



AnaCredit – Analytical Credit Datasets

Background

The European Central Bank (ECB) has assigned the project Analytical Credit Datasets (AnaCredit) a significantly increased priority. It calls for the gradual establishment of the harmonized collection of granular data. The project should close data gaps in the area of credit exposures and allow both monetary as well as micro- and macro-prudential issues to be addressed. With the decision taken on February 24, 2014, the European System of Central Banks (ESCB) was obliged to acknowledge the project and take the first steps towards initiating implementation.

The ECB's regulation from May 2016, with its requirements for central credit registers and the reporting of granular credit data from institutions, places high demands on reporting processes and software, for which the data collection represents a major challenge for credit institutions.

New Measures

By early 2018, the conditions should be created to transmit extensive granular credit and credit risk data to the ECB for statistical purposes. The introduction will be gradual and the published regulation describes only the first stage. The first stage includes reporting of credit granted by credit institutions to legal entities. The ECB may introduce further stages in the future with a lead time of at least two years.

The first reporting of (borrower's) counterparty data by national banks to the ECB should start in March 2018*. However, the Bundesbank may demand an earlier test delivery of master data (and possibly counterparty and credit data) from December 31, 2017* onwards. Information on individual loans (loan-by-loan) to legal entities (excluding natural persons) on an individual institution level will be reported from September 2018*. An extension of the reporting requirements to group level and to credits to natural persons may be included in future stages.

As part of AnaCredit, 89 data attributes and six identifiers* are required to be reported, which are to be transmitted in two templates and a total of ten different tables.

FIGURE 1: ANACREDIT TEMPLATES

Identifier	Template 1	Template 2
Reporting agent identifier	1 Counterparty reference data	6 Accounting data
Counterparty identifier	2 Instrument data	7 Protection received data
Observed agent identifier	3 Financial data	8 Instrument-protection received data
Contract identifier	4 Counterparty-instrument data	9 Counterparty risk data
Instrument identifier	5 Joint liabilities data	10 Counterparty default data
Protection identifier		

In addition to information regarding the lender/borrower attributes, the loan exposure features, the valuation measures as well as the risk and loss features and balance-sheet status are to be delivered. Initial analyses have shown that not all of the required data fields are currently derivable from the current regulatory reporting data household.

The possibilities for manual intervention will be limited due to the large volume of granular credit data and the anticipated increased reporting volume. As a result, it will be paramount for institutions to provide for consistent and valid delivery of data.

BearingPoint will provide software solutions for the implementation of AnaCredit requirements as part of the Abacus Solution Suite.

* European Central Bank: <https://www.ecb.europa.eu/stats/money/aggregates/anacredit/html/index.en.html>;
REGULATION (EU) 2016/867: <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=146481412314123138&uri=CELEX:32016R0867>

The procurement of the required data poses financial institutions special challenges. Firstly, the information required is often **distributed across different departments and IT systems of the bank** and must be integrated into a consistent delivery of data provided by the regulatory reporting software solution. Some of the required data fields are in fact available, however, suffer from insufficient data maintenance and quality. Other requested **data fields are not currently available in the data household** of the institution and would have to be newly obtained.

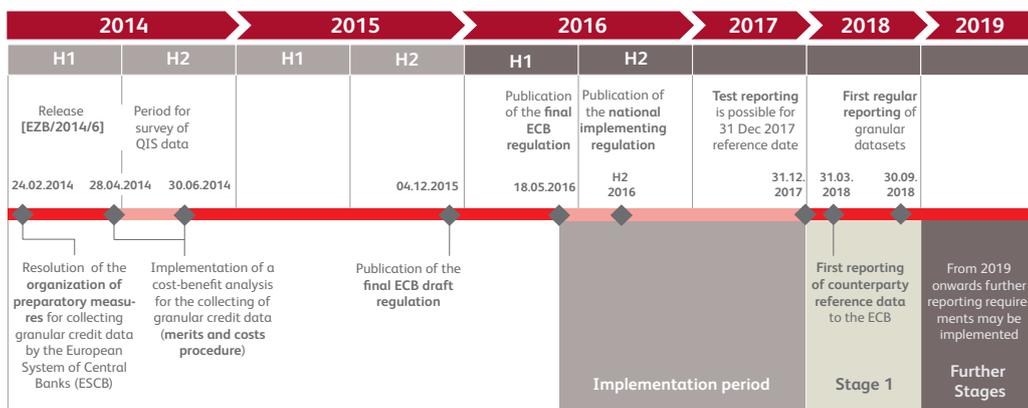
With the binding ECB regulation, the reporting threshold has been set at EUR 25,000* on any reporting reference date within the reference period. The aim is to achieve coverage of 95 percent of the total credit exposures, in order to make valid statements on credit developments within the euro area. This means that any lowering of the reporting threshold is synonymous with an increase in the reporting volume. Depending on the established reporting frequency/dates, manual intervention will be limited due to large volume of granular credit data. To comply, financial institutions must have already established a consistent and valid delivery of data as a part of their regulatory reporting systems and processes to monitor and provide for the necessary data quality.

Please do not hesitate to contact us for further information about AnaCredit.

Roadmap

Once the regulation has entered into force, financial institutions will have the chance to implement the changes, so that from September 2018 the practical application of AnaCredit with regular reporting of granular data can be carried out.

FIGURE 2: ANACREDIT ROADMAP



Need for Action

Based on an initial analysis, the reporting requirements associated with the AnaCredit project will be associated with relatively high implementation costs for financial institutions. The reasons lie mainly in the **collection of granular financial data** and the need for the **consistent delivery of data** to the regulatory reporting software. Accordingly, institutions should begin at an early stage with the analysis of the gaps in their data management and investigate the impact on the institution-specific processes and IT systems. BearingPoint will provide software solutions for the implementation of the new reporting requirements as part of the Abacus Solution Suite. In addition, our specialists, with their many years of know-how in regulatory reporting, can support you with your specific issues within the context of your individual implementation projects.

* European Central Bank: <https://www.ecb.europa.eu/stats/money/aggregates/anacredit/html/index.en.html>;
REGULATION (EU) 2016/867: <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=146481412314123138&uri=CELEX:32016R0867>

About BearingPoint

BearingPoint consultants understand that the world of business changes constantly and that the resulting complexities demand intelligent and adaptive solutions. Our clients, whether in commercial or financial industries or in government, experience real results when they work with us. We combine industry, operational and technology skills with relevant proprietary and other assets in order to tailor solutions for each client's individual challenges. This adaptive approach is at the heart of our culture and has led to long-standing relationships with many of the world's leading companies and organizations. Our global consulting network of more than 10,000 people serves clients in over 75 countries and engages with them for measurable results and long-lasting success.

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