EUROPEAN CENTRAL BANK

EUROSYSTEM

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Item 3.1

Data quality assurance of granular reporting: the ECB approach

Dialogue with the banking industry on ESCB statistics

Frankfurt am Main, 15 March 2019

➢ **Consistency across different reporting frameworks** has to be reasonably ensured to ensure data quality

- **Especially relevant for granular data** for which (other) established aggregated statistics act as benchmarks

- Towards further **integrating** *data*, e.g. supervisory data, **and** *statistical information* rather than continue **applying** *silo approaches*
  → digital transformation

- E.g. supervisory and statistical data **should be reconcilable** in spite of methodological differences

Examples: items compared between FinRep and statistical information to assess Security Holdings Statistics by Banking Group (SHSG)

– Debt Securities/ Equity instruments held for trading

– Holdings of defaulted debt securities (in general & by issuer sector)

– Investments in subsidiaries, joint ventures and associates

→ Significant deviations need to be well understood

• Banks and authorities should aim at *further data integration towards a central granular dataset*

This may prove less costly in the longer-term

Quality assurance at granular level - AnaCredit and SHSG

- Extended SHSG and AnaCredit are new datasets

  - SHSG extended to all SSM supervised Groups – collection started Q3 2018

  - AnaCredit – collection started with reference period Sep-2018

- Validation checks are published on the website

- Data are further verified

  - at granular data level (transparent)

  - at aggregate level in comparison to:

    - Corep/ Finrep (for SHSG)

    - MFI balance sheet items/ MFI interest rates/ Finrep (for AnaCredit; to be implemented)

  - Verification metrics need to accommodate the complexity of the datasets

- The corresponding set of metrics are still under development

  - at the individual reporting agent level for a certain reporting period

  - developments over time

  - comparison across reporting agents in SHSG (e.g. for counterparty risk)

Quality assurance at granular data – first evidence

- **AnaCredit**

  - 9 NCBs (EE, ES, FI, IE, IT, LV, NL, PT, SK) have submitted data from the start
    - Remaining NCBs will submit data by end-March 2019 (taking transitional period)

  - During first collections, data quality checking was mainly focused on
    - Ensuring *completeness* of data submissions (e.g. missing attributes)
    - Addressing with priority failing validation checks with higher severities
    - *Plausibility* assessments on an ad-hoc basis, e.g. to identify extreme values

- **SHSG extended**

  - Detailed checks of *completeness* and formal validity of the data

  - Detailed comparisons with Finrep/ Corep data points and aggregates

  - *Consistency checks* of reported holdings in carrying amounts, nominal and market values

  - *Plausibility* and consistency of risk measures, e.g. between risk & exposure value; probability of default and reported default status

Collaborative approach between the ESCB and banking industry

- **Collaborative approach between the Eurosystem and the banking industry** towards the development of a most relevant set of metrics

- Metrics need to be helpful to foster an integrated data assessment by the *Eurosystem* and the *banking industry*

- A *joint technical workshop* **may be conducted** later in 2019 to present initial ideas (starting with SHSG), to discuss them and to collect feedback from the banking industry

- **Follow-up at the next Dialogue meeting (2020)**

  ➢ State of play presentation on the development of metrics for granular data