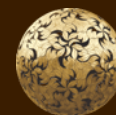# Statistical Reporting Framework 2010

CENTRAL BANK &
FINANCIAL SERVICES
AUTHORITY OF IRELAND

5 November 2009

Introduction

1. Project Background

2. The New Returns

3. New Features

4. Implementation Timetable

5. Online Reporting

1. Project Background

Central Bank Statistics

Why?

- Monetary policy
  - ECB Gov Council briefings
  - Flow of credit in economy
  - Transmission mechanism

- Financial Stability
  - Debt levels, deposits etc;
  - European Systemic Risk Board

- Domestic Economic Policy

Central Bank Statistics

How?

- Stocks
  - RES return
    - Money & debt in the economy
- Transactions
  - Flow return
    - Adjust changes in stocks and better understand credit/money transactions
- Price of "money"
  - Interest rate return
    - Monetary policy transmission mechanism

New statistical returns: Why now?

The old RES

- Existing return in place since 1980s

- Initially set up for the old prudential requirements

- Adapted to incorporate new ECB statistical requirements in late 90's and early 2000's

- Much of the information is no longer relevant

- Flow of information around the forms difficult to understand

New statistical returns: Why now?

The catalyst for change

- New ECB statistical regulation – effective for June 2010 data
  - ECB Guideline legally binding on CBFSAI to collect and send data to the ECB

- New national data requirements

- Existing forms no longer practical

- Reduce reporting burden for you

- Make space for new information for us

Both are possible!

Existing returns

Resident Offices Return (RES)

ECB data (IPQ)

Flows return (FLO)

Interest Rate Return (IRM)

Involved in this project

Sectoral Return (SEC)

CRS1

MTS

No involvement in this project: no action required

2. The New Returns

The new returns

Aim

- Streamline data collection framework

- Reduce data collected - as far as possible

- Introduce new ECB/national requirements

- Move in line with ECB

- Create 'room' for new requirements

Three components to the project

Redesign Reporting Forms

Incorporate new ECB/national requirements

Move to online reporting

Example of the Process
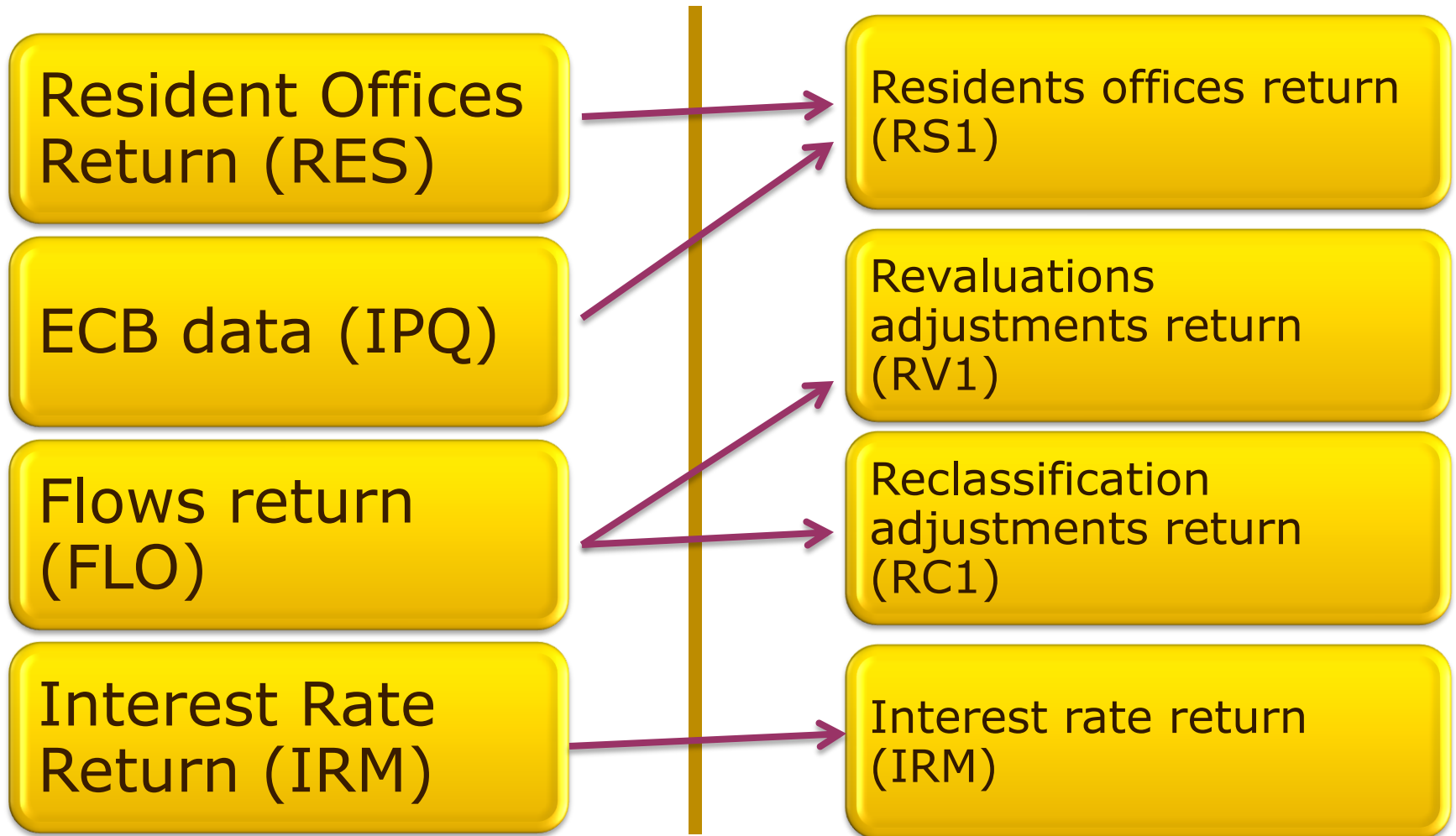
Old Monthly RES

3,100 cells

Streamline

1,650 monthly cells

Add new requirements

395 cells

New RS1

2,045 monthly cells

The June 2010 reporting pack

Residents offices return (RS1)

Stocks

Revaluations adjustments form (RV1)

Reclassification adjustments return (RC1)

Transactions

Interest rate return (IRM)

Pricing

Resident Offices Return (RS1)
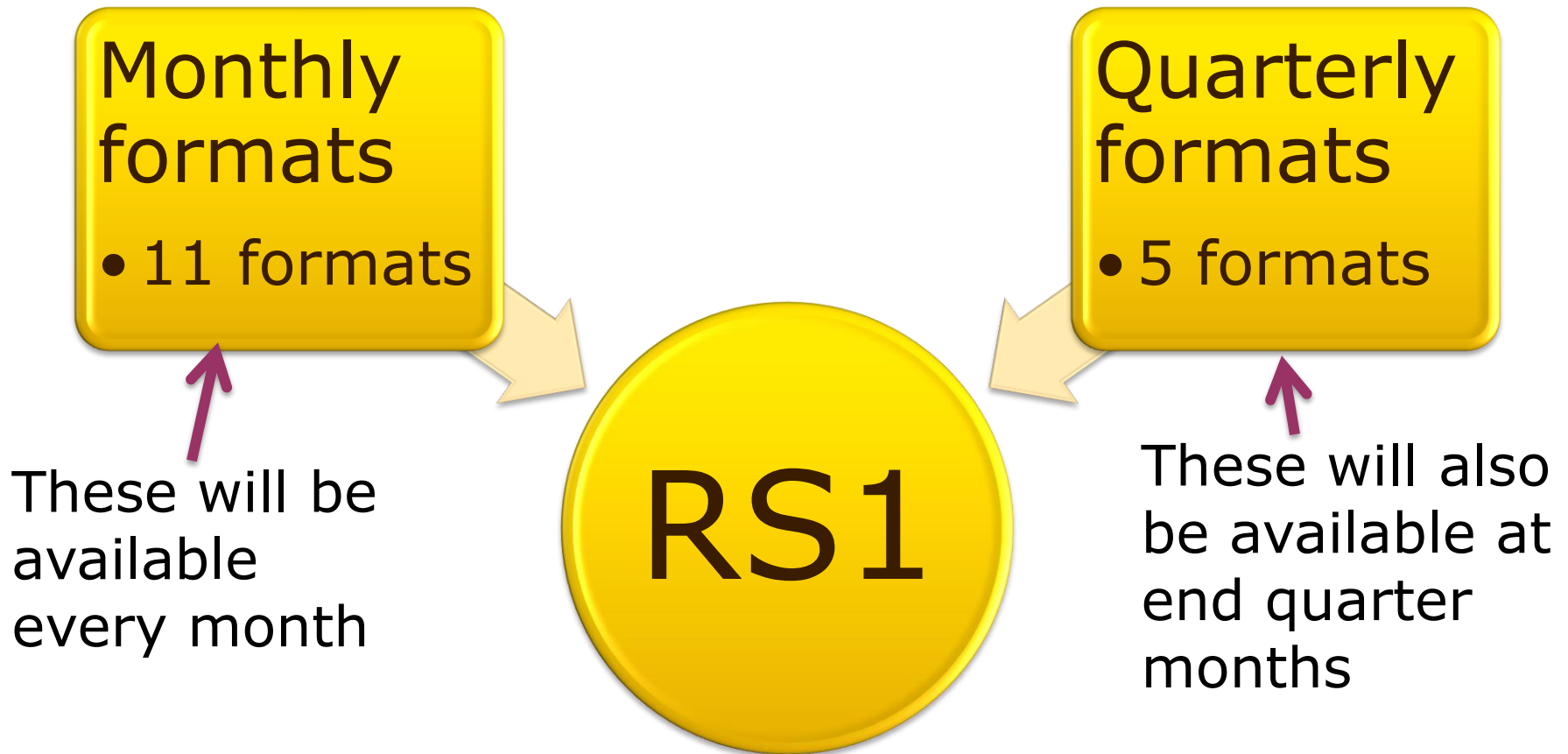
Monthly formats
- 11 formats

Quarterly formats
- 5 formats

RS1

These will be available every month

These will also be available at end quarter months

RS1 monthly formats

- BSO – Balance Sheet Overview
- IES – Irish residents, euro
- INS – Irish residents, non euro
- OES - OMUM resident euro
- ONS – OMUM resident, non euro
- RWS – Rest of world resident, all currencies
- REQ – Reserve Requirement Calculation
- OBS – Off-balance sheet
- MVT – Market Value and Transaction of Selected Assets
- LAM – Amortisation of Loans
- MSC – Securitisation activities

RS1 balance sheet categories

Assets

- Cash
- Loans
- Balances with central banks
- Securities other than shares
- MMF shares/units
- Shares & equity
- Fixed assets
- Remaining assets

Liabilities

- Deposits
- Borrowing from central banks
- Debt securities issued
- Capital & reserves
- Remaining liabilities

RS1 monthly formats

- Balance Sheet Overview (BSO)
    - All balance sheet items recorded here
    - High level A/L categories
    - Counterpart residency and currency
    - Must balance and should be same items as AST/LBS

- Next step is to collect detailed maturity and counterpart information
    - IES collects this for Irish residents, euro transaction
    - INS collects this for Irish residents, non-euro transaction
    - OES collects this for OMUM residents, euro transaction
    - ONS collects this for OMUM residents, non-euro transaction
    - RWS collects this for ROW residents, all currencies transaction

1. Balance Sheet Overview - BSO

Counterpart residency and transaction currency

	IE		OMUM		ROW		Total
Assets	€	Non €	€	Non €	€	Non €	
Cash							
Loans							
Securities other than shares							
MMF shares							
Shares & equity							
Fixed assets							
Remaining assets							
Total assets							

Asset/liability categories

1. Balance Sheet Overview - BSO

The next format (IES) concentrates on Irish €

	IE		OMUM		ROW		Total
Assets	€	Non €	€	Non €	€	Non €	
Cash							
Loans							
Securities other than shares							
MMF shares							
Shares & equity							
Fixed assets							
Remaining assets							
Total assets							

2. Balance Sheet, Irish Residents, € (IES)

Counterpart sector →

Add maturity breakdowns ↓

	IE
Assets	€
Cash	
Loans	
Securities other than shares	
MMF shares	
Shares & equity	
Fixed assets	
Remaining assets	
Total assets	

2. Balance Sheet, Irish Residents, € (IES)

Counterpart sector →

Add maturity breakdowns ↓

	IE	MFI	Gov	ICPFs	NFC	OFIs	Households
Assets	€						
Cash							
Loans							
- Up to 1 year							
- 1 to 5 years							
- Over 5 years							
Securities other than shares							
MMF shares							
Shares & equity							
Fixed assets							
Remaining assets							
Total assets							

1. Balance Sheet Overview - BSO

The next format (INS) just concentrates on Irish non-€

Assets	IE		OMUM		ROW		Total
	€	Non €	€	Non €	€	Non €	
Cash							
Loans							
Securities other than shares							
MMF shares							
Shares & equity							
Fixed assets							
Remaining assets							
Total assets							

3. Balance Sheet, Irish Residents, non-€ (INS)

	IE	MFI	Gov	ICPFs	NFC	OFIs	Households
Assets	Non-€						
Cash							
Loans							
- Up to 1 year							
- 1 to 5 years							
- Over 5 years							
Securities other than shares							
MMF shares							
Shares & equity							
Fixed assets							
Remaining assets							
Total assets							

RS1 monthly formats

BSO
- IES
- INS
- OES
- ONS
- RWS
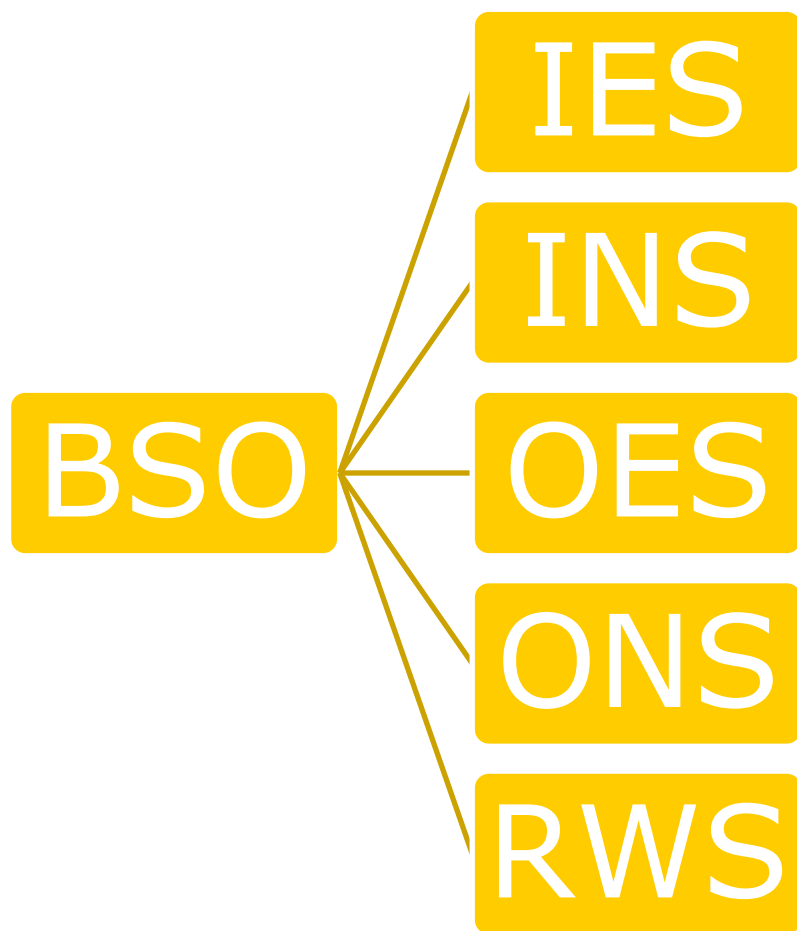
- All sheets same structure
- Some slight variations in categories
  - Example: credit unions only requested for IE formats
- RWS is less detailed
  - Our main goal is tracking Irish and euro area activity

RS1 Monthly formats

- BSO - Balance Sheet Overview √
- IES - Irish residents, euro √
- INS - Irish residents, non euro √
- OES - OMUM resident euro √
- ONS – OMUM resident, non euro √
- RWS – Rest of world resident, all currencies √

- REQ – Reserve Requirement Calculation
- OBS – Off-balance sheet
- MVT – Market Value and Transaction of Selected Assets
- LAM – Amortisation of Loans to Irish Residents
- MSC – Securitisation Activities

RS1 monthly formats

- REQ – Reserve Requirement Calculation
  - unchanged
- OBS – Off-balance sheet –
  - much reduced on old RES
  - Information on derivatives is dropped
  - Aligned with CRD
- MVT – Market Value and Transaction of Selected Assets
  - Complements the information on Quarterly CRS1
  - Need for higher frequency data at ECB/Eurostat
- LAM – Repayments of loans by Irish Households and NFCs
- MSC – Securitisation

RS1 Quarterly formats

- QSC – securitisation
- QSA
  - Content unchanged
- QCO
  - Additional countries
- QCU
  - Additional currencies
  - Includes some extra information that was previously collected monthly (NGC & NGD formats)
- IRR – Interest Rate Reset
  - Monitor monetary policy transmission through the existing loan book

Replaces old IPQ return
IP1 → QSA
IP4 → QCO
IP5 → QCU

3. New Requirements

Real estate collateral

'of which' position identifying loans secured against real estate collateral

Breakdown
- NFC
- Household
  - house purchase
  - consumption
  - other purposes

Defined as outstanding loan/collateral ratio of 1 or below 1

ECB guidance state "no regular re-assessments of existing loan and collateral values are required" – once off at inception of loan

New OFI breakdowns

FVCs – Financial Vehicle Corporations

- Securitisation vehicles (SPV, RMBS, CMBS, CDO etc;)
- List will be available in 2010
- Causing distortion and double counting of credit and deposits in economy

CCPs – Central Counterparties

- A central counterparty is an entity that legally interposes itself between counterparties to contracts traded in financial markets, becoming the buyer to every seller and the seller to every buyer.
- Because such transactions are often substitutes for bilateral business among MFIs, an additional distinction is made within the Repos category with respect to business with these counterparties.
- Fact finding exercise showed such inter-bank activities were distorting monetary aggregates such as M3

Syndicated loans

Breakdown by counterpart
- Residency (IE/OMUM/ROW)
- Sector (MFI/Gov/Other/NFC)

Syndicated loans are single loan agreements, in which several institutions participate as lenders

Only cover cases where the borrower knows that the loan is made by several lenders

Each participant reports their share of the loan vis-à-vis the borrower (i.e. not vis-à-vis the lead manager) in their balance sheet assets

LAM – Amortisation of loans

- Record capital repayments
  - Excludes
    - interest repayments
    - Write-downs/write-offs
- Only relates to Irish resident loans
  - NFC
  - Households
    - House purchase
    - Consumption
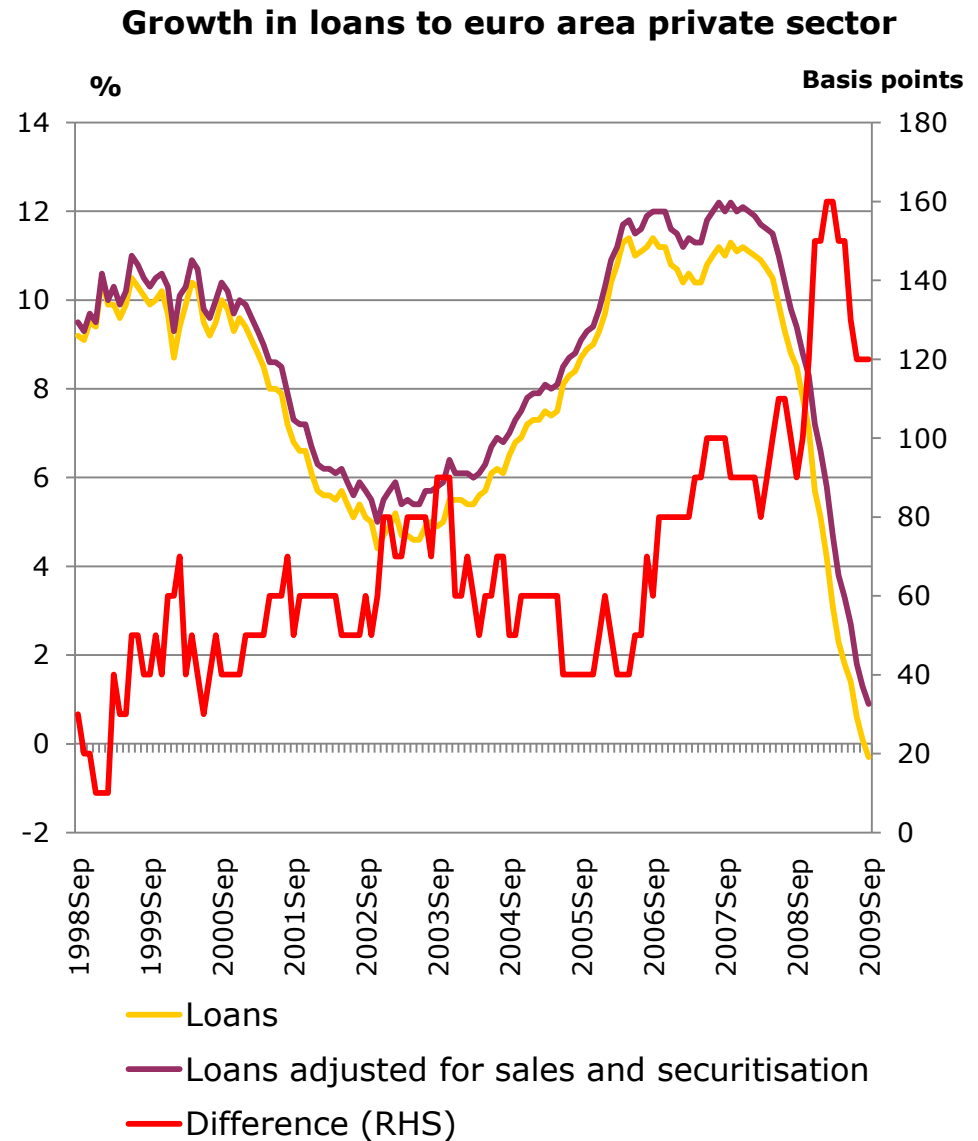   - Other
- Small return – 10 cells

Interest Rate Reset – IRR format

- Problem with knowing the income effect in the economy of a change in interest rates
- We need to collect the size of the loan book that is variable or ***due for interest rate reset***
- Loans with maturity less than 1 year are excluded
- IRR collects the reset on loans over 1 year original maturity
  - Ask for those with residual maturity of less than one year
  - For those with residual maturity over one year, we ask for those which are due to be reset in the next 12 months
  - Similar exercise for over 2 years
    - categories are not mutually exclusive

Securitisation

- Formalise securitisation reporting

- Existing reporting for mortgage securitisation in Ireland but fragmented throughout Europe

- Impacting:
  - Credit developments
  - Difficult to follow debt levels in economy

Growth in loans to euro area private sector

%   Basis points

Legend:
- Loans
- Loans adjusted for sales and securitisation
- Difference (RHS)

Securitisation

- Monthly requirements (MSC format)
  - Net flow of loans securitised
    - By sector of debtor
    - Residency of debtor (IE/OMUM/ROW)
    - Who loans were transferred to FVC (SPV)/other
  - Outstanding amounts of serviced loans in a securitisation
    - By sector/residency of debtor
    - Who loans were transfer too – FVC/other
- Quarterly format (QSC format)
  - If you service loans of behalf of a euro area FVC you must complete QSC
  - Identify loans by country of residency of FVC
    - This info will be exchanged at aggregate level around the ESCB

Debt Securities Issued with a Capital Guarantee less than 100%

- Short term debt issued by MFIs is included in M3
  - M3 is supposed to be similar to money and very low risk
  - Sharp rise in hybrid issuance caused confusion in interpretation of M3

- Hybrid instruments issued by MFIs

- Contractual redemption value may be lower than the amount originally invested due to their combination of debt and derivative components

- Not talking about possibility of default but when performance of bond capital is linked to something else (i.e. an equity derivative)

Sole Proprietors

Background: sole proprietors are included in the household sector

ECB Regulation requires separate identification

Possible derogation if SPs are < 5% of total HH lending in IE

Other new requirements

Reorganisation of remaining assets/liabilities

IFSC sector now become International Financial Services Sector

Credit Card (breakdown extended/convenience credit)

Overdrafts - change definition to include revolving loans

Non-residents equity holdings >10%

The June 2010 reporting pack

Residents offices return (RS1)

Revaluations adjustments return (RV1)

Reclassification adjustments return (RC1)

Interest rate return (IRM)

Revaluation adjustment return (RV1)

- Primarily based on existing revaluation adjustment form (FLO)
    - Some minor additions due to ECB Regulation

- Additional quarterly revaluation adjustment on "Other government loans"

- Report write-downs on loans at the time of securitisation

- New requirements are minor

Reclassification adjustment return (RC1)

- Putting formal structure on REC sheet from flow return
  - REC was confusing with little indication on the information we required

- Record reclassification of assets and liabilities
  - Example: loan was incorrectly recorded as NFC and now has been discovered to be really Household
  - Report negative figure in the cells where loan is removed and positive number where the loan is added

- Large form but will not need to be populated very frequently
  - How many time have you filled in the REC?
  - Typical bank submits no more than once per year

Interest rate return (IRM)

- Return is collected on a sampling basis from 19 credit institutions
  - Same sample population for updated form

- Most categories unchanged
  - No change for loan or deposit outstanding amounts
  - No change for deposit new business

Interest rate return (IRM)

- New features for new business loans:
  - Separate credit cards from overdraft category
  - Interest rate for sole proprietors
    - Derogation possible similar to RS1
  - NFC loans size category further disaggregated
    - From 2 to 3 categories
  - NFC loan fixation period further disaggregated
  - Of which with collateral and/or guarantees
  - Loans to NFC with
    - Initial fixation below 1 year <u>and</u>
    - Original maturity over 1 year

4. Implementation Timetable

Implementation timetable

Date	Task
May 2009	Draft forms circulated for comments
July 2009	Final forms circulated with Notes on Compilation
August 2009	Final IRM form circulated
April – June 2010	Testing phase
July 2010	First transmission of June RS1, RC1, RV1 and IRM

What forms need to be submitted and when?

Reference period	OLD Returns				New Returns			
	RES	IRM	FLO	IPQ	RS1	RV1	RC1	IRM
March '10	√	√	√	√	√ (30 Apr-18 May)			
April '10	√	√	√		√ (21 May – 18 June)	√ (21 May – 18 June)	√ (21 May – 18 June)	√ (21 May – 18 June)
May '10	√	√	√					
June '10					√	√	√	√

Reporting deadline

Return	Reporting deadline	First deadline date
RS1	T+10	14 July 2010
RV1	T+10	14 July 2010
RC1	T+10	14 July 2010
IRM	T+12	16 July 2010

Next steps

- Dedicated webpage will be set up next week where all relevant documents will be posted
    - Email to the circulation list when updates are added

- Next releases
    - XML schema (mid November)
    - Validation checks (late November)

- Available for bilateral meetings

Other developments

- National Asset Management Agency
  - Flow of loans of balance sheets must be handled correctly
  - Possible ongoing tracking of loans
    - Do you continue to service these?
    - NAMA SPV likely fall under FVC regulation

- Small and medium sized enterprises
  - Mazars Review recommendation include an ongoing data collection
  - Likely to be launched after next Mazars review

Thank you

creditinst@centralbank.ie

What is a sole proprietor?

- Sole proprietors and unincorporated partnerships without independent legal status which are market producers.

- This includes unincorporated businesses, (partnerships of) self-employed lawyers, doctors etc.

- In the case of sole proprietors, the business entity is inseparably linked to the natural person who is the owner, combining all rights and obligations arising from the business and the private sphere

What is a revolving loan?

Revolving loans are loans that have all the following features:

1. the borrower may use or withdraw funds to a pre-approved credit limit without giving prior notice to the lender;
2. the amount of available credit can increase and decrease as funds are borrowed and repaid;
3. the credit may be used repeatedly;
4. there is no obligation of regular repayment of funds.

Credit cards are not revolving loans as there is usually an obligation for regular repayment

Online reporting

- Submit data online
  - No hard copy required
  - Same IT infrastructure as Regulator FINREP/COREP reporting

- Two reporting options
  - Option 1: Manually enter data on the screen
  - Option 2: Upload XML file

- Validation must be passed before data is accepted
  - Simple arithmetic checks
  - More advanced plausibility, conceptual checks will still be done by CB after submission