Box 3
The launch of money market statistical reporting

High frequency statistical information on money market activity is necessary to ensure a well-informed analysis and monitoring of standard and non-standard monetary policy measures and their implementation. In-depth knowledge of the dynamics of short-term interest rates is a key element for the conduct of monetary policy, affording a better understanding of its transmission mechanism, as well as for financial stability and microprudential supervision. To this end, the ECB and the Eurosystem have identified a pressing need to collect very timely, high frequency and granular money market transactional data, initially from a first wave of the 52 largest credit institutions in the euro area, which are referred to as the money market statistical reporting (MMSR) dataset.

To address this need, the ECB started on 1 July 2016 to collect statistical data on money market transactions, based on Regulation ECB/2014/48 concerning statistics on the money markets.[15] The main purpose of this dataset is to provide the Eurosystem with frequent (daily), accurate, timely (the day after the conclusion of the trade) and comprehensive data on transactions concluded by the reporting credit institutions in the euro money markets, which will allow improved monitoring of the transmission of monetary policy decisions to money markets. It will also provide valuable information on the functioning of the euro money markets, permitting in-depth analysis of developments in short-term interest rates.

This new granular dataset covers four segments of the euro money markets, namely unsecured, secured, foreign exchange swap and overnight index swap (OIS) transactions denominated in euro. The new Regulation requires the daily reporting of transaction-by-transaction information on unsecured and secured lending and borrowing transactions in euro with a maturity of up to one year. All foreign exchange swap transactions with a maturity of up to one year involving euro and all OIS transactions denominated in euro must also be reported. The detailed trade data to be provided include the volume, rate, counterparty type and collateral type, together with the time at which the transaction was conducted.

The reporting population currently comprises a sample of 52 of the largest euro area credit institutions, based on market share in money market segments, which fulfil the criteria defined in Article 2.2 of Regulation ECB/2014/48. The ECB collects data reported by the largest euro area monetary financial institutions (MFIs), based on the size of their total main balance sheet assets in comparison with the total main balance sheet assets of all euro area MFIs. The reporting agents either report to the NCB of the Member State where they are

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[15]   See http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R1333

resident, providing data for all their branches located in EU Member States and EFTA countries, or directly to the ECB. In accordance with Regulation ECB/2014/48, the Governing Council of the ECB may in future expand the number of reporting institutions based on, for example, the significance of an MFI's activities in the money markets and its relevance to the stability and functioning of the financial system.

The data cover transactions concluded by MFIs both with other MFIs and with other types of counterparty. In this regard, the dataset is based on transaction-by-transaction data from reporting agents on transactions conducted with other MFIs, other financial intermediaries, insurance corporations, pension funds, central banks (excluding transactions related to Eurosystem tender operations and standing facilities) and the general government, as well as transactions with non-financial corporations classified as "wholesale" pursuant to the Basel III liquidity coverage ratio framework.

With the launch of MMSR, more than 35,000 transactional records are now received on a daily basis from the 52 reporting credit institutions in the euro area. With a view to limiting the impact of teething problems and ensuring full automation from 1 July 2016, the credit institutions started to send data on 1 April 2016. This three-month interim period was deemed necessary to fine-tune the reporting process before the legal obligation came into force on 1 July.

Taking into account the large data volumes, the daily frequency of the data collection and the timeliness required, a high degree of automation of the data flows between the reporting credit institutions and the Eurosystem has been envisaged. To this end, the Eurosystem based the underlying taxonomy and data transmission format on the ISO 20022 standard. A set of four reporting messages and a status message containing feedback information was approved by the ISO Securities Standards Evaluation Group in January 2016. The messages will be used for both the MMSR in euro and the Sterling Money Market Data collection by the Bank of England.

The ECB will publish aggregated data in the months to come. This could include breakdowns for the various market segments by frequency and concentration of market activity per reporting agent, together with an analysis of changes in volumes and rates over time. It will be the natural successor to similar publications, such as the Money Market Survey which gave an overview of the money market on an annual basis. It will also be used as background data for publications such as the Euro Money Market Study.