**BBVA feedback for the EBA discussion paper of the Feasibility Study on Integrated Reporting**

The BBVA Group, as the result of the merger of several major Spanish institutions, is a global banking institution with more than 150 years of history that focuses its business on retail banking. The BBVA Group has a multinational presence, following a self-sufficient business model where most of its subsidiaries are substantially independent in terms of funding, operations and business management. In addition, cross-sectional areas ensure the coordination of the different franchises by defining common corporate policies and procedures.

The BBVA Group also is the largest financial institution in Mexico, has leading franchises in South America and has a growing banking presence in Turkey through investments in Garanti BBVA, being the largest shareholder of the bank.

BBVA is developing a transformation process necessary to adapt to the new environment in the financial industry, characterized by a series of trends that confirm the Group's strategic vision: that a reconfiguration of the financial services industry is taking place. In this context, BBVA’s strategy has evolved with six strategic priorities which aim to accelerate and deepen the Group’s transformation and the achievement of its purpose. Additionally, in 2019 BBVA adopted a common global brand in order to unify its name and corporate identity in its franchises and offer all its clients a unique value proposition and a homogeneous customer experience, which are distinctive aspects of a global company. In this sense, to continue progressing with the transformation process, important steps were made in the development of the Group's six Strategic Priorities during the year through new lines of work to drive the development of the value proposal (ease, appropriateness, advice and trust) and transform the operational model (simple, agile, scalable and global), and which are reflected in the results of the Key Performance Indicators (KPIs).

The new Strategic priorities are: 1. Improving our clients’ financial health; 2. Helping our clients transition towards a sustainable future; 3. Reaching more clients; 4. Operational excellence; 5. The best and most engaged team; 6. Data and technology: Data management and new technologies are two clear accelerators to achieve the strategy and two generators of opportunities and competitive advantages.

Our footprint based in the EU, but also in third countries, makes us very much aware about the difficulties of compliance with the EU Regulation but keeping in mind also that we must comply with foreign banking regulation and different GDPR frameworks.

Regarding the EBA discussion paper of the Feasibility Study on Integrated Reporting (FS), published by the EBA on March the 11th 2021, we acknowledge the comprehensive assessment made by reviewing the main issues of the EU regulatory reporting framework and we very much appreciate the streamlining of the EBA diagnosis and proposed solutions with the industry principles of ‘define once’ and ‘report once’ which are the cornerstones to tackle such issues and to reduce the reporting burden for institutions.

Under the principle of ‘same activity same regulation’ we consider that the FS should cover the reporting obligations under EU and National frameworks for credit institutions and for all the remaining financial institutions or FinTech ecosystem members that provide banking services that traditionally have been provided by credit institutions. For example, it would be very hard to understand that PayPal would not be compelled to comply with PSD2 reporting regulation.

The data collections considered in the stocktaking section of the FS and, in more general terms. in all the remaining sections of the study, are covering all the EU Banking authorities, both at EU level and National level, and all kind of data requests regardless they are templates or granular, structured (ITS) or ad hoc. So we consider that the FS are covering most of the reporting requests existing so far for the EU credit institutions.

**GENERAL QUESTIONS**

**Question 4): What do you perceive as the key obstacles and operational challenges to develop an integrated Reporting Framework (for your institution)?**

* We consider that the IT changes, changes in processes and time required to find and deploy new solutions are the most highly relevant obstacles to develop an integrated Reporting Framework.

In order to deal with the creation a new integrated reporting environment within our entity we need to change the mindset and the technical way in which we generate the reporting into a more integrated one overcoming the silo approach between reporting to national authorities and EU authorities, granular vs templates and facing also the challenge of DQ and figuring out how to embed a single regulatory reporting dictionary into our internal reporting processes.

That massive change should overcome many technical and governance issues that have to be addressed by different disciplines within our organization like reporting, data and IT, rebuild the skill of our reporting teams and work in a perfect coordination with the authorities involved in this change process.

Besides we consider that in order to create a new integrated reporting framework, a sound review of the current regulation must be conducted because in some cases it may be an obstacle to tackle before moving further into an integrated reporting approach or into a more granularity approach. The removal or amendment of the regulation that constraints the way forward must be done, but also in general terms, the principle of maximum harmonization must imbue all the incoming reporting-related regulation to support from the very beginning the integrated reporting approach and the level playing field all over the EU.

**STOCKTAKE**

**Question 5): Do you confirm the findings presented in the stock take? If you have additional information, please provide more specific details about the amount of data collected.**

Just a comment on paragraph #57 regarding the replies on the CoC about granularity. In most of the cases the reply on the matter of moving forward towards a more granular approach is strongly biased by the resistance to change of the teams that, within the institutions, produce currently templates like FINREP and COREP for instance. In our opinion to move forward into a more granular approach and replacing some of the more detailed current templates would outweigh the costs of a more demanding DQ and the need of new coordination mechanisms (feedback loop and anchor values) as it would boost data exploration and reduce the ad hoc requests.

**REPORTING PROCESS**

**Question 6): Do you agree on the holistic approach used and the assessment done for the integration assessment (different steps of the reporting process chain and different levels of integration)?**

We agree on the holistic approach you have considered as it makes the reporting process steps and the levels of integration easier to understand and slice and dice the analysis into more concise pieces.

Nevertheless, we would like to discuss into further detail the statements in paragraphs #76 and #83 regarding the decoupling of the semantic and syntactic levels in the data definition step of the reporting process. In our opinion building up a data dictionary should align the semantic definition (business content or business glossary), the syntactic definition (Metadata Model and Logical Data Model) and the infrastructure or physical level (Database, etc.), decoupling the business glossary from the syntactic and the database would misalign the three main units that must collaborate in the reporting process, the regulatory reporting experts, the data people and the IT units. Besides, such misalignment would not allow to identify overlapping and gold plating issues in the underlying regulation, which would lead to regulation removal or simplification, and their effects in the metadata model (data fields duplicated in the logical data model with almost the same business content) which would lead to trim the metadata model.

Regarding the solutions that EBA should investigate to reduce the reporting costs, we would like to remark that we current regulatory reporting processes is costly but beyond that it is very burdensome, meaning that it is not only costly but also inefficient and unsustainable in the long term for the reporting institutions and produces also inconsistent and inaccurate results for the authorities that may hamper their duties. An integrated approach for the whole reporting process is going to be undoubtedly expensive in terms of IT investment and change management in the short term but it would lead to a more sustainable and less burdensome mechanism and a more accurate and valuable information for the CAs.

Keeping that in mind, in our opinion the single regulatory dictionary is at the same time the foundation and the backbone of the whole concept of integrated reporting. Thus, the EBA should investigate thoroughly the pros and cons of the two concrete approaches to this dictionary paradigm, on one side the DPM (under the refit project scope) and the BIRD. The technical advantages, the usability in a digital reporting environment, the ease to plug in the CAs and reporting institutions reporting processes, among others should be carefully assessed. We would suggest the deployment of a technical WG to discuss on the matter, with a good combination of experts on reporting, data and IT from the authorities and the industry, to advise the EBA on ways forward that could lead to the integration of the two projects or to the creation of an entirely new dictionary built upon the best practices of DPM and BIRD.

In the context of the Data Transformation step of the reporting process, we think that another way of reducing the burden and ease the problem of the feedback loop under the ‘more granular’ approach is that the “transformation of the data” concept that can be foreseen in the single regulatory dictionary (as a definition of the transformation rules, or by the definition of an output layer) and in the Central Data Collection Point (as a technical transformation tool/engine) could be used not only by the CAs but also by the reporting institutions as the unique transformation tool to derive and obtain templates, ITS or ad hoc ones, from granular datasets.

**DATA DICTIONARY**

**Question 8): Do you use one or more data dictionaries in your compliance and reporting processes?**

In BBVA we are working in a project to address the main issues regarding the reporting both for internal and regulatory users. The project is based on a high capacity data infrastructure as a TDS and a single governance internal tool (DATUM) that includes dictionary, data glossary and data quality rules implemented in the informational platforms for regulatory and management purposes. Nevertheless we have to figure out how to deploy the following phases of this internal project with the coexistence of a single regulatory dictionary and with this integrated approach that is going to change the way we produce the regulatory reporting in the future.

**Question 9): What are the characteristics you think a dictionary should have? Do you agree with the one referred to in this document? Do you think any characteristic is missing or should not be included?**

Nothing to add apart from the comment in a previous paragraph regarding the EBA comments on decoupling semantic layer from the syntactic and technical layers.

**Question 10): What is the role you think the data dictionary can have in regulatory compliance and reporting?**

A single data dictionary as far as it includes all the metric and attributes that are to be used to produce every single data regulatory request is of the most importance to produce the data in a less burdensome and more efficient manner, to ensure an homogeneous interpretation of the request by the institutions and to address comparability, accuracy and DQ issues that hamper the usability of the data by the CAs.

It will also help in the following aspects:

* It can be used as a catalog to check for redundancies, overlapping and gold plating issues in the current or new data requests.
* It can be used as an inventory of all the metrics and attributes already reported, including their metadata information about refresh rates, last update, etc. that will foster data interoperability.
* Their structure division into semantic/syntactic/infrastructure layers enhance the data traceability and lineage.
* It will facilitate finding the data in the institutions databases as far as every single new data request is univocally defined within the dictionary.
* And as it appears in the table under question #11 in all this topics :
	+ Understanding reporting regulation
	+ Extracting data from internal databases
	+ Processing and reconciling data before sending the data to the CA.
	+ Exchanging data and monitoring regulator´s feedback
	+ Preparing disclosures reconciled with regulatory data
	+ Include DQ rules defined by the CAs

**Questions 12),13),14),15) and 16):**

It is of the utmost importance to have a single regulatory dictionary containing every single data point for every regulatory purpose under every approach (template driven or granular driven) and for every CA being at EU or National level.

As we have discussed in previous paragraphs moving into a unique regulatory dictionary will be a moderate to major effort in terms of investment for the industry, but it will pay off by reducing the burden and increasing the quality of the data provided and the feasibility and sustainability of the whole reporting processes within all the institutions. More specifically to include the ad hoc requests in the dictionary will not reduce the production costs, as the ad hoc compliance, due to its challenging time-to-delivery and its one-off characteristics, does not rely on huge investments, but will reduce the intense use of scarce human resources as when a request is well defined, and the dictionary will play a key role on that matter, the ad hoc difficulties would be dramatically reduced.

In our opinion, including the National reporting frameworks into a single integrated approach as the one described in this FS, will play a major role in reducing costs as it will eliminate the first reporting layer heterogeneity among jurisdictions in the EU and thus, will enhance the level playing fields and transnational industry competition and consolidation.

**DATA GRANULARITY**

**Question 17): What would be the implication of granular data reporting on the institutions’ compliance with BCBS239 (also in the context of the options presented)?**

Under the current BCBS239 approach there is a huge way of improvement on the compliance assessment that the JSTs perform in the institutions. There is a lack of homogenous criteria as for some institutions the JST team is not considering the ECB Regulatory Reporting Dashboard scoring, for some others the compliance is based in the capacity of producing management reporting to deal with hypothetical crisis situation paying no attention to regulatory reporting and finally, there are some cases in which the only concern is the investment figures that the institution is going to allocate to the BCBS239 in the following years.

So in our opinion as a starting point to improve the assessment of the BCBS239 compliance would rely on a standardization of criteria to the JSTs teams so the institution's approach would produce a real improvement in the reporting processes.

But beyond the assessment, there are other drawbacks that refrain a real improvement of the reporting under BCBS239 approach. The lack of a common regulatory data dictionary, the duplication of data requests, the gold plating etc. are major obstacles to create a maintainable TDS, with enough data quality standards and traceability. Only a thoroughly designed reporting process, integrated and centrally maintained can produce a meaningful and sustainable BCBS239 compliance in the institutions reporting processes. In that way, the common dictionary proposed in this paper, the reduction in overlaps and gold plating, the homogenization of an input layer in a central data collection point and the aim of avoiding the 1st reporting layer, are big steps towards the right direction.

**Question 18): For which reporting areas (prudential, statistical and resolution) may the use of granular data present a solution?**

The answer to this question is that for all the reporting purposes the path of more granularity must be explored. For the prudential reporting, there are legal constraints that must be carefully assessed, so the way to a more granular approach have to consider that probably the legal ratios templates should be kept as they are but there is a leeway to replace the drill-down templates by granular collections, enhancing this way the data exploration capabilities of the CAs. One example of this approach could lead to the replacement of the SBPs for granular data sets.

On the statistics framework, the current design of the IReF is including a full granularity approach for lending, enhanced of course by the lack of consolidation complications. Besides, for the Resolution framework, a hybrid solution must be designed as on one side there are legal ratios/figures as MREL and TLAC but, on the other hand, there are full granular requests as the bail in-able instruments, the BRRD for derivatives file or the valuation for resolution capabilities.

Nevertheless, the decision on which templates/requests can be replaced by granular datasets, the design of the level of granularity and the DQ rules to be applied, must be conducted in a very thoughtful way to avoid trial and error approaches that could lead to unnecessary and wasted investments.

**Question 19): Which of the options regarding the granularity of the possible future integrated reporting do you think is feasible (given the challenges and constraints highlighted in the discussion paper and possibly others) and preferable for you? What are the main challenges and possible solutions to consider? Please rank potential challenges in ascending order.**

In our opinion the option 2 is the most feasible and preferred choice on the way to more granularity. We think that both the CAs and the industry has to assess not the pros and cons of granularity, which are pretty clear, but how far we go granular under option 2 to reach the most of the advantages of this approach without making the approach infeasible and unmaintainable in terms of burden.

The rank of the main challenges regarding the granularity approach under option 2 are the following:

1. Not all the accounting balances can be explained from a loan-by-loan granular approach.
2. DQ rules: good enough agreement.
3. Legal constraints.
4. Third countries data protection regulation.

#1 As the EBA explains in some paragraphs of this paper, there are some considerations to be acknowledged when we start going granular. The first one is that some of the balance sheet items cannot be explained in a loan-by-loan way. The three main reasons for that are the accounting level adjustments due to last time decisions at end-of-month, the misalignment between accounting figures and the aggregation of amortized cost of a loan-by-loan datasets and, finally, the accounting figures that are not explained at granular level because they include so many granular items that is not feasible to drill-down. Therefore, to generate a granular approach to match with aggregated-by-nature figures, like balance sheet accounting ones, we have to use two datasets with different levels of granularity, one with a loan-by-loan (or transaction level when needed) approach and the other with a more aggregated scope so the sum of the figures in the two may result in the balance sheet figures. The second one must be carefully monitored by the CAs, so for each institution the percentage of the balance sheet figures that cannot be explained from a loan-by-loan dataset must be kept steady at least.

#2 Under a more granular perspective of the regulatory reporting the DQ approach has to be carefully assessed and agreed between the industry and the CAs. DQi (Data Quality indicators) must be designed to measure the whole quality concept of a granular datasets keeping in mind that a 100% DQ is aspirational and that the progress of an institution towards that goal could lead to an infeasibility of the whole concept of interoperability under the integrated reporting approach. Reaching a 100% DQ would absorb a huge amount of investment from the reporting agent´s annual budget, thus progress demands a commitment on what level of quality is enough quality.

#3 As the EBA states in some paragraphs of this paper there is a legal constraint regarding the responsibility of the prudential templates and legal ratios information which resides in the reporting institutions. In order to allow that some of the templates could be replaced by granular datasets and derived from that datasets, the legal constraints must be removed and, of course, remark that a new governance for the derived templates must be established.

#4 For the more diversified European Banking Groups with subsidiaries in third countries, the local legal constraints concerning granular data sharing with the EU CAs must be addressed. A comprehensive scrutiny must be undertaken on that regulations so we can find a solution to provide that data to the CDCP in one case under a simple encryption of the sensitive data or under a Memorandum of Understanding to be signed among EU and the third countries CAs.

**Question 20): In case of option 2, please specify how should the granular collection layer be designed to your best advantage (and benefit of reporting more granularly)?**

We think that is too early to answer a question like that. First of all both the CAs and the industry have to discuss where to start the way to granularity, for instance the ECB has started to design a new granular approach to all their template-driven collection for statistical purposes under IReF project and in the same way the remaining CAs should define which of the current templates should be candidates to be replaced by granular datasets and after that, deploy a collaborative working group with the industry to define the level of granularity and the layout of the input layer of the data collection. Besides the design of that data collection layout, level of granularity etc. must comply with the use of the single data dictionary and the principle of scalability that could lead to a flexible design in which new data fields could be easily included to spread the granularity concept to other templates and other reporting frameworks.

**Question 21): What are the main benefits and costs of implementing the option considered feasible and preferable by you from question 19?**

In our opinion the main costs would be the following:

* High Costs
	+ Collection/compilation of the granular data
	+ Setting up a common set of transformations
	+ IT resources
	+ Human resources
	+ Anchor values and misalignment between granular and accounting (as discussed extensively in Question 19 #1)
* Medium Costs
	+ Costs of executing the common set of transformations
	+ Complexity of the regulatory reporting requirements
	+ DQ issues complexity
	+ Homogenization issues (from NGAAP to IFRS)
* Low Costs
	+ Additional aggregate calculations due to feedback loops and anchor values, understood like current costs, not upfront ones that we have included in the high costs.
	+ Cost of maintaining a common set of transformations

And the benefits would be these:

* High benefits
	+ Less additional national reporting requests
	+ Less ad hoc requests
	+ Further cross-country (except for third country subsidiaries) harmonization
	+ Level playing field in the application of the requirements
* Medium
	+ Reduce data duplications (single data dictionary and more granularity altogether produce this)
	+ Reduce the complexity of the reporting requirements (granularity relieves complexity in templates but increases complexity by the intrinsic complexity of the granularity)
	+ More stability of the requests, as in general terms granular datasets are more stable than templates due to interoperability.
* No benefits
	+ Reducing the number of resubmissions, as we do not foresee a reduction at the beginning (at least) due to feedback loops.
	+ Simplification of the internal reporting process (no benefit just from the more granular approach, but high benefits from the whole Integrated Reporting)

**Question 22): What possible aspects related to the design of the option (Question 19) would make the costs for this option higher than the benefits and therefore not worth implementing?**

As discussed in the answer to Question 6, third paragraph, we would like to remark that our current regulatory reporting processes are costly but beyond that it is very burdensome, and that the assessment of the costs and the benefits in monetary terms is beyond the capacity of the institutions. Nevertheless, as we agree that the granularity is the strategic approach to be followed to relieve the institutions from some of the more burdensome requests like the ad hoc, we think that a stepwise design of the transition to the data driven approach from the current template driven approach is a key matter to avoid a high cost rework that could be the consequence of a poorly designed or hasty race for granularity.

**Question 23): If transformations are to be defined (as depicted in option 2 or option 3), who should be responsible for their definition (e. g. who takes the responsibility for their correctness) and their execution?**

The responsibility of defining the transformation rules to produce templates from granular datasets must rely jointly on the CA that is owner of the template (or the CA who is the owner of the function that has to be fulfilled by the template) but once that the transformation rules have been agreed, the responsibility of the correctness of the data provided would remain in the reporting institutions as it is now. The execution of the transformation rules could be performed within the CDCP and shared from that point to the CA and to the reporting institutions, such an approach could probably lead to a reduction of the need of feedback loops or at least to maintain them with a lesser complexity.

**Question 24): If transformations are defined under different scenarios with respect to responsibilities, what are the major implications to the possibility of defining a more granular collection layer from a cost and benefit perspective also considering some of the challenges depicted in the paper (technical, legal, e. g. institutions need to remain responsible for all the data).**

As we have discussed in the previous question our vision is that the definition should be made jointly, the responsibility remains in the reporting institution and the execution could be done for CAs and reporting agents in the CDCP.

From that perspective, and keeping in mind that the transformations affected by the previous paragraph would be only the ones that create the templates under current legal frameworks (or an evolution of the current ones, e. g. all the current FINREP templates could be split into the ones that are going to be kept as templates and the ones that are going to be replaced by a granular dataset, for the latter the transformation governance framework applies but also in the same way for all the new releases (ITS) for FINREP) the most challenging issues depicted in the paper would be :

* Legal issues, such as the need to modify current regulation to replace some template for granular collections, to create a new regulation to set the governance responsibilities in the steps of definition, execution, correctness, etc.
* Memorandum of Understanding with third countries CAs, as we have discussed previously and enforce the encryption of sensitive data where needed.
* Consolidation and NGAAP issues, could be easily reduced in most of the cases with a request based upon IFRS homogenized data that already exists within the institutions (to create current FINREP consolidated templates) and with a few attributes to univocally identify intra-group transactions (to be eliminated during the build of the highest level of consolidation templates process)

**Question 25): How should the transformations be in terms of formalization and readiness for digital processes?**

In our opinion they must be harmonized and standardized, ready to be implemented by digital processes (fixed), the other alternative would increase dramatically the feedback loops to reach a common understanding of the transformation and the correct interpretation of the derived templates.

**Question 26): How could some of the challenges highlighted for defining transformations be overcome?**

We have discussed most of those challenges and some available solutions in the last two questions and answers,

**Question 27): What kind of data should be part of the feedback loops?**

The feedback loop approach should be closely linked to a comprehensive DQ framework.

The feedback loop should consist of two layers or lines. First one should consist of agreeing with every reporting institution that their derived templates make sense and that no material mistakes have been made during the transformation process. Whilst the second one should be the dialogue about the DQi for that institution, completeness, accuracy, timeliness, outliers and all the remaining quality metrics should be discussed and remediation plans agreed when needed.

**Question 28): What other areas should the feasibility study investigate in terms of granularity and transformation rules?**

The analysis regarding granularity and transformation rules is comprehensive and we do not think that any other areas concerning those issues should be investigated at this stage.

**CENTRAL DATA COLLECTION POINT**

**Question 29): Is your institution reporting to different authorities in your home country?**

Only to our NCB and the EU Authorities.

**Question 30): Is your institution reporting to other authorities in host countries?**

Yes indeed, as we have branches in some other EU countries they have to comply with their local reporting framework for branches of an EU institution which head office is in a different EU state. Besides, we are complying with the complexities of the different primary reporting definition for the same EU reporting obligation, e.g. ANACREDIT data collection format that is not harmonized amongst different EU jurisdictions.

**Question 31): Are you using one or more data dictionaries data dictionaries for reporting? How?**

As a result of a different primary reporting definition and a different technical input layer in the different EU countries, we are using a different semantic and syntactic data definition and a different semantic and syntactic definition for the data collection. For instance in our home NCA for the BSI reporting regulation we use the BoS UEM templates under BoS technical definition and in Italy we are reporting under PUMA2 definition.

**Question 32): Are you using the same or different formats for prudential/resolution reporting and for statistical reporting?**

Regarding only our home NCA reporting, we are using the only EBA ITS for prudential and resolution (for the LDR templates that are the only SRB templates included in the DPM) under maximum harmonization principle but, on the other side, we use BoS primary reporting layer for statistical reporting.

**Question 33): How important would it be, for your institution, to have access to a CDCP for all prudential, resolution and statistical reports? Why?**

It would be of the most importance as the CDCP will streamline most of the major reporting frameworks under one single dictionary and with an homogeneously defined collection layer, regardless the jurisdiction thus avoiding national primary reporting collection layers and enhancing scalability and reusability of the Data and IT regulatory projects for all the EU subsidiaries and branches. Besides, as we have discussed before within this document, the CDCP would enhance reported data interoperability and eventually reduce the ad hoc requests by enhancing data access for all the CAs under a common data model.

**Question 34): What should be, in your view, the main characteristics of a CDCP?**

Just to sum up most of the main characteristics that we have been reviewing in the previous answers:

* Unique dictionary for all the data collections, regardless their final purpose, the requester authority and the national vs EU nature of the request.
* Single collection layer, avoiding the primary/secondary reporting layers.
* Proper governance to reuse and share already existing data.
* Centralized transformation rules to create derived data/templates.
* Encryption facilities to protect sensible data from EU and third countries jurisdictions.
* DQ harmonised and shared with the reporting institutions

**Question 35): What would you think could be the challenges, costs and benefits of changing to a CDCP?**

Already discussed in the previous answers.

**Question 36): What solutions could the EBA investigate that would reduce costs?**

In our opinion, this matter of discussion should be addressed at a later stage.

**PRIVATE-PUBLIC COLLABORATION/COST SHARING**

**Question 37): Would the industry be prepared to bear the costs of integrated reporting?**

Yes, the industry is ready to make the changes into its internal systems to embrace the integrated reporting as we think that it is the right approach to streamline all the requests and reduce the reporting burden.

Nevertheless, we have to keep in mind that this is a huge project that has to be carefully deployed in a stepwise manner and with the participation of all the involved stakeholders to ensure its success.

**Question 38): Where (within the different elements discussed in the paper) do institutions and CAs see institutions’ involvement and cost contribution as most valuable in the development of an integrated reporting framework?**

The experience of CAs and industry collaboration in reporting projects as BIRD, IReF and Loan Tapes standardization has shown that the involvement of industry experts provide a wide range of benefits like increasing the speed of the definition, create simplifications and shortcuts, etc. and in more general terms, to complete the 360º data vision of the projects avoiding to bias them by only analyzing the problems from the side of the CAs.

Consequently, the involvement of industry experts in the Data Definition, Data collection, Data transformation, Data dictionary, Granularity and Governance issues is of the most importance to reach that holistic approach of the new integrated reporting project if we want it to be feasible and usable both for authorities and institutions, and if we want it to fulfill the purpose of reducing the regulatory reporting burden.

**Question 39): On a best effort basis, please include any monetary cost estimate you may be able to provide related to the implementation of an integrated reporting system for your institution.**

Without a more specific designed plan and some technical schematics of the integrated reporting systems it is not feasible to calculate, even as an overall, the costs associated with this project.

**PUSH VS PULL APPROACH**

**Question 40): Would you prefer the future integrated reporting system to be based on….and 41) What would be the main advantages and disadvantages to consider or/and what would be the main challenges to consider and what would be the possible design options (from both a technical and process perspective)?**

We would definitely prefer the push approach as it is the one that we have been used so far and it complies with most of our institution´s approach to regulatory reporting:

* It gives to the institution, responsible for the data, the end-to-end control of the data process and the control of the version history for every cutoff date. So we keep the tracking of changes between versions and what issues we are fixing with the newest version of the data.
* It gives to the reporting institution the responsibility on punctuality as it starts the delivery when all the internal checks have been tested and the internal controls thresholds have been complied with. So we keep the ‘ready to go’ button.

**GOVERNANCE**

**Question 42): Could you please specify any legal obstacles you would see related to the following?**

* Feasibility of the central data collection point

The main challenge is related to the minimum harmonization principle that should be completely removed (desirable) from the national/EU reporting regulation. Probably the NCAs and the NCBs would oppose any trimming of their national particularities.

* Collection and access to granular data by authorities

Under this issue we have to keep in mind that the third countries’ Data Protection Regulations must be taken into consideration if we go forward into a more granular approach. That issue could be addressed by a bilateral negotiation between EU authorities and third countries’ NCAs to ensure the sensible data protection in the CDCP by a reciprocity agreement or by the use of encryption procedures.

* The responsibility of the reporting institutions for the reported data, if the transformation of granular data is conducted by the authorities

In our opinion the transformation rules from granular data to templates should be agreed by the industry and the CAs and after that, the execution of the transformation rules could be conducted in the CDCP and the outcome should be distributed to the CAs and the reporting institution at the same time. Only after those three steps in the transformation process the reporting institution would agree on keeping the responsibility of the data derived from their granular datasets.

**Question 43): Do you agree with the suggested coordination mechanism for data requests? Do you see any benefits or disadvantages in this approach?**

In our opinion there are many benefits in the ‘Agile Coordination Mechanism’ as proposed in the paper, but the prerequisites for that to be feasible are the common dictionary and the CDCP. In the meantime, we should discuss some kind of coordination committee of new data requests to generate some of the better governance benefits, like analyzing new requested data with already existing data in any CA database, create tactical mechanisms of data sharing among CAs and get the advice from the industry regarding feasibility of the request, timeframe for delivery to avoid overlapping of requests in reporting process peak times, simplification strategies based on management data, centralization of the feedback loop and the dialogue to the reporting institutions about DQ issues, etc.

This advisory role from the industry should be included in the ‘Agile Coordination Mechanism’ as a mutually beneficial aspect for the CAs and the industry.

**Question 44): Please specify how the agile coordination mechanism for coordination of data requests could be further simplified and how your proposed measures could enhance coordination and avoid data duplication?**

In our opinion the ‘Agile Coordination Mechanism’ as described in the paper looks like a quite simple way to conduct a better governance of new data requests and to use the full capabilities of the CDCP and the common dictionary.

**Question 45): According to the reporting classification proposal in Annex I : are there further reporting criteria to be taken into account under Category 3 reporting?**

Yes, for instance the SSM Covid19 Templates, are recurrent but not indefinite and are not coming from regulations. Those ‘recurrent ad hoc’ data requests should be included in this category.

Also there are other category not included in the ‘Annex I : Classification of reporting request’. There are granular datasets that the reporting institution has to produce and keep but are not collected by the CAs but only on demand or under a fire drill exercise. Examples of this category are the Valuation for resolution dataset for the SRB and the granular datasets of protected deposits under Deposit Guarantee Schemes.

**Question 46): According to the reporting classification proposal included in Annex I: Do you agree with the proposed approach for non-recurring type of data Category 4?**

In our opinion it is quite difficult to cluster every single data request in a stone-written categorization criteria, therefore it would be wise to be flexible and to scrutinize ad hocs and find out if it fits in the integrated reporting approach or not.

**Question 47): What solution could the EBA investigate that would reduce costs?**

In our opinion, this matter of discussion should be addressed at a later stage.

**TECHNOLOGY**

**Question 48): Are you making use of the RegTECH for reporting purposes?**

No, currently we are not making use of the RegTECH for reporting purposes. Nevertheless, in 2016 a BBVA subsidiary based in the Netherlands launched a RegTECH pilot. It included in the scope 4 templates from ITS on supervisory reporting with regard to the LCR EC’s Delegated Act. Although the pilot was evaluated good, in general terms, a few things remain to be tested. Indeed we learnt that the cost savings would be accomplished only after the solution is extended to other general reports like COREP and FINREP. It was a pioneering project which let us know about the uncertainty about cloud based solutions in those days.

**Question 49): Which of the reporting process steps would benefit more from RegTech development?**

In our opinion the only part of the reporting process in which a RegTech can help is the Data Transformation.

**Question 50): Do you agree with the main obstacles highlighted in the discussion paper? Do you see any further challenges?**

We agree with the discussion paper conclusions on the matter and we think that a project of such high complexity could be properly deployed with the participation of a consulting firm, with broad experience in developing regulatory reporting solutions, that could use its expertise to develop the technical aspects of the project in a stepwise manner for the industry and the CAs by acting as a catalyst or accelerator of the whole idea.

**Question 51): Would you be keen to invest in RegTech for integration of different types of data?**

We usually opt for in-house developments for all the steps of the regulatory reporting process.

**Question 52): How do you think RegTech can help in data integration?**

As we have discussed before we have a limited experience working with RegTech, so we cannot offer any guidance on this question.

**Question 53): Do you agree that data standardization is the first necessary step for using RegTech?**

The data standardization under one common dictionary is the cornerstone of any step forward into the integrated reporting project.