OeNB’s innovative reporting data model as RegTech/SupTech solution?

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Digitalisation pressure

- Increasing reporting requirements
- Centralisation towards European Level
- Exploding costs
- Other sectors invading financial area
- New technologies
- FINTECHs
- BCBS 239
Traditional banks’ reporting processes …

Core systems

- Core business
- Securities
- Derivatives
- Collaterals
- Customers

Separate processes

Different reporting obligations

Final reports

- AnaCredit
- BSI
- MIR
- BoP
- FinRep
- CoRep
… often lead to …

- Risk of misinterpretations and wrong conclusions
- Lot of queries from OeNB to banks
- Costs and complexity for all stakeholders
- Inefficiency of reporting processes
- Inconsistencies
- Redundancies
The RegTech perspective

“A combination of technologies and **innovative processes** are deployed to modernize data gathering and data analytics”

“Solutions for regulated financial institutions, helping them comply more **efficiently** and with greater certainty with regulations and improve risk management, while **cutting costs**”

“RegTech solutions help **automate** and **integrate** regulatory reporting requirements to cut costs, streamline and increase the accuracy and timeliness of reporting, including making real-time reporting possible”

©
Need for high quality data
• Consistency
• Invest at the base

Being efficient
• Avoid redundancies
• Realise synergy effects
• Increase automation

Gain more flexibility
• Need for timely data
• Adaptive processes

Rethink reporting processes
Integration of content
- Harmonized data model to define reports
- Integration of supervision and statistical reporting schemes
- Central counterparties and securities reference database
- Based on micro data

Reorganisation of the process chain
- Processing along horizontal structure instead of silos
- Data management at the source
- Shared IT-Solution

Integration of reporting processes within banks
- Need to adjust databases, organisational structures for new data requirements
- Comply with BCBS 239 requirements
- Need to align internal and external reporting
Implement an integrated reporting process ...

Different reporting obligations

Core systems

Complementary Information

Core business
Securities
Derivatives
Collaterals
Customers

Internal usage

Top Management
Corporate Management

FINTECHs

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... by using the common data model

Different reporting obligations

Complementary Information
- Core business
- Securities
- Derivatives
- Collaterals
- Customers

Internal usage

Core systems

FINTECHs
Data model minimizes room for interpretation

➢ **Single, complete description** of reporting data that is redundancy-free (“Basic Cube”)

➢ **Harmonised definitions**, transformation/validation rules in a formal standardized language
Integrated reporting facilitates efficiency

- Granularity causes **less inquiries**
- Revisions are **only needed once**

**Counterparty reference data**

- **Enrichment**

**ACCOUNTING DATA**
- CoRep
- FinRep
- AnaCredit/CCR
- Financial Accounts & External statistics

**RISK DATA**
- BSI/MIR statistics

**INSTRUMENT DATA**
Synergize and reduce costs

- Higher data quality
- Less reporting burden
- Reducing costs

Founded 2014
Covers 90% of the market

A: Unique Software
B: Shared Hardware
C: Shared DQM
D: Common Strategy
Facing technological challenges

Technological challenges

- High number of (dependent) processes
- Legal issues regarding anonymization (test data)
- Different interests of clients
- Regression tests of software
- High data volume
Adjust the organizational structure …

- Core business
- Securities
- Derivatives
- Collaterals
- Customers

Core systems

- Departments
  - Controlling
  - Risk
  - Accounting
  - Treasury

Validation
Compilation

FINTECHs

ØNB

Inconsistency

Inconsistency

Inconsistency
... make it horizontal instead of vertical
Standardized data allow autonomous utilization

Real life applications
- different banks
→ One financial statement

Information Exchange
- Loan transfer
→ Easy facilitation

Multiple Services can be provided

Access to relevant parties
- Standardized access
- Harmonized data source

FINTECHs

Market standard

FINTECHs

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Future developments → Machine to machine

One standardized computable language allows for:

- Timely implementation
- Automated processing e.g. of ad-hoc requests
- Easier reproduction of central bank products
Conclusions

Solution
= Austrian integrated reporting data model
➢ represents a paradigm shift in regulatory and statistical data remittance.
➢ fosters two-way understanding and transparency.
➢ is a driver to align internal and external reporting.
➢ leads to
  - higher consistency and data quality,
  - less redundant data deliveries.
  - higher flexibility, and
  - expected lower costs.