Ratios extrapolated to institutions with similar size

Note: Conditions related to sufficient data (at least three institutions) and concentration (maximum 60% concentration in one dimension). *The ratios related to the breakdown of reporting costs were calculated on a reduced sample, due to the additional necessary data quality checks required to be able to use the more granular data. Due to this scarcity of data, the extrapolation of these ratios was done across one single dimension, size.

Figure 44: Compliance costs in percent of total assets for the sample of institutions (average across 2018-2020)

	Number of banks	Average	Median	Min	Max
SNCI	163	1.03%	0.07%	0.00%	37.15%
Medium	49	0.56%	0.04%	0.01%	19.98%
Large	39	0.04%	0.03%	0.01%	0.22%
All institutions	251	0.79%	0.05%	0.00%	37.15%

Figure 45: Reporting costs in percent of the compliance costs for the sample of institutions (average across 2018-2020)

	Number of banks	Average	Median	Min	Max
SNCI	163	60.6%	71.3%	7.8%	99.1%
Medium	49	58.5%	59.7%	8.8%	99.1%
Large	39	48.4%	49.0%	0.0%	93.3%
All institutions	251	58.6%	59.7%	0.0%	99.1%

The values of the above mentioned ratios, based on the 251 in the sample, as well as on the reduced sample of 145 banks, is presented in Figure 44 to Figure 49 below.

Figure 46: EBA supervisory reporting costs in percent of the total reporting costs for the reduced sample of institutions (average across 2018-2020)

	Number of banks	Average	Median	Min	Max
SNCI	91	61.81%	64.84%	5.40%	89.55%
Medium	28	48.87%	50.71%	7.92%	78.44%
Large	26	45.35%	39.13%	17.29%	100.00%
All institutions	145	56.51%	61.03%	5.40%	100.00%

Figure 47: Implementation costs in percent of the EBA supervisory reporting costs for the reduced sample of institutions (average across 2018-2020)

	Number of banks	Average	Median
SNCI	91	24.7%	19.4%
Medium	28	33.7%	30.0%
Large	26	36.3%	35.3%
All institutions	145	28.4%	21.8%

Figure 48: Ongoing costs in percent of the EBA supervisory reporting costs for the reduced sample of institutions (average across 2018-2020)

	Number of banks	Average	Median
SNCI	91	74.7%	80.6%
Medium	28	68.9%	74.7%
Large	26	63.7%	64.7%
All institutions	145	71.7%	78.4%

Figure 49: Costs related to ad hoc requests in percent of the Total reporting costs for the reduced sample of institutions (average across 2018-2020)

	Number of banks	Average	Median	Min	Max
SNCI	91	2.92%	0.63%	0.00%	29.35%
Medium	28	5.39%	2.33%	0.00%	35.22%
Large	26	6.97%	5.00%	0.37%	23.80%
All institutions	145	4.06%	1.86%	0.00%	35.22%

Extrapolation results

Figure 50: Estimates of annual total compliance costs for the entire EEA banking population

	Number of banks	Estimate based on median values obtained from the survey		Estimate based on average values obtained from the survey	
		Total (EUR billion)	Per institution (EUR)	Total (EUR billion)	Per institution (EUR)
SNCI	2,857	7.0	2,443,353	14.8	5,167,577
Medium	1,444	4.1	2,845,183	31.9	22,098,027
Large	386	13.1	33,958,136	19.6	50,807,833
All institutions	4,687	24.2	5,162,565	66.3	14,142,339

Note: The estimates are calculated using the extrapolation of ratios of costs reported for the years 2018-2020 from a sample of 251 institutions to 4687 institutions (both at individual and consolidated level).

Figure 51: Estimates of annual total reporting costs for the entire EEA banking population

	Number of banks	Estimate based on median values obtained from the survey		Estimate based on average values obtained from the survey	
		Total (EUR billion)	Per institution (EUR)	Total (EUR billion)	Per institution (EUR)
SNCI	2,857	1.9	659,590	9.4	3,287,184
Medium	1,444	3.0	2,046,040	21.4	14,824,758
Large	386	6.4	16,525,642	7.1	18,485,060
All institutions	4,687	11.2	2,393,392	37.9	8,093,379

Note: The estimates are calculated using extrapolation of ratios of costs reported for the years 2018-2020 from a sample of 251 institutions to 4687 institutions (both at individual and consolidated level).

Figure 52: Estimates of annual total reporting costs related to EBA supervisory reporting (both ongoing and implementation costs) for the entire EEA banking population

	Number of banks	Estimate based on median values obtained from the survey		Estimate based on average values obtained from the survey	
		Total (EUR billion)	Per institution (EUR)	Total (EUR billion)	Per institution (EUR)
SNCI	2,857	0.3	100,694	1.4	501,825
Medium	1,444	0.5	337,393	3.5	2,444,608
Large	386	1.1	2,724,192	1.2	3,047,195
All institutions	4,687	1.8	389,677	6.1	1,309,995

Note: The estimates are calculated using extrapolation of ratios of costs reported for the years 2018-2020 from a sample of 251 institutions to 4687 institutions (both at individual and consolidated level).

Comparison with previous studies

In 2019, the European Commission conducted a comprehensive study to assess the costs of compliance for the financial sector, including banks [51] As part of the study they used the results from a survey and extrapolated it to the financial service providers in the 11 EU Member States. The survey included 52 banks and financial conglomerates. The definitions used by this study differ from the ones in the current analysis, and only cost of compliance can be directly compared. In this study, the total compliance costs (both ongoing and one-off, not adjusted for business-as-usual costs) for banks and financial conglomerates in the 11 Member States are estimated at EUR 13.8 billion based on the median compliance costs and this amount doubles to EUR 39.6 billion when the compliance costs are based on the mean values derived from the survey costs. The figures are smaller, which may be explained by the smaller scope of the banking population covered in the study, while the EBA study covers the entire EEA (except UK). [52]

[51] https://op.europa.eu/en/publication-detail/-/publication/4b62e682-4e0f-11ea-aece-01aa75ed71a1

[52] In the 2019 study it is mentioned that the costs were extrapolated to all the financial service providers that are listed in the supervisory registers primarily engaged in financial and insurance activities. It is not specified however whether the final extrapolation estimated/included entities both at solo and consolidated level or only at highest level of consolidation at MS level.

Figure 53: Comparison of extrapolation estimates (based on median values)

	COM/CEPS Study (2019)	EBA study
Scope	11 Member States Banks and financial conglomerates	All EEA banks (except UK) All CRD credit institutions and banking groups, including those waived from reporting requirements
Total compliance costs	EUR 13.8 bn	EUR 24.4 bn
Total one-off (implementations) compliance costs	EUR 9.6 bn	Breakdown not available
Total ongoing compliance costs	EUR 4.3 bn	Breakdown not available
Compliance costs as a share of total operating costs	3.83% (1)	1.4%
(EBA) Supervisory reporting costs as a share of total operating costs	1.41% (2)	1%

Note: (1) For a sample of 102 financial services providers, (2) For a sample of 62 financial services providers

In another study of the Bank of England, the Future of Finance review (June 2019)[53], it was estimated that the regulatory reporting costs for banks are £2-4.5 billion per year, which is approximately EUR 11-25 million per bank, compared to EUR 2.4 million of annual total reporting costs (which includes EBA supervisory reporting and all other reporting requirements, on resolution, statistics, ad hoc requests etc., both ongoing and implementation) per institution estimated in this analysis (based on median values). The UK study is based on 202 banks using the 30 June 2019 GBP/EUR exchange rate. However, no other details are known for this analysis.

(53) See https://www.bankofengland.co.uk/research/future-finance

Annex 4. Full ranking of cost drivers[54]

Rank	Large institutions		Medium institutions		SNCI	
	Share	Factor	Share	Factor	Share	Factor
(1)	89.0%	Scope of the reporting requirements of the EBA ITS on SupRep	89.0%	Complexity of the underlying regulatory requirements	92.6%	Complexity of the underlying regulatory requirements
(2)	89.0%	Scope/content of changes to the (EBA) reporting framework	89.0%	Internal transformations/calculations for compliance with regulatory requirements	92.2%	Scope of supervisory reporting requirements (general)
(3)	87.7%	Complexity of the underlying regulatory requirements	89.0%	Implementation time in the case of major changes to the reporting framework	91.5%	Scope of the reporting requirements of the EBA ITS on SupRep
(4)	87.7%	Implementation time in the case of major changes to the reporting framework	86.3%	Internal preparation and data extraction	89.1%	Complexity of the reporting require-ments of the EBA ITS on SupRep
(5)	87.5%	Internal preparation and data extraction	86.3%	Internal transformations/calculations for compliance with reporting requirements	87.2%	Complexity of supervisory re-porting requirements (general)
(6)	86.1%	Existence of multiple data requests from different bodies	84.9%	Scope of the reporting requirements of the EBA ITS on SupRep	87.0%	Implementation time in the case of major changes to the reporting framework
(7)	83.6%	Scope of supervisory reporting requirements (general)	84.7%	Frequency of changes to the (EBA) reporting framework	85.1%	Internal transformations/calculations for compliance with regulatory requirements
(8)	83.6%	Internal transformations/calculations for compliance with regulatory requirements	82.2%	Scope of supervisory reporting requirements (general)	85.1%	Internal transformations/calculations for compliance with reporting requirements
(9)	82.2%	Complexity of the reporting require-ments of the EBA ITS on SupRep	80.8%	Complexity of the reporting require-ments of the EBA ITS on SupRep	84.7%	Internal preparation and data extraction
(10)	82.2%	Internal transformations/calculations for compliance with reporting requirements	79.7%	Coexistence of different data models for different reporting requirements	84.5%	Scope/content of changes to the (EBA) reporting framework
(11)	80.8%	Complexity of supervisory reporting requirements (general)	79.5%	Complexity of supervisory reporting requirements (general)	82.2%	Frequency of changes to the (EBA) reporting framework
(12)	78.1%	Frequency of changes to the (EBA) reporting framework	79.2%	Scope/content of changes to the (EBA) reporting framework	79.8%	Reconciling concepts/information (inside the EBA supervisory reporting framework)
(13)	75.3%	Complexity, (lack of) clarity of 'ad hoc reporting requests' from authorities	77.8%	Existence of multiple data requests from different bodies	79.0%	(EBA) validation rules
(14)	70.0%	Reconciling concepts/information (between EBA reporting framework and other frameworks)	72.6%	Reporting frequency for reporting requirements defined in the EBA ITS on SupRep	76.8%	Existence of multiple data requests from different bodies
(15)	69.2%	Coexistence of different data models for different reporting requirements	70.0%	Reconciling concepts/information (inside the EBA supervisory reporting framework)	75.7%	(EBA) data point model
(16)	68.6%	Reconciling concepts/information (inside the EBA supervisory reporting framework)	69.9%	Clarity (or lack of clarity) of the supervisory reporting requirements (general)	75.5%	(EBA) XBRL taxonomy
(17)	68.5%	Central/external service providers' responsiveness to changes	69.9%	Complexity, (lack of) clarity of 'ad hoc reporting requests' from authorities	74.4%	Clarity (or lack of clarity) of the super-visory reporting requirements (general)
(18)	68.1%	'Overlaps' between standardised/regular reporting requirements and 'ad hoc requests'	69.9%	Submission deadlines and time available to prepare submissions	73.6%	Clarity (or lack of clarity) of the reporting requirements of the EBA ITS on SupRep
(19)	67.6%	Accommodating different change cycles/ timelines defined by different bodies	68.6%	Implementation time in the case of thresholds being triggered	73.6%	Reporting frequency for supervisory reporting obligations (general)
(20)	67.1%	Clarity (or lack of clarity) of the supervisory reporting requirements (general)	67.1%	Reconciling concepts/information (between EBA reporting framework and other frameworks)	73.3%	Reconciling concepts/information (between EBA reporting framework and other frameworks)
(21)	67.1%	Reporting frequency for supervisory reporting obligations (general)	67.1%	Clarity (or lack of clarity) of the repor-ting requirements of the EBA ITS on SupRep	73.1%	Implementation time in the case of thresholds being triggered
(22)	65.8%	Clarity (or lack of clarity) of the repor-ting requirements of the EBA ITS on SupRep	67.1%	Reporting frequency for supervisory reporting obligations (general)	71.7%	Submission deadlines and time available to prepare submissions

[54] Share = Share of respondents classifying the factor as having a 'high' or 'medium-high' contribution to the reporting cost; EBA ITS on SupRep = EBA ITS on Supervisory Reporting.

Rank	Large institutions		Medium institutions		SNCI	
	Share	Factor	Share	Factor	Share	Factor
(23)	63.0%	Preparation of (technical) exchange formats and submission of data	65.6%	Coexistence of different technical formats for different reporting requirements	71.3%	Reporting frequency for reporting requirements defined in the EBA ITS on SupRep
(24)	61.6%	Reporting frequency for reporting requirements defined in the EBA ITS on SupRep	64.1%	Central/external service providers' responsiveness to changes	71.3%	'Overlaps' between standardised/regular reporting requirements and 'ad hoc requests'
(25)	61.1%	Availability of centralised/external services for compliance with reporting requirements	63.6%	(EBA) validation rules	70.9%	Complexity, (lack of) clarity of 'ad hoc reporting requests' from authorities
(26)	60.3%	(EBA) data point model	62.5%	(EBA) data point model	64.9%	Coexistence of different data models for different reporting requirements
(27)	60.3%	Submission deadlines and time available to prepare submissions	61.5%	Employing central/external service providers and using centralised/external services	63.9%	Preparation of (technical) exchange formats and submission of data
(28)	57.6%	Coexistence of different technical formats for different reporting requirements	61.4%	Accommodating different change cycles/ timelines defined by different bodies	62.5%	Accommodating different change cycles/ timelines defined by different bodies
(29)	56.6%	Employing central/external service providers and using centralised/external services	61.1%	'Overlaps' between standardised/regular reporting requirements and 'ad hoc requests'	62.2%	Different reporting frequencies/submission dates between different reporting frameworks or different parts of the same framework
(30)	56.5%	(EBA) validation rules	58.7%	(EBA) XBRL taxonomy	58.7%	Monitoring of thresholds/trigger criteria
(31)	52.3%	(EBA) XBRL taxonomy	58.7%	Availability of centralised/external services for compliance with reporting requirements	57.0%	Coexistence of different technical formats for different reporting requirements
(32)	49.3%	Implementation time in the case of thresholds being triggered	55.6%	Preparation of (technical) exchange formats and submission of data	55.3%	Central/external service providers' responsiveness to changes
(33)	46.6%	Interaction with data recipient after submission and resubmissions	48.6%	Different reporting frequencies/submission dates between different reporting frameworks or different parts of the same framework	51.7%	Necessity to interact with multiple data recipients for one and the same or different reports
(34)	44.9%	Necessity to interact with multiple data recipients for one and the same or different reports	47.8%	Necessity to interact with multiple data recipients for one and the same or different reports	51.6%	Implementation time in the case of minor changes to the reporting framework
(35)	37.5%	Different reporting frequencies/submission dates between different reporting frameworks or different parts of the same framework	46.6%	Interaction with data recipient after submission and resubmissions	45.5%	Interaction with data recipient after submission and resubmissions
(36)	32.9%	Implementation time in the case of minor changes to the reporting framework	45.2%	Monitoring of thresholds/trigger criteria	40.2%	Employing central/external service providers and using centralised/external services
(37)	31.9%	Monitoring of thresholds/trigger criteria	41.1%	Implementation time in the case of minor changes to the reporting framework	35.8%	Availability of centralised/external services for compliance with reporting requirements

Annex 5. Full ranking of reporting obligations[55]

Rank	Large institutions		Medium institutions		SNCI	
	Share	Factor	Share	Factor	Share	Factor
(1)	92.9%	Additional information on NPEs: flows (F 24)	87.8%	Credit risk: SA (C 07)	86.7%	LCR (C 72 to C 77)
(2)	82.6%	NPE and forbearance: overview (F 18.00, F 19.00)	85.1%	ALMM: maturity ladder (C 66)	86.3%	ALMM: maturity ladder (C 66)
(3)	81.0%	Collateral obtained (F 25)	80.0%	Credit risk: IRB (C 08, C 10)	82.7%	Credit risk: SA (C 07)
(4)	81.0%	Forbearance management (F 26)	78.4%	LCR (C 72 to C 77)	80.0%	NPE and forbearance: overview (F 18.00, F 19.00)
(5)	80.0%	Credit risk: IRB (C 08, C 10)	75.3%	ALMM: roll-over of funding (C 70)	77.1%	ALMM: counterbalancing capacity (C 71)
(6)	80.0%	LCR (C 72 to C 77)	75.0%	Credit risk: securitisations (C 12, C 13, C 14)	76.5%	Balance sheet and comprehensive income (F 01: F 03)
(7)	78.6%	ALMM: maturity ladder (C 66)	75.0%	NPE and forbearance: overview (F 18.00, F 19.00)	74.0%	Asset encumbrance: overview (F 32)
(8)	76.7%	Additional information on NPEs: stocks (F 23)	74.3%	Additional information on NPEs: flows (F 24)	73.9%	Large exposures: limits, counterparties, large exposures (C 26: C 29)
(9)	75.7%	Provisioning (F 12, F 43)	74.3%	Additional information on NPEs: stocks (F 23)	73.8%	COVID-19 reporting: moratoria, public guarantees (core data) (F 90.01, F 91.01, F 91.05)
(10)	74.3%	ALMM: roll-over of funding (C 70)	72.5%	Credit risk: geographical breakdown (C 09)	73.7%	NSFR (pre-CRR2) (C 60, C 61)
(11)	74.2%	COVID-19 reporting: moratoria, public guarantees (other data) (F 90.02, F 90.03, F 91.02: F 91.04)	69.1%	COVID-19 reporting: moratoria, public guarantees (core data) (F 90.01, F 91.01, F 91.05)	73.1%	COVID-19 reporting: moratoria, public guarantees (other data) (F 90.02, F 90.03, F 91.02: F 91.04)
(12)	73.8%	COVID-19 reporting: supplementary data (F 92, F 93)	68.6%	COVID-19 reporting: moratoria, public guarantees (other data) (F 90.02, F 90.03, F 91.02: F 91.04)	72.1%	Asset breakdowns (F 04: F 07)
(13)	72.5%	Large exposures: limits, counterparties, large exposures (C 26: C 29)	68.5%	Asset breakdowns (F 04: F 07)	70.9%	ALMM: concentration of funding (C 67, C 68)
(14)	71.6%	COVID-19 reporting: moratoria, public guarantees (core data) (F 90.01, F 91.01, F 91.05)	68.5%	Large exposures: limits, counterparties, large exposures (C 26: C 29)	69.7%	COVID-19 reporting: supplementary data (F 92, F 93)
(15)	71.0%	ALMM: prices for funding (C 69)	67.6%	Provisioning (F 12, F 43)	68.1%	Capital adequacy (C 01 TO C 05)
(16)	70.6%	Credit risk: geographical breakdown (C 09)	67.6%	ALMM: prices for funding (C 69)	68.0%	Group solvency (C 06)
(17)	70.0%	Collateral and guarantees received (F 13)	66.2%	ALMM: counterbalancing capacity (C 71)	67.4%	Collateral and guarantees received (F 13)
(18)	69.4%	Geographical breakdowns (F 20)	65.5%	Forbearance management (F 26)	64.1%	Loan commitments etc. (F 09)
(19)	69.0%	Asset breakdowns (F 04: F 07)	64.3%	Collateral and guarantees received (F 13)	63.2%	P&L details (F 16, F 45)
(20)	68.6%	Credit risk: SA (C 07)	63.0%	NSFR (pre-CRR2) (C 60, C 61)	62.8%	Asset encumbrance: details, advanced data (F 33, F 34, F 36)
(21)	68.6%	NSFR (pre-CRR2) (C 60, C 61)	60.6%	Collateral obtained (F 25)	62.2%	Geographical breakdowns (F 20)
(22)	65.7%	Capital adequacy (C 01 to C 05)	59.6%	COVID-19 reporting: supplementary data (F 92, F 93)	62.2%	ALMM: roll-over of funding (C 70)
(23)	65.1%	Asset encumbrance: details, advanced data (F 33, F 34, F 36)	59.5%	ALMM: Concentration of funding (C 67, C 68)	61.6%	ALMM: prices for funding (C 69)
(24)	61.7%	Credit risk: securitisations (C 12, C 13, C 14)	58.1%	Asset encumbrance: details, advanced data (F 33, F 34, F 36)	61.5%	Credit risk: IRB (C 08, C 10)
(25)	60.0%	ALMM: concentration of funding (C 67, C 68)	57.4%	Geographical breakdowns (F 20)	59.3%	Additional information on NPEs: flows (F 24)

[55] Share = Share of respondents that classify the template or group of templates as associated with high or medium-high reporting cost; EBA ITS on SupRep = EBA ITS on Supervisory Reporting.

Rank	Large institutions		Medium institutions		SNCI	
	Share	Factor	Share	Factor	Share	Factor
(26)	59.7%	Leverage ratio: additional breakdowns (C 41: C 43)	55.6%	Fair valued items (F 14, F 41)	59.0%	Large exposures: maturity buckets (C 30, C 31)
(27)	58.6%	Loan commitments etc. (F 09)	55.4%	Asset encumbrance: overview (F 32)	58.9%	Additional information on NPEs: stocks (F 23)
(28)	58.6%	ALMM: counterbalancing capacity (C 71)	55.0%	Group solvency (C 06)	55.4%	Collateral obtained (F 25)
(29)	58.2%	Large exposures: maturity buckets (C 30, C 31)	54.7%	Large exposures: maturity buckets (C 30, C 31)	54.7%	Credit risk: geographical breakdown (C 09)
(30)	56.7%	Related parties (F 31)	54.1%	Capital adequacy (C 01 to C 05)	52.1%	Forbearance management (F 26)
(31)	56.7%	Asset encumbrance: covered bonds (F 35)	53.8%	Asset encumbrance: covered bonds (F 35)	52.0%	Leverage ratio: general information, core data for calculations (C 40, C 44, C 47)
(32)	56.5%	Asset encumbrance: overview (F 32)	52.8%	P&L details (F 16, F 45)	51.5%	Liability breakdowns (F 08)
(33)	56.5%	Derivatives and hedge accounting (F 10, F 11)	52.1%	Leverage ratio: additional breakdowns (C 41: C 43)	50.9%	Related parties (F 31)
(34)	56.3%	Group solvency (C 06)	50.0%	Losses from immovable property (C 15)	49.6%	Leverage ratio: additional breakdowns (C 41: C 43)
(35)	55.1%	Leverage ratio: general information, core data for calculations (C 40, C 44, C 47)	50.0%	Market risk: SA (C 18: C 23)	49.5%	Losses from immovable property (C 15)
(36)	54.4%	Exposures to General Governments (C 33.00)	47.5%	Derivatives and hedge accounting (F 10, F 11)	49.2%	Statement of changes in equity (F 46)
(37)	53.1%	Prudent valuation: AVAs (C 32.02)	46.7%	Related parties (F 31)	48.2%	Provisioning (F 12, F 43)
(38)	52.4%	Market risk: CVA (C 25)	45.7%	Loan commitments, etc. (F 09)	43.4%	Fair valued items (F 14, F 41)
(39)	52.2%	Market risk: internal models (C 24)	45.3%	Market risk: CVA (C 25)	40.8%	Group structure (F 40)
(40)	50.7%	Fair valued items (F 14, F 41)	43.1%	Balance sheet and comprehensive income (F 01 to F 03)	39.3%	Credit risk: securitisations (C 12, C 13, C 14)
(41)	49.3%	Liability breakdowns (F 08)	42.9%	Market risk: internal models (C 24)	39.3%	Interest in unconsolidated structured entities (F 30)
(42)	48.8%	Prudent valuation: details (C 32.03, C 32.04)	40.0%	Statement of changes in equity (F 46)	35.2%	Exposures to General Governments (C 33.00)
(43)	47.1%	Market risk: SA (C 18: C 23)	38.4%	Liability breakdowns (F 08)	34.1%	Reconciliation between accounting & CRR scope of consolidation (F 17)
(44)	46.9%	Group structure (F 40)	38.2%	Settlement risk (C 11)	33.7%	Derivatives and hedge accounting (F 10, F 11)
(45)	46.0%	Operational risk: loss data (C 17)	36.5%	Leverage ratio: general information, core data for calculations (C 40, C 44, C 47)	31.7%	Asset management (F 22)
(46)	45.5%	Prudent Valuation: fair valued assets and liabilities (C 32.01)	36.4%	Exposures to General Governments (C 33.00)	29.7%	Market risk: internal models (C 24)
(47)	44.4%	Asset management (F 22)	32.7%	Group structure (F 40)	29.5%	Asset encumbrance: covered bonds (F 35)
(48)	42.3%	P&L details (F 16, F 45)	31.4%	Interest in unconsolidated structured entities (F 30)	29.4%	Leasing (F 21, F 42)
(49)	40.6%	Losses from immovable property (C 15)	31.3%	Prudent valuation: details (C 32.03, C 32.04)	28.9%	Market risk: SA (C 18: C 23)
(50)	38.3%	Defined benefit plans and employee benefits (F 44)	30.4%	Asset management (F 22)	27.5%	Operational risk: loss data (C 17)
(51)	37.5%	Interest in unconsolidated structured entities (F 30)	30.0%	Prudent valuation: AVAs (C 32.02)	25.5%	Defined benefit plans and employee benefits (F 44)
(52)	35.5%	Derecognition (F 15)	29.5%	Prudent Valuation: fair valued assets and liabilities (C 32.01)	23.9%	Derecognition (F 15)

Rank	Large institutions		Medium institutions		SNCI	
	Share	Factor	Share	Factor	Share	Factor
(53)	34.8%	Operational risk: own funds requirements (C 16)	29.4%	Reconciliation between accounting & CRR scope of consolidation (F 17)	21.3%	Prudent valuation: details (C 32.03, C 32.04)
(54)	33.8%	Statement of changes in equity (F 46)	27.0%	Operational risk: loss data (C 17)	21.1%	Market risk: CVA (C 25)
(55)	33.8%	Balance sheet and comprehensive income (F 01: F 03)	24.0%	Derecognition (F 15)	17.7%	Operational risk: own funds requirements (C 16)
(56)	28.6%	Reconciliation between accounting & CRR scope of consolidation (F 17)	23.9%	Defined benefit plans and employee benefits (F 44)	14.8%	Settlement risk (C 11)
(57)	25.4%	Leasing (F 21, F 42)	20.9%	Leasing (F 21, F 42)	14.7%	Prudent valuation: AVAs (C 32.02)
(58)	23.9%	Settlement risk (C 11)	11.0%	Operational risk: own funds requirements (C 16)	13.2%	Prudent Valuation: fair valued assets and liabilities (C 32.01)

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EUROPEAN BANKING AUTHORITY

Tour Europlaza, 20 avenue André Prothin, CS 30154
92927 Paris La Défense CEDEX, FRANCE

Tel. +33 186 52 70 00
E-mail: info@eba.europa.eu

https://eba.europa.eu

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