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Bank of Finland

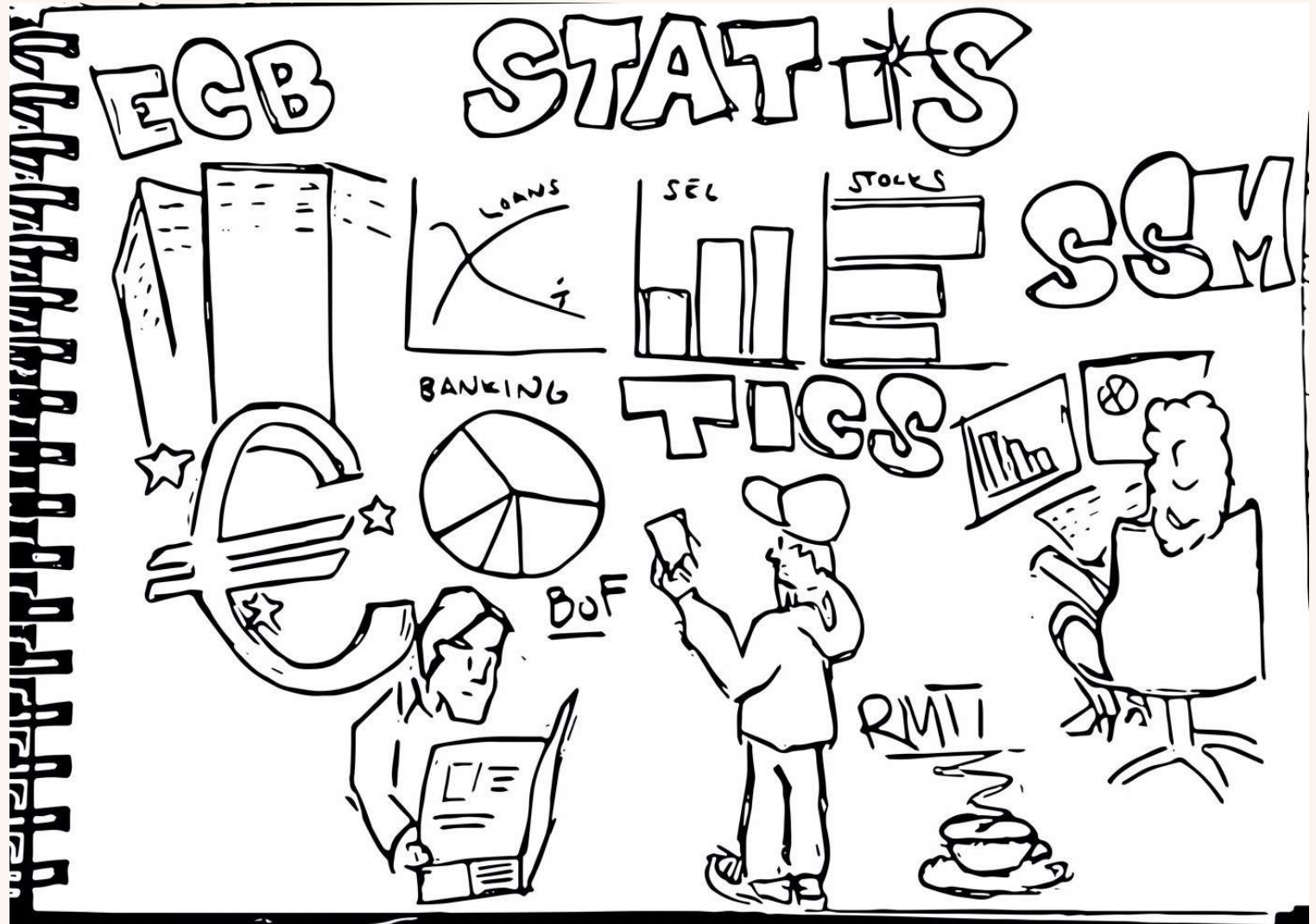
Integrated Monetary Financial Institution's (MFIs) data collection framework at the Bank of Finland

UNECE Group of Experts on National
Accounts 05/2018





We collect granular data, which we enrich and aggregate for several purposes





The data collection rights and data sharing within the Bank of Finland

- Act on the Bank of Finland (No 214/1998)
 - In the chapter 1 and section 3 the Act defines the tasks of the Bank of Finland and
 - the data collected within the survey can be used for serving these tasks

- The task of the Bank of Finland shall be to contribute to the execution of monetary policy as defined by the Governing Council of the European Central Bank

- The Bank of Finland shall also:
 - 1) contribute to maintenance of the currency supply and issuance of bank notes;
 - 2) contribute to holding and management of foreign exchange reserves;
 - 3) participate in maintaining the reliability and efficiency of the payment system and overall financial system and participate their development; and
 - 4) provide for the compilation and publication of statistics as necessary for carrying out its tasks

- The micro-level data can be shared to carry out the tasks of the Bank of Finland



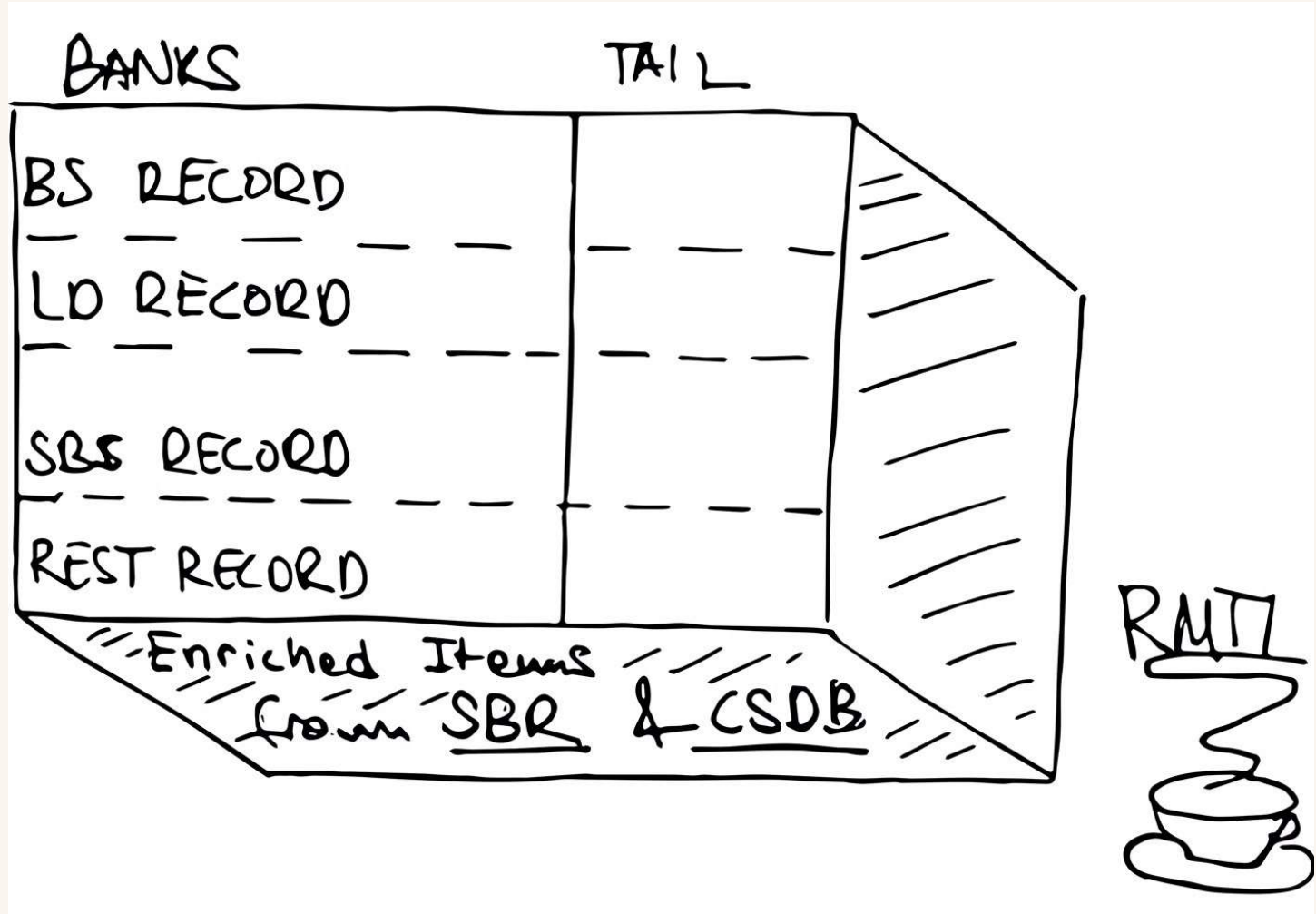
The target population of Finnish MFI survey

- According to ESA 2010 MFIs consist of three groups
Central bank, Deposit-taking corporations except central bank and Money market funds (MMFs).
 - Under ESA 2010 (2.67) the population of MFIs is defined by the ECB.
 - The target population for the survey is defined according to MFI-list maintained by the ECB.

- In January the total number of MFIs in Finland was 278.
 - The MMFs are not collected via MFI data collection.
 - In Finland information from MMFs, 10 respondents in Finland, is collected within Investment fund's data collection (IFs).
 - That is, the number of respondents for the MFI data collection, including the central bank, is 268.
 - Number of full reporters, agents reporting at monthly level, was 219 in January 2018. Number of tail reporters, reporting quarterly, was 49.



The design of the Bank of Finland reporting frameworks





The design of the Bank of Finland reporting frameworks (cont.)

- Top down approach: start from the final data warehouse level
 - Ensure clear and consistent data and concepts able to cover all the statistical needs: no duplicate data which possibly leads to inconsistencies
 - Take in account the usability needs for efficient data analysis
- Build an unbroken and trackable data flow
 - The each data item can flow independently throuhout the system
 - The data items are made fully traceable from the received data to the disseminated statistics
- Eliminate the duplication of tasks between reporting agents (=banks) and compilers
 - Banks do not report data that the Bank of Finland enriches or compiles



Regulatory reporting from banks viewpoint

- Since 2008 financial crisis the reporting burden has exploded
 - From the banks side it seems like the authorities do not cooperate
 - Banks are burdened by various authorities all using different terminology only to request for data that has the same content but a different label with another authority
 - Various technologies and ways of describing reporting requirements

- Producing reporting means large databases and granular level information
 - Different products are handled in various internal systems, which means that information is collected from multiple systems with different terminology and specific features
 - Validations against ledger, the connection to accounting should be kept in reporting
 - Database crosschecks ensures quality
 - From automation point of view reporting should be the same every month (no monthly/quarterly datasets).

- The amount of data required is what counts, not how many figures have to be reported in a template
 - To be able to report aggregated data you have to produce the granular level
 - Every reported data has a maintenance cost, it has to be tested every time something changes
 - Anchor values and aggregated values increase the need for crosschecking reports



Regulatory reporting from reporting the reporting agents' viewpoint (cont.)

- Reporting is expensive and time consuming
 - Internal needs differ from the regulatory needs; information should be reusable
 - To understand the authorities' definitions and terminology all banks employ experts
 - All banks and all compilers study the same manuals and interpret them but BIRD offers a great tool to ease this burden

- Integration should be done in a manner that eases reporting burden
 - Pure classification with granularity levels that can be used for all reporting
 - The Finnish reporters opted for no threshold in AnaCredit
 - Informing of changes well in advance so that they can be taken into account in internal projects
 - A number of Finnish reporters would gladly report AnaDeposits and granular level household loans to ease the reporting burden and let the authorities do the compilation the way they want.

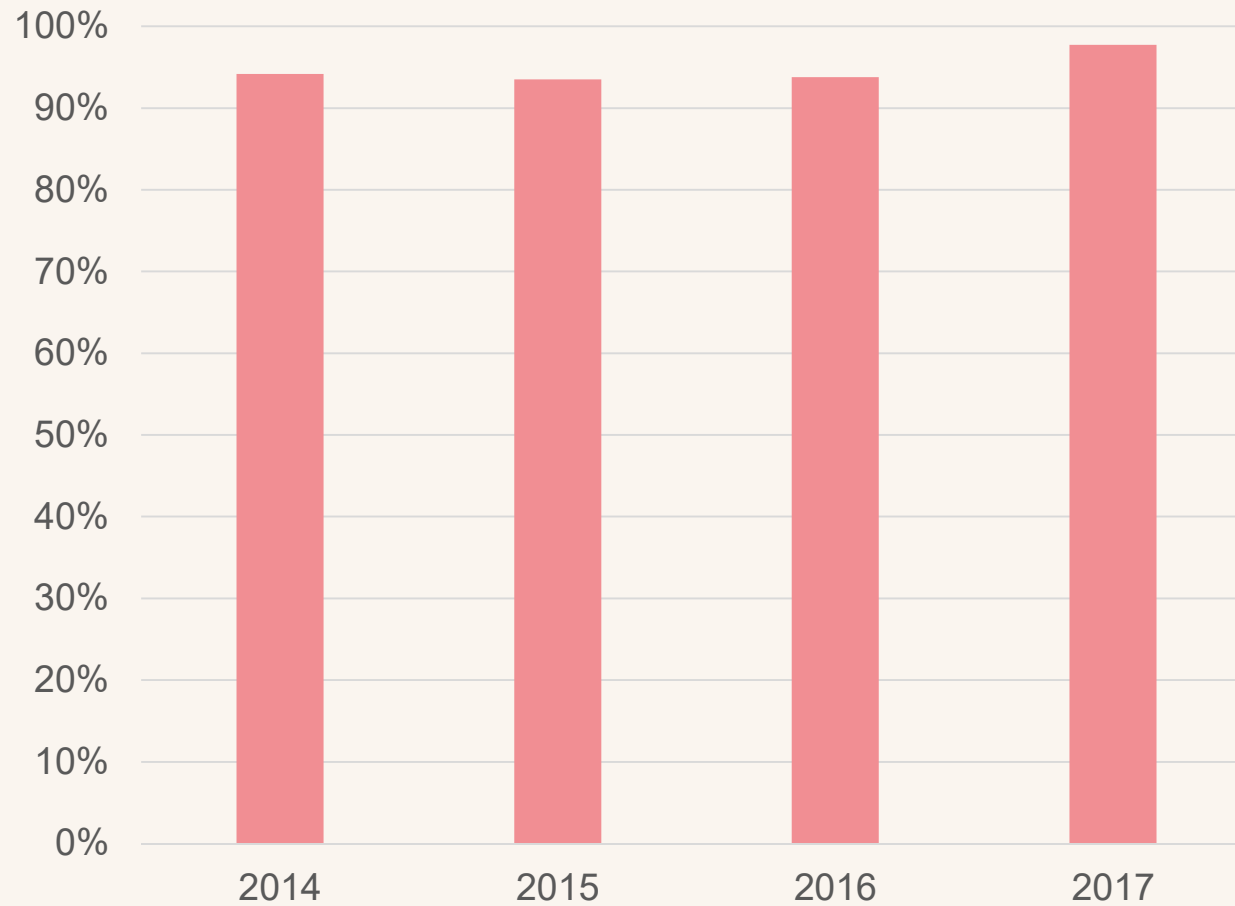


Cooperation with respondents

- We annually host two regular meetings at the Bank of Finland for full and tail reporters
- Create conditions in which communication is primarily done by sending high quality and descriptive data
 - Focus on proactive communication
 - Full code lists are an efficient way of communicating
- Go to a higher level than traditional data quality management
 - Support that the data is already in the first phase reported as straightforward and correctly as possible: provide support material with real examples
 - The most critical validation for MFI-reporting, assets must equal liabilities
- We regularly collect feedback from the respondents and it appears that
 - The reporting agents in general are content with the co-operation and implementation of the data collection process
 - Also in recent years we have experienced increase in satisfaction levels
 - However, the ever increasing demands such as AnaCredit are not yet reflected in the satisfaction levels



Share of satisfied reporting agents





Cooperation between Bank of Finland, Financial Supervisory Authority and Statistics Finland

- Since 2009 Bank of Finland collects data on a granular level data for statistical purposes
 - Data collected by one authority can be used by the others as granted in the legislation or via MoUs
 - Statistics Finland receives all MFI data from the Bank of Finland and some data is collected for FIN-FSA
 - Moving from the need of share granular data to promoting efficiency and ensuring consistency
 - Supervisory data collection is not integrated
 - In ad hoc data collection cooperation could be better

- The right to share data is based on the regulations and MoUs
 - The MoU between the Bank of Finland and Statistics Finland covers all data exchange and there is regular procedure for updating it annually
 - The right of the Bank of Finland to receive data from Statistics Finland is guaranteed by the Statistics Act (280/2004), section 12

- Regular meetings between the authorities on all levels from top management to expert level



Issues and way forward

- It seems, that banks prefer to report single granular dataset compared with multiple aggregated datafiles
- Need of granular data has increased the need to share data. Moving from the need to share of granular data to promoting efficiency and ensuring consistency from the reporting agents viewpoint.
- To maintain and value good relations with reporting agents is paramount for good quality statistics
- The Bank of Finland participates in ECB's IReF (Integrated reporting Framework) and BIRD (Banks' Integrated Reporting Dictionary) and we strongly encourage and seek ways to integrate different reporting needs
- To investigate AnaCredit data collection and to integrate it with traditional MFI data collection, where applicable
- Numerous differences between supervisory and statistical objectives and principles will reflect many challenges, if integrating the data collection frameworks