



## EUROPEAN BANKING AUTHORITY PUBLIC CONSULTATION CP50 ANSWERS ON IT/XBRL. MARCH 2012

The following texts have been selected from the answers published by the European Banking Authority here: <http://eba.europa.eu/Publications/Consultation-Papers/All-consultations/CP41-CP50/CP50/Responses-to-CP50.aspx>

The answers are related with the EBA public consultation paper CP50:

*20 December 2011. EBA consultation paper on draft ITS on supervisory reporting requirements*

*The EBA published today a consultation paper on draft Implementing Technical Standards (ITS) on supervisory reporting requirements for institutions (CP50). The public consultation starts today and runs until 20 March 2012.*

<http://eba.europa.eu/Publications/Consultation-Papers/All-consultations/CP41-CP50/CP50.aspx>

The texts selected are related to IT/XBRL topics and, more specifically, to the question:

***22. What cost implications would arise if the use of XBRL taxonomies would be a mandatory requirement in Europe for the submission of ITS-related data to competent authorities?***

<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2011/CP50/CP50-ITS-on-reporting.pdf>

The objective of this document is simply made easier the reading of IT/XBRL comments contained into the public answers. The only responsible of this public compilation is the compiler J

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## 1. ABI - Italian Banking Association

"In Italy, the financial, statistical, prudential and accounting reporting is founded on an integrated process. Such structure, whose development and maintenance are coordinated by Bank of Italy, is per se intended to grant standardization, uniformity of conducts and regulation compliance. In our view, thus, it already fully targets the goals which EBA intends ground the production of technical standards on, which we totally share. Therefore we cannot see the necessary objective conditions to benefit from a potential switching to XBRL.

Furthermore, it must be underlined that the potential obligation to use XBRL would imply technical impacts and trigger consequent costs for the whole banks. Such costs, even where limited, should however be assessed in the perspective of a 'cost/opportunity against expected benefits' evaluation model, taking into account that such benefits simply do not exist, as we have illustrated.

On top of the merely technical issues, however, a relevant assessment should also be carried out on the material need for the user banks and their software house to gain the necessary organizational and procedural implementation and know-how (e.g. knowledge of taxonomy, etc.).

The potential impact of implementing new procedures and instruments of the kind would certainly be remarkable and, most importantly, would affect to the largest amount just smaller banks.

Should XBRL be deemed a suitable international standard, however, nothing prevents EBA from adopting it. In doing so, in fact, the European Banking Authority could nevertheless keep the incumbent national level standards untouched (without any prejudice whatsoever to the necessary consistency and homogeneity of the contents which need be signalled by means of such standards). This, however, does not exclude per se technical problems for banks: EBA's corrections in fact would be transposed into XBRL format and would need to be trans-codified into the language currently in use in the exchange between the Central Institution and the supervised subjects. Such solution, however, would be preferable to that of a similar exercise to be carried out by the single signaling institution, since it seems more suitable to grant uniformity and adequacy of the translation.

It must be further highlighted that, nevertheless, it would be more problematic to keep two languages in line: the "standard Banca d'Italia" one for all data referred to supervision's signals and the XBRL type for the EBA section solely.

More in detail, please find hereunder further reasoning deriving from the specific Italian experience: the simultaneous use of XBRL and the adoption of the "data point model" would entail the re-mapping (with a significant implementation effort and, therefore, higher costs) of the fields presently managed at Banca d'Italia level according to EBA's codifications and the consequent XBRL rules of validation.

Although – as said - the cost could be sustainable from a purely IT point of view (limitedly to the aspects pertaining to the acquisition of the software for codification and to the initial cost of implant), a relevant criticality would appear under the organizational profile: the maintenance of the links between Banca d'Italia codifications and EBA ones should be managed by the software houses with presumably quite high costs and economic organizational relapses within each single bank (in terms of hours spent for the management of the mentioned links).

Furthermore, the adoption of the XBRL taxonomies would trigger the redefinition of the signaling formats at the level of each banking group. This would force the simultaneous use of different

tracks: EBA signaling and Banca d'Italia signaling, thus diverting the attention on the consistency between the sent tracks and the relevant remarks.

The adoption of XBRL for the forwarding of information would need some integration: for instance, the realization of a "proprietary" format of the corrections and remarks, since at present XBRL does not envisage any standard for such kind of transmissions. Moreover, out would arise the necessity of validating with the same language the controls which usually Banca d'Italia applies to the information received. Finally, also necessary would become certain interventions intended to "modify" the type of field currently provided for supervision signals, which does not at present provide the insertion of alphanumeric characters."

## 5. Austrian Federal Economic Chamber

"A mandatory requirement to use XBRL would mean to start an IT-implementation project immediately.

As a necessary precondition, all forms/definitions/... have to be available right now, as such a project has a minimum time frame of 12 to 18 months. Having said that, it is obviously too late to direct the usage of XBRL for first reporting date March 31st 2012.

Additionally: Introducing XBRL as a mandatory requirement in parallel with the implementation of Basel 3 and the new solvency forms increases the needed IT-effort and therefore increases the risk of not achieving the Basel-3-goal.

Furthermore all investments in current solutions would be sunk costs.

The mandatory introduction would cause problems not only on the side of the commercial banks but also for the supervising authorities, as also they would have to change their IT for receiving regulatory reports accordingly in new XBRL format.

Therefore we oppose this idea as it does not improve the supervision of banks but increases the project risks dramatically."

## 6. Bank Association Slovenia (annex)

"The reasons why we wouldn't implement XBRL data exchange format are:

- IT implementation cost are too big (an extra layer of activity would be added to complex reporting activity, which is costly)
- Implementation would take too long
- We do not see any added value for our bank by preparing XBRL reports
- We will comply by using XML data exchange format with all validation rules, precision rules and other specifications which are included in the XBRL taxonomies.

We think that in the future banks should implement XBRL taxonomies, but at the moment the banks should focus on the financial crisis instead of technology investments."

## 9. BAWAG P.S.K. (cover)

"As BAWAG PSK does not use XBRL at present time, this would cause significant additional costs and would substantially delay first time application."

## 10. BBA - British Bankers' Association

"In general, the software does not provide too great a challenge. However, it depends on the details of the taxonomy itself. If firms are going to be required to tag data items to a very granular detail, this could potentially be of great expense. This expense may be particularly disproportionate for smaller firms.

We are also concerned by the timelines. Firms would need at least 6 months notice of the updated taxonomy to implement the XBRL changes. We request that the taxonomy is released no later than the publication of the final ITS."

## 11. BNP Paribas

"FINREP is currently sent to the French Supervisor under XBRL format. IT could save reporting workload if XBRL was accepted (not necessarily required) by all European supervisors.

Besides, costs could arise from XBRL taxonomy evolutions. We understand that a consultation paper will circulate during the second quarter of 2012. In this respect, we would like to insist on the importance of getting XBRL taxonomy a long time enough before the implementation date, in order to have time to modify IT systems accordingly. We consider that XBRL taxonomy should be provided at the same time as final ITS, at least 18 months before the implementation date.

As new ITS imply heavy IT changes, the implementation period should leave enough time to:

- Analyse the final requirements
- Draft the expresses of needs
- Implement IT changes
- Test IT changes
- Execute a parallel run

These phases cannot possibly hold in 9 months. The EBA should at least leave 18 months as implementation period."

## 13. Building Societies Association

"XBRL (eXtensible Business Reporting Language) is a digital "language" that was developed to provide a common, electronic format for business and financial reporting. In XBRL, markup tags are used to make business information computer-readable and consumable. For companies reporting in IFRS, the IFRS Foundation publishes tags for each IFRS disclosure. These tags are organised and contained within the IFRS taxonomy. What about UK GAAP?

The cost implications of mandating XBRL reporting will depend on the cost of appropriate solutions. XBRL use is relatively new in the UK and would require substantial investment by our members. Such a rule inevitably hits our smaller members hardest, which will have no benefit at all from it.

As the final requirements will only be published in June 2012, there is not enough time for our members to develop their own solutions. What might be helpful is if national regulators such as the UK's Financial Services Authority update their own reporting system (called GABRIEL) so that any submission through this system would be validated and tagged with XBRL accordingly.

The UK's FSA has already decided to stop allowing firms to report using Adobe pdf files for COREP templates on costs grounds as well as to align more with EBA's requirements. The tagging needed

by the recent move to iXBRL by the UK's tax authority, HM Revenue and Customs, was handled by most of our members by a firm of advisers as they lacked inhouse expertise. It is therefore probable that advisers will benefit again should XBRL become mandatory."

#### 14. Co-operative Banking Group (annex)

"Full cost implications not yet known, but costs implications relate to building a new reporting system.

The cost implications depend on granularity of data required. The cost of tagging may be significant because of the level of detail required.

There is also concern that XBRL taxonomies will not be available until later in the year which will reduce the time available for implementation."

#### 16. Croatian National Bank

A mandatory requirement for the use of XBRL taxonomies for the submission of ITS-related data to competent authorities could arise serious cost for the reporting institutions on the one side, and the central bank on the other side since XBRL taxonomy hasn't been implemented in the present Croatian supervisory reporting framework. The adverse impact would be the fact that currently adopted reporting framework enables central bank to map cca 80% of the ITS-related data, regardless of the taxonomy used for the data collection. In addition, the current taxonomy is used both for statistical and supervisory financial reporting, therefore the introduction of the new taxonomy would create unnecessary cost for both reporting institutions and central bank in its double role of monetary and a supervisory authority.

#### 17. Deutsche Bank

Data point model, validation rules and XBRL: The proposed data point model with embedded validation rules is a very positive development. It will provide a consistent basis for implementation across banking groups and will improve the general quality of data collected. Although these common rules and data points will mitigate the timing challenges to some extent, the integration of a common approach into a bank's internal systems is nonetheless resource intensive and requires adequate time. For this reason, we believe that XBRL should be introduced consistently across the EU by all supervisors, but with sufficient time for advance testing to ensure that it interacts correctly with banks' systems.

#### 18. Deutsche Börse Group

"Preparation of COREP / FINREP reporting is largely done using standard software.

In consequence, the change from XML to XBRL taxonomies and technical formats is to be done by the software providers. With the implementation of CRD IV, massive changes in the regulatory reporting software are expected and new software licenses will be required. Final prices of those licenses are depending (a) on final content of CRD / CRR and the EBA ITSs / RTSs and (b) technical requirements for the transmission language / taxonomy. Furthermore, as maintenance costs are usually a percentage of license fees also expectations on future changes influence the price.

Finally, the number of expected users is another determinant. Therefore, any price (i.e. costs from the institution's perspective) can just be estimated once the details are available.

In general, we estimate the impact of the change from XML to XBRL language to be moderate compared to the costs of changes with regard to content."

## 19. Dutch Banking Association

it must also be noted that institutions can only start building new tools for reporting once the exact requirements are clear. It is not possible to start building beforehand. Key elements in this respect are the definitions of the requirements. In our view these should be harmonized as much as possible and leave no room for divergence. So, the longer Council and European Parliament take to come to an agreement on CRD/CRR, the more time institutions should receive to adjust their IT-systems.

## 20. EACB - European Association of Co-operative Banks

It must be underlined that the potential obligation to use XBRL would imply technical impacts and trigger consequent costs for banks. Such costs, even where limited, should however be assessed in the perspective of a 'cost -opportunity against expected benefits' evaluation model, taking into account that such benefits have not been proven to exist.

On top of the merely technical issues, the necessary organizational reorganisation that banks need to undergo and procedural know-how (e.g. knowledge of taxonomy, etc.) they need to obtain is burdensome, time consuming and costly. The potential impact of implementing new procedures and instruments of the kind would certainly be remarkable and, most importantly, would affect especially smaller banks. Furthermore, we are worried that the IT company will not be able to communicate its specifications to the dedicated project management teams (MOE) within a reasonable amount of time.

In case XBRL is deemed a suitable international standard, however nothing requires EBA to adopt it. In proposing to do so, in fact, EBA should nevertheless keep the incumbent national level standards untouched and allow for a national discretion or application of the proportionality principle for smaller and merely national active banks; This is without any prejudice whatsoever to the necessary consistency and homogeneity of the contents which needs to be signaled by means of such standards.

There are examples where institutions may send in the supervisory reports in simple txt formats and the authority transforms it to XBRL for its own use. In our view if the XBRL would be very important for the co-operation among the EU supervisory authorities, institutions should have an option for the reporting language and the transformation to XBRL could be done by the authorities. This solution would be much more economic for the entire banking sector.

For example, in Italy the financial, statistical, prudential and accounting reporting of the supervised Italian institutions is founded on an integrated process (PUMA 2). Such structure, whose development and maintenance are coordinated by Bank of Italy, is per se intended to grant standardization, uniformity of conducts and regulation compliance. In the view of Italian Banks this already fully meets the objective of having standardisation. They do not perceive the benefit from a potential switching to XBRL for national active banks except in case for cross-border operating banks.

## 21. EBF, AFME

"We strongly oppose in this context the argument which the supervisory community has advanced at the public hearing on the consultation according to which the future requirements would be sufficiently predictable to allow institutions to start adapting their IT-systems already today. Clearly, institutions cannot begin adapting their IT-systems before the requirements have been locked down, particularly taking into account that the Consultation Paper contains a range of mistakes that need to be rectified and, moreover, that many of the technical details of the proposals made in the Consultation Paper need additional clarification and the build-out of projects at firms will inevitably be delayed until there is sufficient clarity on what is precisely being asked for.

The business community will benefit from a generalised introduction of XBRL as it contributes to reducing manual processes and significantly increasing the data quality. However, it should be up to each individual company to decide on the timing of integrating XBRL within its internal systems.

An extended use of XBRL across the business community is clearly the way forward. Therefore, the business community expects European Authorities to pave the way for a larger usage of XBRL by providing the right incentives and, at the very least, by restraining from lifting obstacles to the use of XBRL.

Against this backdrop, we profoundly disagree with the proposal made in the Consultation Paper that it should be up to each individual EU supervisory authority to decide if it is prepared to accept the XBRL format. The applicable IT-solution should provide an incentive to firms (and regulators) to switch-over to XBRL. This can be achieved by allowing firms – and, therefore, not their competent supervisor – to operate a choice between the two IT solutions which the Consultation Paper proposes to make available.

It needs to be observed, moreover, that the solution which the Consultation Paper proposes would create an additional burden for groups which have subsidiaries in several Member States and would, therefore, create an obstacle to a proper functioning of the Internal Market."

Article 95 of the Proposal for a Regulation on prudential requirements for credit institutions instructs the EBA to develop uniform IT solutions to be applied to reporting requirements.

The notion of "IT solutions" also covers electronic signatures. Today, each supervisor imposes its own type of electronic signature which obliges institutions to use a different type of electronic signature depending on the supervisor to whom it needs to report. We do not believe this to be in accordance with the Single rulebook which the European Commission aims to achieve. We conclude from this that, by overlooking this specific issue, the Consultation Paper has not satisfied the requirement which Article 95 imposes on the EBA.

If the final version of the Consultation Paper would not deliver a uniform electronic signature, as required, it should at the very least accept that the type of electronic signature which the home country supervisor imposes needs to be accepted by every host supervisor."

## 24. European Federation of Building Societies

"The IT systems used in the institutions are designed for supervisory templates based on the use of defined sets of forms. However, the forms listed in the standard draft contain dynamic elements, so that in future it would only become clear while the forms are being completed how many templates will have to be filled with content. The COREP reporting form No. 3.3.b on the

""Geographical breakdown of financial exposures (CR IRB GB)"" is a good case in point. It will be necessary first to develop, test and implement suitable solutions, not only for the introduction of the form, but also - and more importantly - for dynamic elements.

As far as the "geographical breakdown" is concerned, we are pleased to see that institutions will only be obliged to report this information if their entire international portfolio is substantial and exceeds 10 per cent of their total lendings. However, we strongly suggest that the reports on specific countries should not include any dynamic elements because the costs associated with the implementation would be excessive. The dynamic elements contained in the reporting form should be replaced by a fixed group of countries (e.g. the G20 countries). A report should have to be submitted for each of these countries if the exposure there is in excess of 1 per cent of total lendings."

## 25. European Systemic Risk Board

The ESRB sees clear benefits in standardising reporting tools and the data quality effects of checking functionality available in XBRL, in particular for the reporting from NSAs to EBA.

## 27. Federation of Finnish Financial Services

The use of XBRL should remain optional for reporters.

## 28. French Banking Federation

"The use of XBRL taxonomies as a mandatory requirement would be very costly. Therefore we believe that the use of XBRL should be left to the choice of the financial institutions or along with the practice in use with their local supervisor.

Using XBRL taxonomies implies that the ITS reporting templates and the XBRL taxonomies must be available at the same time in order to have a correct project process.

The information related to long/short split of positions is only available in front-office systems and would require very heavy developments to be carried to consolidated prudential level.

Counterparty risk "number of counterparties": systems are not able to report the number of counterparties at a consolidated prudential level. Moreover, in our opinion, Concentration Risk is already monitored by Large Exposures reporting."

## 29. German Banking Industry Committee / Association of German Banks (cover)

XBRL is only used for one solvency reporting template at present, namely E Verso, which, moreover, is in text format. Converting all other templates and extending the scope to large exposure reporting would generate substantial costs. It is the combination and quantity of issues involved which pose a particular challenge. The "mere" switch to XBRL is most certainly not the problem. Bank staff would require extensive training to work with this new data model, with its approximately 4,000 possible data fields in the 3.2a CR SA Total template, for example, and with a complexity that means data can no longer be modified. This would not be possible in the time available. This data model would frequently exceed the existing capacity of data centres, especially those serving German networks of small institutions.

In addition, test reports would have to be submitted to the Bundesbank in good time prior to the switch to XBRL. Since it is highly probable that interfaces with the relevant source systems would not be in place at this stage, data would have to be entered manually into the XBRL reporting files (and plausibility checks would have to be carried out). This process would be extremely costly and time-consuming.

On top of this, it is difficult to acquire specialist consultancy services in this field at present since there is a big demand but only a limited number of competent consultants with XBRL expertise.

In this context, we wish to draw attention to the EBA timetable for development of an XBRL taxonomy. According to Work Plan 217, this taxonomy has to be developed by 31 December 2012. It goes without saying that it must be available at least six months before the actual implementation date to allow due preparation for implementation.

### 32. Kredyt Banka SA

We already report using XBRL. The format is more receiver friendly (more standardized layout) but for the Bank it is less transparent (regular user cannot read the report) and makes the Bank dependent on the provider of the IT solution. We face the problem relating to the lack of knowledge of XBRL. There are hardly any specialized trainings on XBRL on Polish market.

### 33. Lloyds Banking Group (annex)

"Challenges for third party software suppliers and supervisors – Many firms, including LBG, will be relying on third party software suppliers to deliver some or all of the IT solutions necessary for COREP reporting, including to facilitate XBRL compliant data transmission.

We currently have no guaranteed timescales as to when these suppliers will be able to deliver COREP/FINREP solutions: this is in turn dependent on the finalisation of the EBA's XBRL data model. Given the likely high demand for their solutions, it is unclear whether suppliers will be able to offer adequate levels of support during implementation. This could compromise our ability to deliver data to the FSA.

Due to the untested nature of the XBRL transmission mechanism from firms to the FSA, and from the FSA to the EBA, it is essential to build in a testing period for both legs of this data transmission. To our knowledge no such testing period has been allowed for in implementation timelines. In system implementations of this scale such an approach would normally be deemed to be unacceptably risky.

We also propose there should be proper testing of new data submission processes from firms to the FSA and from the FSA to EBA, with adequate time allowed for all parties to build and test their system capabilities.

As we do not currently use XBRL its imposition represents an incremental cost for LBG. We are currently assessing possible solutions and do not yet have a clear view on cost.

We understand that the UK supervisor intends to mandate XBRL in order to meet its own obligations to the EBA. Accordingly UK firms will be required to implement XBRL solutions whether or not the EBA directly mandates it.

We note that the cost implications of mandating XBRL may be significant for smaller firms in particular, and also note our concerns around the capacity of software suppliers to deliver the necessary software to an appropriate quality in the timescales required."

#### 34. [Lombard Risk](#)

"The XBRL taxonomies are not available until second quarter 2012. Need to get a better idea on possible delivery from EBA"

#### 36. [NORDLB](#)

Based on the current analysis, the costs for transmitting the data via XBRL cannot be quantified at the moment. In general, an interface connecting our consolidation tool to an XBRL-capable tool will have to be created for delivering the data, which will generate more costs in comparison with the status quo.

#### 37. [PKO Bank Polski](#)

Presently XBRL has been selected as the mandatory format for financial reporting in Poland and is used by Polish banks. The cost of implementation of the XBRL report will result from the adjustment to the new version of the taxonomy. In the Bank's view, the applicability of a uniform standard throughout the EU is important.

#### 38. [Rabobank](#)

Rabobank is in favour of a harmonized reporting infrastructure. The proposed generalized introduction of XBRL undoubtedly contributes to reducing manual processes and increasing data quality. However, we are not in favour of a mandatory implementation from start on or on a country by country basis. In our view we expect EBA and the supervisory community at large to accommodate the future use of XBRL and work to achieve a switch-over in 2 to 5 year's time.

#### 40. [Societe Generale](#)

We already use XBRL taxonomy for FINREP, COREP and our national reporting, the translation into the XBRL taxonomy is included into the software we use to built up the reporting and the update are provided by our supplier. In order to have a correct project process, we will need to have the reporting table with the ITS and the XBRL taxonomy at the same time .

#### 41. [Standard Chartered](#)

The introduction of XBRL would result in increased costs for development and maintenance but these cannot be quantified until the specification has been received.

#### 42. [Swedish Bankers' Association](#)

"The use of XBRL should be optional for the banks. There are still large differences between both banks and countries. For some banks the cost of implementing XBRL would be minor but for

others it would be considerable. However, to facilitate the implementation of XBRL in banks with cross-border activities, it should be optional to use XBRL in all jurisdictions in Europe as from 2013. For banks that plan to use XBRL it would be an additional cost if not all supervisors would be able to receive reporting in XBRL format.

Swedish Bankers' Association is of the opinion that the use of XBRL should be optional for the banks. There are still large differences not only between the banks, but also between regulators. For some banks the cost of implementing XBRL would be minor, but for others it would be considerable.

However, to facilitate the implementation of XBRL in cross-border banks, it should be optional to use XBRL in all jurisdictions in Europe from 2013. For banks planning to use XBRL it would be an extra cost if not all supervisors would be able to receive reporting in XBRL format."

#### 43. [Wolters Kluwer FRSGlobal](#)

From our firm's viewpoint, the cost would be relatively small as we already have XBRL taxonomies in place.

#### 44. [XBRL Europe](#)

"XBRL Europe proposes that on the examples given by numerous other supervisory authorities in Europe or outside Europe, EBA should mandate XBRL as the underlying standard for the supervisory reporting in Europe within a clearly defined calendar enabling national supervisory authorities to adapt themselves to this transformation in due time.

XBRL Europe is of the opinion that the entire business community will largely benefit from a generalized introduction of XBRL as it contributes to reducing manual processes and significantly increasing the data quality. XBRL Europe is also of the opinion that for the purpose all the European Authorities should assist the business community in introducing on a larger scale the usage of XBRL in accompanying its mandated or generalized usage, like in supervisory sectors but not only, in order to facilitate the exchange of information between the EU countries.

XBRL Europe acknowledges that a major difficulty for further wide implementation of XBRL in Europe is that accounting standards and the related accounting taxonomies are different amongst the European Countries. Companies have therefore to file in following local accounting standards and/or the IFRS, which creates a lot of burden and even inconsistency.

Furthermore, in order to reduce the reporting burden to borne by the business community, all the EU authorities – not only those supervising the financial sectors - need to increase their efforts to harmonize or to integrate throughout the EU the various types of reporting requirements which exist today or which must be developed in the future.

Thus adopting one single accounting standard or layer and integrating the filing requirements in the EU would facilitate the life of the business community.

XBRL Europe is thus of the opinion that EBA should promote and mandate the open and royalty free XBRL format in each individual EU supervisory authority in accompanying them for the implementation within a roadmap developed and agreed with the other Supervisory Authorities EIOPA and ESMA and as well with all the other European authorities."