

# ESBG response to the ECB public consultation on its Guide on effective risk data aggregation and risk reporting

High-level position paper – Executive summary

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**The European Savings and Retail Banking Group (ESBG) responded to ECB's consultation on its Guide on effective risk data aggregation and risk reporting. The Guide serves as a vital framework with the primary objective of setting forth essential prerequisites for the effective aggregation and reporting of risk data. It does so by incorporating and synthesizing the best practices observed within the industry, ensuring that banks have a solid foundation upon which to build their capabilities. Moreover, the Guide takes a significant stride in providing explicit and robust reinforcement of supervisory expectations, harmonizing with the internationally recognized BCBS 239 principles. As such, the Guide's role is not to replace but to complement the existing guidance that has been in place since 2016, thereby maintaining continuity and consistency in supervisory approaches. This initiative is part of a more extensive strategy, designed to guide and support supervised banks in their journey towards rectifying structural deficiencies within their risk data aggregation capabilities, ultimately promoting greater stability and resilience in the financial sector.**

## **Clarification of Supervisory Expectations**

ESBG wholeheartedly acknowledges the six supervisory expectations thoughtfully identified by the ECB as priority areas. While we deem these expectations entirely appropriate, we advocate for the provision of more granular details within these priority areas. We firmly believe that this additional clarity is not only essential but also instrumental in yielding superior implementation results. This commitment to transparency and accountability is at the core of our stance.

## **Management body responsibilities**

Within the sphere of management body responsibilities, ESBG places great emphasis on the need for a clear differentiation between accountability and responsibility. It is our contention that accountability should rightfully rest with Board members, while responsibilities ought to be meticulously delegated top-down. In addition, we underscore the importance of delving deeper into the sharing of best practices to underpin effective implementation. This deeper exploration of best practices will undoubtedly provide invaluable support.

## **Individualised roles and responsibilities**

ESBG recommends a nuanced approach to the concept of roles, one that is individualized and takes into account the unique business models of financial institutions. We firmly contend that the specific responsibilities of the Data Governance unit should align with the nuanced needs of banks, and further specifications for validation units are of significant importance.

## **Incorporating Subsidiaries into Governance**

ESBG stresses the significance of materiality when it comes to incorporating subsidiaries into the governance framework. In our pursuit of enhancing this process, we propose an expansion of the criteria to encompass relevant reports. This expansive approach will not only facilitate better prioritization but also provide a structured framework for distinguishing based on materiality and impact, thereby enabling a more focused approach, particularly on critical templates.

## **Timeliness in reporting**

ESBG is of the view that expectations concerning the production time of reports necessitate further elaboration. Timeliness in internal risk reporting is crucial, and we firmly believe that providing more detailed expectations in this regard will empower banks to bolster their capabilities and meet these crucial requirements with precision and punctuality.

## **Enhancing Industry-ECB Communication**

Furthermore, we would like to reiterate the pressing need for expanding avenues of discussion between the ECB and the industry. This expanded dialogue will serve as an invaluable platform for the sharing of views and the exchange of insights, undoubtedly contributing to the heightened quality of the implementation process.