

ROADMAP

Roadmaps aim to inform citizens and stakeholders about the Commission's work to allow them to provide feedback and to participate effectively in future consultation activities. Citizens and stakeholders are in particular invited to provide views on the Commission's understanding of the problem and possible solutions and to share any relevant information that they may have.

TITLE OF THE INITIATIVE	Strategy on supervisory data collection in EU financial services
LEAD DG – RESPONSIBLE UNIT	DG FISMA
LIKELY TYPE OF INITIATIVE	Communication
INDICATIVE PLANNING	Q3 2021
ADDITIONAL INFORMATION	-

This Roadmap is provided for information purposes only. It does not prejudge the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by the Roadmap, including its timing, are subject to change.

A. Context, problem definition and subsidiarity check

Context

Supervision of the EU financial system relies on data that is **timely, relevant and of high quality**. The volume and complexity of the data required to oversee the financial system have grown substantially over the last decade. In parallel, there has been a rapid evolution of digital technologies to collect and analyse such data. The supervisory reporting framework and the way authorities collect and use data needs to keep pace with these developments.

In this light, the Commission carried out a comprehensive [fitness check of supervisory reporting requirements](#) in EU financial services legislation which identified a number of shortcomings and areas where supervisory data collection could be improved. The strategy on supervisory data collection is a direct follow-up to the fitness check and sets out the approach to streamline and improve supervisory data collection and make it fit for the future.

This strategy contributes directly to the implementation of the [European data strategy](#) and the [digital finance strategy](#). In its European data strategy, the Commission highlights the need for improved access to data and data sharing within the EU and proposes setting up common European data spaces in specific sectors. The digital finance strategy spells out the approach to establish a common data space in the financial sector, including on supervisory data, and announces the supervisory data strategy.

Problem the initiative aims to tackle

In its fitness check, the Commission concluded that while, overall, supervisory reporting in EU financial services is necessary and effective, the current way of defining the reporting requirements and collecting data can be complex and lead to inefficiencies in the reporting process. There are some redundancies and inconsistencies in the requirements and cases where companies have to report very similar data to several authorities in parallel. Additional national reporting and ad hoc data requests by supervisors add to the complexities. **Moreover, EU supervisory reporting requirements do not adequately reflect recent technological developments and are not well-suited to the use of modern IT tools.** All this generates significant cost and burden for the reporting entities (estimated at 4 to 12 billion EUR per year to comply with the main EU reporting requirements) and results in data which is of lower quality and therefore less useful to the supervisory authorities.

The fitness check identified five main areas for improvement: the legislative process and instruments, governance, data needs and uses, data consistency and harmonization, and technology. The supervisory data strategy aims to target shortcomings in these five areas and set out the approach to improve supervisory data collection going forward. This will help to improve the effectiveness of supervision while at the same time reducing the compliance burden for supervised entities.

Basis for EU intervention (legal basis and subsidiarity check)

The objectives of this initiative cannot be sufficiently achieved by Member States individually. Reporting requirements are already defined in EU legislation, and such rules are needed to give the relevant EU and national authorities the data they require to oversee the financial system and fulfil their mandates. More efficient and effective data collection, which also includes greater data standardisation and data sharing, **cannot be achieved by changes at national level.** It requires EU action, taking account also of international efforts to enhance data standardisation and facilitate supervision at global level.

This initiative is about strategy formulation. Any legislative action to implement specific changes in the rules would be subject to further impact assessment, in line with Better Regulation principles. The appropriate legal basis for

such measures would likely be Article 114 of the Treaty of the Functioning of the European Union (TFEU), which confers upon the European institutions the competence to lay down appropriate provisions that have as their object the establishment and functioning of the internal market.

B. What does the initiative aim to achieve and how

Building on the findings of the fitness check and in line with the Commission's broader strategy on data and digital finance, the aim of the supervisory data strategy is to initiate a shift in the EU from the current system of supervisory reporting to a modern, efficient and effective approach to data collection for supervisory purposes. The overall long-term objective is to have a data collection system that delivers accurate, comparable, and timely data to supervisory authorities at EU and national level, while minimising the aggregate reporting costs and burden for all parties.

The supervisory data strategy will consider a number of co-ordinated sectoral and horizontal measures that contribute to the overall objective of improving and modernising supervisory data collection, which will likely be implemented over a number of years. The former may include the development of common data templates and provisions to facilitate data sharing, rectifying inconsistent empowerments to the ESAs in defining reporting requirements at technical level, mandating the reporting of common identifiers, providing or clarifying specific definitions and scope of reporting, and strengthening proportionality in sectoral reporting frameworks. Horizontal measures considered will focus on developing a common data dictionary (i.e. a repository of information about the data, including its meaning, relationships to other data, origin, usage, and format), enhancing data sharing and access, and improving the overall design of reporting requirements in EU legislation.

Improving supervisory data collection requires greater integration of existing reporting frameworks, the objectives of which differ significantly across the financial sector and which are based on different data flows between the national and EU levels. It will require the strong commitment and coordination of multiple independent authorities. Moreover, redesigning reporting and data collection processes implies an upfront investment of resources (human and financial), and may require changes to legacy systems and tools in which the reporting entities and supervisors invested in the past. The strategy therefore needs to follow an approach that balances the level of integration, sectoral specificities, and the pace of implementation, taking account of the associated benefits and costs.

This initiative aims to set out the overall vision, principles, and approach to improving data collection and making it fit for the future, also working together with the relevant stakeholders at EU and national level.

C. Better regulation

Consultation of citizens and stakeholders

The supervisory reporting strategy is a direct follow-up to the fitness check of EU supervisory reporting requirements. The fitness check was an extensive evaluation exercise and, among other activities, involved an open public consultation and other stakeholder consultation activities. DG FISMA has also set up the supervisory reporting roundtable comprising the ESAs, European Central Bank, Single Supervisory Mechanism, European Systemic Risk Board, and Single Resolution Board, which meets regularly, and conducted workshops with industry and national competent authorities. An expert group meeting at Member State level is also being set up. In addition, there have been related public consultations on the digital finance strategy and sector-specific initiatives that are further informing the strategy formulation. Any legislative actions that follow the strategy in the implementation phase would be subject to further consultation and assessment, in line with the Commission's Better Regulation requirements.

Evidence base and data collection

The strategy formulation will draw from the following main sources of evidence:

- the [fitness check of EU supervisory reporting requirements](#)
- an [external study](#) to assess the cost of compliance with reporting and other requirements [hyperlink]
- a review and detailed mapping of EU supervisory reporting requirements
- workshops and consultation activities with public authorities and industry
- evidence gathered in the course of other sectoral reviews, including via public and targeted consultations
- evidence gathered by the European Supervisory Authorities in data-related workstreams and consultations, such as the [European Banking Authority study on integrated reporting in the banking sector](#)
- evidence gathered as part of ongoing workstreams at international level and other jurisdictions.

Any specific legislative measures would be subject to an impact assessment and require additional data collection.