

Reducing the reporting burden in the statistical environment – how **XBRL** can help

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Presentation

- **ESCB statistics: examples**
- **Other statistics and sources**
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ESCB statistics: examples

- **Monetary Financial Institutions balance sheet statistics**

- *relevant statistics*: direct support to monetary and credit analyses
- *reporting agents*: credit institutions and money market funds
- frequent (*monthly*) and timely (*ca. 12 working days*)
- detailed balance sheet (*of individual institutions*)
- re-use of individual data from credit institutions for minimum reserves

- **MFI interest rates statistics**

- *relevant*: assessment of monetary policy transmission;
also useful to measure financial integration and protect consumers
- *reporting agents*: banks (*possibly via sampling*); *same frequency and timeliness*
- interest rates on new business and outstanding loans and deposits

- **Banks and insurance corporations supervisory reports**

- financial stability purposes
- re-use of existing supervisory reports – *ongoing work to reconcile*

Ref. <http://www.ecb.europa.eu/pub/pdf/other/ecbstatisticsanoverview2008en.pdf>

Other statistics and sources

- **Eurostat's Structural Business Statistics**
 - assessment of structural changes in various business activities
 - annual surveys
 - detailed reporting on entities (employees), their income (turn-over, profits/losses) and balance sheet accounts
- **Central Balance-Sheet Offices**
 - assessment of activity, financing and profitability of corporations
 - (usually) annual balance sheet and income statement, with extensions
 - comparative analysis by branches of industry, possibly by regions
- **(Central and Private) Credit Registers**
 - assessment of borrowers' risk (negative: loan impairments, or positive)
 - (usually) weekly/monthly reporting and retrieval of information
 - use for prudential purposes; re-use for statistics and other purposes

Ways to reduce reporting burden (1/3)

I. Concrete actions - illustration

- Countries like Belgium, France, Spain, the Netherlands or Portugal have implemented taxonomies and integrated reporting
- This covers, e.g. the registration of annual accounts, whereby the requirements of ministries (e.g. justice, tax authority), supervision or audit where appropriate, and statistics are met
 - *The one-off cost to adapt to the reporting may be much reduced by facilities provided by the agency/ies sponsoring the initiative and/or by software houses proposing packages;*
 - *Regular costs are marginal, especially where data import/export facilities are integrated in the software packages; and*
 - *Corporations save the cost of sending different sets of accounts in different languages and formats*
- Eurostat and the ECB have launched projects to define a taxonomy (also with an XBRL extension) for some statistical reporting by industries (for Short-term statistics and Structural business statistics)
- ✎ *In contrast, there is reluctance of some businesses for various reasons: entry cost, transparency indirect effects, etc.*

Ways to reduce reporting burden (2/3)

2. Cooperation among authorities

- European Central Bank
 - European Commission (Eurostat)
 - National Central Banks,
 - National Statistics Institutes, and
 - National Supervisory Authorities (*for banks, insurance corp., securities exchange commissions, etc.*)
- *to run ESCB “merits and costs procedures” and/or Commission’s “impact assessments”*
 - *to reconcile statistical and supervisory frameworks, to the extent possible, and to derive (clear and harmonised) taxonomies*
 - *to use a business-friendly presentation based on internationally-recognised standards, although many statistics are still based on national GAAPs*
 - *to translate the requirements in XBRL, initially based on extensions*

The availability of harmonised definitions and of inter-linked reporting modules is instrumental to prepare for the use of XBRL

Ways to reduce reporting burden (3/3)

3. Responsibilities and interaction among stakeholders

- National Central Banks *and* National Statistics Institutes *can do the* development work, *jointly with* National Supervisory Authorities, *as the* core requirements are set at national level
- European Commission *may* coordinate the taxonomies *developed at national level, and overall foster, or enforce* the use of taxonomies, *and* the use and interoperability of XBRL (*extensions*);
- *European committees: CEBS, CEIOPS and CESR may play* an active role
- European Central Bank *can play* a catalyst role with businesses, *and ensure necessary conditions for level playing field and* interoperability
- Business representatives (*directly or via national and European fora*)
- Associations like XBRL-Europe *and/or* XBRL in the countries concerned
- Software houses (ERP)

Issues for discussion

- **What are the prospects for the development of XBRL in Europe?**
 - *Would there be a role for the revised and new supervisory authorities*
- **Is this an issue of international competitiveness?**
 - *Corporations listed in the U.S. (even if headquartered in the EU) may need to use XBRL; will this have an effect?*
- **To which extent would this development foster a level playing field for European businesses?**
- **What could / should (statistics) national authorities do?**
 - *E.g. to which extent will IFRS replace national GAAPs for solo accounts?*
- **What could / should (statistics) European institutions do?**
 - *E.g. should there be an inter-institutional body to coordinate progress and actions?*