

SUPERVISORY REPORTING ON LIQUIDITY COVERAGE RATIO - EBA CP 2014 / 45 RESPONSE FROM THE BUILDING SOCIETIES ASSOCIATION (UK)

Introduction

The Building Societies Association represents all 44 UK building societies. Building societies have total assets of over £330 billion and, together with their subsidiaries, hold residential mortgages of over £240 billion, 19% of the total outstanding in the UK. They hold over £240 billion of retail deposits, accounting for 19% of all such deposits in the UK. Building societies account for about 28% of all cash ISA balances. They employ approximately 39,000 full and part-time staff and operate through approximately 1,550 branches.

The BSA is registered under ID No 924933110421-64 in the EU Transparency Register.

General comments

LCR-based supervisory reporting has proven to be a major challenge for individual credit institutions, remains subject to both uncertainty and complexity, and has created a massive burden that is felt most acutely by smaller institutions, like many BSA members societies. While the initial LCR templates have not fully bedded down and been de-snagged, institutions may have to face, during 2015, implementing not only the significantly revised LCR template, but also the additional monitoring metrics (AMM) – which may also change in future. The operational burden of all this concurrent change and implementation has in our view been seriously underestimated.

Our high level response is that the EBA should do its utmost to reduce and mitigate - or at the very least - not to aggravate, the cumulative reporting burdens generated by the LCR. This could take the form of : (i) better phasing of any new requirements, such as the revised LCR template and the AMM, to avoid concurrent peaks of activity; (ii) introducing new requirements (such as AMM) only when they are final and not subject to further change ; and (iii) allowing / continuing longer remittance timetables wherever possible.

[Answers to specific consultation questions submitted on response form.]

BSA February 2015