

AnaCredit

The European Central Credit Register

WHITE PAPER - BANKING

SITUATION

Recent turbulent periods in the financial sector have highlighted the **challenges facing European banks, to identify and aggregate credit risk data concerning credit exposures. Why?**

- **Data missing: previously**, data was either not required for external reporting purposes, or not stored electronically.
- **Data of inadequate quality and/or granularity**: from a technical and business perspective.
- **Reporting architecture and processes inflexible**: data aggregation, sourcing, reduction of manual workarounds.

In May 2016, the **Governing Council of the ECB** introduced its Regulation concerning the **collection of granular credit and credit risk data ("AnaCredit")** in order to improve the statistical information base of the Euro system. The AnaCredit database now **provides detailed information about individual bank loans in the Euro Area**, and it is based on harmonised ECB statistical concepts and definitions.

The initial **scope** of AnaCredit covers **conventional lending products**, lent by **legal entities**, where a debtor's **commitment amount**, both drawn and undrawn, is **equal to or exceeds €25,000** within the reference period.

CUSTOMER CHALLENGE

- Is your Institution challenged by business definitions and data requirements which are **non-harmonised**?
- Does your Institution **require assistance in understanding and recognising** which data is available, from where it is sourced, and who in the Institution is responsible for providing quality assurance for each and every data element?
- Is your Institution challenged by basic **communication issues** between business and IT Units, causing an **increased effort** and **slow time-to-market**?

SIMPLITY SOLUTION

Simplify has deconstructed the AnaCredit data requirements in order to create a new **AnaCredit Business Information Model (BIM)** and data catalogue in Simplify's unique **Accuracy Glossary**. This **Glossary** provides support for comprehensive granular credit, and credit-risk, reporting. The BIM contains Business Data Elements (Entities and Attributes) which:

- facilitate structured representation of data requirements;
- serve as the basis for mapping to technical data models;
- enable sophisticated search;
- provide data lineage, and integrated approval workflows.

The AnaCredit Business Information Model is:

- application neutral;
- extendable and re-usable, thus supporting future projects (AnaCredit may be extended to cover, for example, retail borrowers);
- a starting point for a future organisation specific BIM;
- available online for testing purposes (contact Simplify for further details).

Together with its corresponding AnaCredit FSDM model, BIM serves as an additional implementation accelerator for Teradata clients.

Although the measurement of data quality level is a complex business driven task, the **Accuracy Quality** tool provides predefined standard data quality rules to support the reporting requirements, through checking:

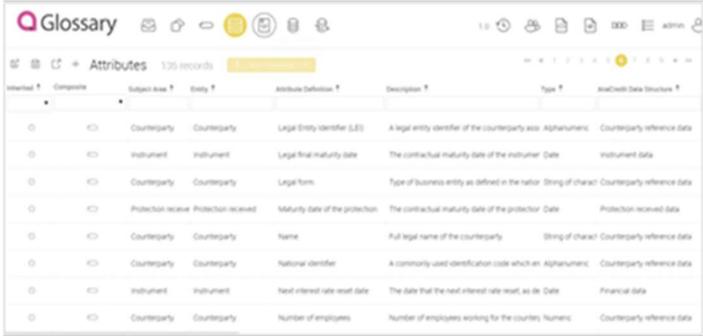
- Business rules
 - Data integrity (context related dependencies)
 - Completeness
 - Formal correctness
- on an individual basis or on multiple AnaCredit data requirements.

PARALLEL TO ANACREDIT: ECB'S HARMONISATION INITIATIVE – BIRD

The purpose of the **Banks' Integrated Reporting Dictionary (BIRD)** is to alleviate the reporting burden on banks. The underlying basis of BIRD is a **harmonised data model**, which, on the one hand, defines exactly which data shall be extracted from the internal IT systems of banks ('input approach'), whilst on the other hand, it identifies transformation rules which need to be applied to satisfy regulatory requirements.

The **first release** of BIRD, published in **July 2016**, is in the public domain. BIRD covers the data requirements of **AnaCredit**. Whilst the adoption of AnaCredit is not yet mandatory, its implementation will promote significant **benefits**:

- **re-usability** - different reports may be produced from a single input layer through the application of harmonised algorithms, thus providing greater consistency and significant improvement in data quality;
- **compliance** with regulatory requirements;
- **efficiency** arising from automated data processing between banks' internal systems and the regulatory authorities, with simplified adoption of the new reporting requirements.



Internal	Composite	Subject Area	Entity	Attribute Definition	Description	Type	AnaCredit Data Structure
		Counterparty	Counterparty	Legal Entity Identifier (LEI)	A legal entity identifier of the counterparty also	Alphanumeric	Counterparty reference data
		Instrument	Instrument	Legal final maturity date	The contractual maturity date of the instrument	Date	Instrument data
		Counterparty	Counterparty	Legal form	Type of business entity as defined in the nation	String of character	Counterparty reference data
		Protection received	Protection received	Maturity date of the protection	The contractual maturity date of the protector	Date	Protection received data
		Counterparty	Counterparty	Name	Full legal name of the counterparty	String of character	Counterparty reference data
		Counterparty	Counterparty	National identifier	A commonly used identification code which is	Alphanumeric	Counterparty reference data
		Instrument	Instrument	Next interest rate reset date	The date that the next interest rate reset, as its	Date	Financial data
		Counterparty	Counterparty	Number of employees	Number of employees working for the counterparty	Numeric	Counterparty reference data