

Analytical Credit Dataset— AnaCredit

Quick facts of AnaCredit

- 01** A new dataset with detailed information on individual bank loans (to legal entities) is required in the euro area as of reporting period 30 September 2018
- 02** Uses new data and existing national credit registers to achieve a harmonized database that mainly supports statistical, but also several other, central banking functions
- 03** Will be based on harmonized concepts and definitions and on a complete coverage for (at least) all euro area member states

Background

- Expanding responsibilities and tasks of the ECB: monetary policies, micro-prudential supervision, macro-prudential policies
- A clear trend from reporting aggregated data towards reporting microdata, resulting in higher requirements for data granularity
- A great push for data and reporting processes to become more efficient and harmonized
- Various initiatives are led by ECB to improve the reporting processes

Soaring demand for data & information

ECB's Goal: Integrate and harmonize the data and reports

Proposed new model of reporting

- Banks' Integrated Reporting Dictionary (BIRD)
- European Reporting Framework (ERF)
- Single Data Dictionary (SDD)

AnaCredit
The first big step to fulfill the ambition

Timeline

- 2011** The initiative is taken to develop a harmonized set of granular credit risk data
- 2014** ECB defines preparatory measures which are necessary to establish a long-term framework for the collection of granular credit data
- 2016** The approved regulation of 18 May 2016 contains the final scope and timelines
- 2018** The first monthly and quarterly transmission under AnaCredit shall start with data per reporting date 30 September 2018

Purpose

- Ensure more comparability among banks and reports
- Improve the statistical information basis for the Euro system
- Support monetary and prudential policies with reliable statistical data

Scope



WHO

- Important to state that National Competent Authorities (NCA's) are allowed to make scope changes (!) compared to the AnaCredit regulation
- In scope are all Credit institutions resident in a Euro area member state including any foreign branch controlled by the credit institution
- All branches and subsidiaries which are resident in a Euro area member state, while their Head Office is not, are also included for the AnaCredit data set
- Not included for the AnaCredit data set are subsidiaries of credit institutions who are resident outside a Euro area member state
- NCA's forward the received AnaCredit information to the ECB



WHAT

Instruments

- Loans and deposit are the main credit instruments under the current scope of AnaCredit
- Off balance sheet items mainly refer to "undrawn amounts"
- Where the credit institution acts as a "servicer", certain other off balance sheet items should be reported

Entities

- Only credits extended to legal entities and other entities that are not natural persons are in scope of AnaCredit
- If a product is granted to more debtors, at least one of the debtors needs to be a legal entity

Threshold

- A threshold of a total outstanding amount of €25.000 per debtor
- This threshold also applies to Non-Performing Exposures

Likely additions in the future

Entities

Extension to natural persons including sole proprietors

Products

Extension to derivatives, other accounts receivable and wider off-balance sheet

Aggregation

Extension to consolidated reporting

Observed agents

Extension to non-credit institution engaged in lending

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Challenges

Time constraint

- In about one year credit institutions should be ready to deliver test data
- The first monthly and quarterly transmission shall start with data from 30 September 2018

Organizational and Technical challenges

Challenge 1: Internal organization

- The internal organization should be ready to deliver the required data set. In many cases this will be challenging, since a fully new reporting chain may need to be set up in order to enable monthly (or quarterly) reporting

Challenge 2: Data management

- Not all required data may be available in the current source systems
- In addition data quality may not meet the minimum standard



Challenge 3: Differences between countries

- Some countries already have experience with delivering granular data and others do not. NCAs may differ in requirements and approach per country which makes it difficult for the reporting agents to comply with different standards

Challenge 4: Validation and reconciliation

- AnaCredit has to be reported per legal entity, and not per business unit, thereby differing from internal reporting. Since additionally not all data needs to be reported (no private individuals), reconciliation and validation may be challenging

What are Deloitte's offerings

- Help your bank set up a reporting chain that ensures AnaCredit data can be timely delivered and legal requirements are fulfilled (including the different local deviations that NCA's have adopted)
- Use Deloitte's "BIM for Banking" as accelerator to translate AnaCredit legal requirements into a clear set of meta-data which enforces the use of a common language within the bank and helps source the data
- Implement an adequate control mechanism from source system to the output layer, introducing continuous checks on the data to enable timely identification and resolving of data quality issues
- Overcome unavailability of required data in the current source systems by using Deloitte's "Data Requirement Tracker" methodology to track your data demand and to provide insight into the supply of data

Qualifications



Multi-dimensional experience

Deloitte has a track record in supporting banks with the implementation of AnaCredit and similar reporting chains, which has been translated in a list of common attention areas (and possible solutions) encountered



International team and global network

Bring best practices for international banks based on Deloitte's understanding of the varying local requirements and data delivery approaches resulting from the scope changes as adopted by local NCA's



Interpret and implement the legislation in banking context

Quick interpretation and translation of legislation into bank-specific terminology and data sourcing with the use of our "BIM for Banking" accelerator



Expert knowledge of AnaCredit

In-depth knowledge how the AnaCredit regulation was developed



Ability to connect business with IT execution

Our multi-disciplinary teams speak the language of business, data and IT people, thereby shortening time to connect business with IT



Advanced specialty in data management

Design and implement data quality projects, resulting in control models that deliver the required data quality steering information (as also used in existing credit registers)



Pioneer in credit risk management and regulatory reporting

Extensive knowledge on credit risk management in general, and credit risk in the context of regulatory reporting in particular

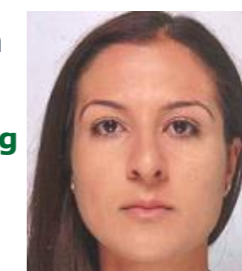
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