

31 May 2012

XBRL WEEK IN MADRID

Good morning and welcome to Banco de España.

We are really very pleased to organise the XBRL week in Madrid.

As you know Banco de España was one of the first institutions in the world to use XBRL for collecting supervisory and statistical reporting.

When Banco de España took the strategic decision to start to use XBRL for the collection of financial reporting it was because, after a careful analysis from an IT point of view, it was concluded that XBRL had a high potential to become an international IT standard due to their technical characteristics. Simultaneously to the decision to extend the use of XBRL to all financial reporting, Banco de España also decided:

- To participate very actively in the international groups that work in the improvement of this language in order to take full advantage of all their possibilities developing international solutions instead of proprietary ones, and
- To promote the use of XBRL among the supervisory community.

For that reason, you can understand why we are very pleased to organize these meetings on XBRL in Madrid, because they meet both objectives.

Being responsible for the design and control of the quality of the financial reporting of the entities supervised by Banco de España, I would like to use this opportunity to share with you what are, in my opinion, the main characteristics of XBRL from a business point of view and also to promote the use of a single methodology that can be used in the elaboration and documentation of the XBRL taxonomies, at least for supervisory and statistical reporting.

Related to the main features of XBRL from a business point of view, I would like to highlight the following:

- The data points (cells) can be defined using dimensions. This allows an exact definition of the data to be reported and, consequently, an increase in their quality.
- The data can be sent in an instance irrespective of the tables in which they are found. This allows the internal consistency of all reported data to be checked. Tables are simply views of the data.
- Formula linkbases can be used. This allows quality control of the data at inception and automatic rejection when the quality checks are not passed.
- Error messages can be automatically sent to the reporting entities, explaining the mistakes or advising what could be potential inconsistencies

- Qualitative information can be added to any cell. This allows the institutions to justify the figures that are reported when they apparently are not right.
- Translations of the financial concepts represented in multiple languages can be provided. Enabling the information to be read in the languages for which the labels are translated.

With respect to the use of a single methodology for the elaboration and documentation of the XBRL taxonomies, I need to say that, on the basis of Banco de España experience, I am absolutely supportive of a “data” centric approach for the identification in the taxonomies of all data points to be reported, instead of a “form” centric approach.

Under a data centric approach methodology, any data point must be expressed by its “primary element” and all additional dimensions necessary to their identification, like sector of the counterparty, currency of the instrument, country of residence, accounting portfolio, etc. By the contrary a “form” centric approach is orientated to the visualization of the data with the form of the tables in which they are included.

I think that my support to a data centric approach cannot surprise you, because I have mentioned among the main characteristics of XBRL that the data points can be defined using all the dimensions that allow their full identification and that the data can be sent in an instance irrespective of the tables in which they are found, because these features allow the improvement of the quality of the data.

In fact Banco de España has used a data centric approach for developing the taxonomy that we are currently using for the collection of the ECB statistical requirements from the Spanish credit institutions. Our experience with this taxonomy has proved that the data centric approach works very well. For that reason, we are in favor of extending this approach to the supervisory reporting. In this sense, EBA has published for consultation this week a Data Point Model (DPM) for FINREP and COREP that is similar, but not identical to the one used by Banco de España for the ECB statistical requirements.

Let me provide some ideas on the use of a single DPM. In my opinion, the DPM methodology should be used not only by EBA, but also by the other European supervisory agencies, and for the ECB statistical requirements, because in many cases the institutions and groups that provide the data are the same. But why not think with more ambition and try to agree on a single DPM methodology at international level, as it happens in other areas like in chemistry, where an international codification is used for the identification of the different elements and the elaboration of the formulas.

My proposal for an international DPM methodology is the following:

- First, to use a data centric approach for the identification of any data point in the taxonomy.
- Second, to agree on the basic dimensions to be used to identify a data point.

- Third, to use the same identification codes in any taxonomy to identify the dimensions and their members when they are exactly the same independently of the financial reporting framework. This currently happens when we are using the ISO codes for the identification of the currencies and the countries.
- Fourth, to define what information must be included in the “primary elements” in addition of the type of data to be reported.
- Fifth, to define in a standardised way how to identify if the data is an outstanding amount or a flow of the period, and
- Sixth, to agree uniform conventions for two issues that are interrelated: the way to report the signs of the data and the form to indicate the “credit/debit” attribute necessary for monetary items.

In any case, it is very important that the DPM must be developed to facilitate the understanding of the model by both the IT people and the business experts, because this is the only way to be sure that the quality of the data can be improved. For that reason, I am convinced that among the documentation of the DPM a template must be included for all tables of the reporting package with the dimensions that are necessary for the full identification of any row and column of those tables. In the templates, any dimension and member should be identified by both the codes and the names of the different dimensions and their members.

If we are able to agree on a single DPM methodology for the elaboration and documentation of XBRL taxonomies, we could really say that XBRL is an international standard compatible worldwide.

Among the sessions that are organized you have the opportunity to see a presentation of a tool that Banco de España is developing for the elaboration and documentation of a DPM based on a data centric approach. We hope that this tool can contribute to the standardisation of this methodology.

Finally, I would like you to have a very fruitful, productive meeting and enjoy your stay in Madrid.

Thank you very much for your attention.

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