



DECISION OF THE EUROPEAN CENTRAL BANK

of 24 February 2014

**on the organisation of preparatory measures for the collection of granular credit data by the
European System of Central Banks
(ECB/2014/6)**

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular Article 5 and Article 46.2 thereof,

Having regard to Council Regulation (EC) No 2533/98 of 23 November 1998 concerning the collection of statistical information by the European Central Bank¹, and in particular Article 8(5) thereof,

Having regard to the contribution of the General Council,

Whereas:

- (1) Granular credit data comprise individual items of information about credit exposures of credit institutions or other loan-providing financial institutions vis-à-vis borrowers. Non-aggregated data of this type may be collected, subject to adequate confidentiality safeguards, on a borrower-by-borrower or loan-by-loan basis from credit registers operated by the national central banks (NCBs) of the European System of Central Banks (ESCB) (hereinafter ‘central credit registers’ or ‘CCRs’), or from other granular data sources, including credit registers, or alternative statistical collections. A number of NCBs that operate CCRs share granular credit data with each other for the purpose of passing such data on to reporting institutions and facilitating a more comprehensive overview of the indebtedness of borrowers².
- (2) Article 5 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the ‘Statute of the ESCB’) specifies that, in order to undertake the tasks of the ESCB, the European Central Bank (ECB), assisted by the NCBs of the ESCB, collects the necessary

¹ OJ L 318, 27.11.1998, p. 8.

² Memorandum of Understanding on the exchange of information among national central credit registers for the purpose of passing it on to reporting institutions, available on the ECB’s website at www.ecb.europa.eu.

statistical information either from competent national authorities or directly from economic agents. Moreover, Article 8(5) of Regulation (EC) No 2533/98 allows the ECB to decide on the collection and transmission, to the extent and level of detail necessary, within the ESCB of confidential information originally collected for purposes other than those of Article 5 of the Statute of the ESCB, provided that this is necessary for the efficient development or production of statistics or for increasing their quality, and that these statistics are necessary for the performance of the tasks of the ESCB referred to in the Treaty on the Functioning of the European Union.

- (3) Granular credit data based on CCRs and other available credit data sources are necessary for:
 - (a) the development and production of new ESCB statistics in areas such as statistics on impaired assets, provisioning for impaired assets and revaluation reserves and statistics on loans to non-financial corporations, broken down by the size of the corporations concerned; (b) increasing the quality of existing ESCB statistics in areas such as statistics on credit lines broken down by counterparty sector, on loans to non-financial corporations broken down by economic activity, and on loans backed by real-estate collateral. These new or improved statistics to be produced in the long term are necessary for the performance of Eurosystem tasks including monetary policy analysis and monetary policy operations, risk management, financial stability surveillance and research, as well as the Eurosystem's contribution to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.
- (4) A long-term framework for the collection of granular credit data based on harmonised ECB statistical reporting requirements should be set out in an ECB legal instrument to be adopted under Article 5 of the Statute of the ESCB, which should be submitted to the Governing Council in due time so as to ensure that by the end of 2016: (a) national granular credit databases will be operated by all Eurosystem NCBs in accordance with specified minimum standards developed during the preparatory phase, and (b) a common granular credit database shared between the Eurosystem members and comprising input data for all Member States whose currency is the euro will be established on the basis of such national granular credit databases, with the aim of ensuring, in a stepwise manner, the availability of credit statistics necessary for the performance of Eurosystem tasks, including in particular contributing to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system. This long-term ECB legal instrument should also define the date, no later than the date specified above, from which the collection of granular credit data based on harmonised ECB statistical reporting requirements should commence. Although a broad design of the content of the future granular credit data to be collected under such harmonised ECB statistical reporting requirements is set out in the reference reporting scheme annexed to this Decision, the exact scope and content of the data to be collected under the long-term framework is still to be defined. Preparations for the establishment of this long-term framework will be carried out through preparatory measures implemented under this Decision that have the following aims: (a) definition of a core group of harmonised granular credit data sets that are to be provided to the ECB by the

NCBs in the long term, (b) identification and evaluation of relevant user needs concerning the application of granular credit data within the ESCB in the long term, (c) estimation of related costs generated by collection, quality assurance and data sharing procedures, (d) gradual elimination of data gaps related to incompleteness or lack of granular credit databases in some Member States, (e) definition of the appropriate governance and organisational aspects for the operation of the long-term framework, and (f) ensuring better interoperability and data reuse among CCRs, credit registers and other relevant credit databases meeting the quality criteria.

- (5) The Statistics Committee (hereinafter the ‘STC’) of the ESCB should be mandated by the Governing Council to assist it in the implementation of these preparatory measures. The STC should in particular organise the annual transmission from the NCBs to the ECB of available granular credit data as part of the process of ensuring proper alignment of such granular credit data to be collected in the long term with the prospective ESCB user needs. For this purpose, ESCB users not benefiting from the derogation under Article 3(3) of this Decision may be granted access to confidential statistical information derived from any granular credit data transmitted to the ECB until a long-term framework is implemented, in accordance with the relevant confidentiality safeguards.
- (6) Equal treatment of individual NCBs should be the guiding principle underpinning the preparatory measures for the long-term framework. The necessary minimum criteria as regards the scope, the upper and lower bounds of layers or strata across the borrowers’ population and the other possible breakdowns, the level of detail of data attributes and the quality of collected granular credit data shall be proposed to the Governing Council for all Eurosystem NCBs in the course of the preparatory phase. Disparities between data sets delivered by individual NCBs will be identified and progressively reduced through adjustments introduced with subsequent data deliveries made under this Decision. At the same time, certain Eurosystem NCBs may require a longer phase-in period in the preparatory phase for developing or obtaining access to comprehensive granular credit databases. These NCBs should, during the preparatory phase, be permitted to benefit from temporary derogations from the obligation to apply specific preparatory measures developed by the STC, provided that the period of each specific derogation is strictly limited to the minimum time necessary for the NCB concerned to achieve during the preparatory phase compliance with the preparatory measures covered by the derogation, and that such period is in any event set in a manner that allows the objectives laid down in Article 1 to be achieved in relation to all Eurosystem NCBs.
- (7) In accordance with the case law of the Court of Justice of the European Union, both the Treaties and the law adopted by the Union on the basis of the Treaties have primacy over the national law of Member States, under the conditions laid down by that case law³. Accordingly, implementation of this Decision will not result in a breach of provisions of national law imposing specific

³ Declaration 17 concerning primacy, annexed to the Final Act of the Intergovernmental Conference which adopted the Treaty of Lisbon, of 13 December 2007 (OJ C 115, 9.5.2008, p. 344).

confidentiality or reciprocity requirements in relation to cross-border sharing of data collected through CCRs.

- (8) It is necessary to set up a procedure to carry out technical amendments to the Annex to this Decision in an effective manner, provided that such amendments neither change the underlying conceptual framework nor affect the reporting burden. NCBs may propose such technical amendments to the Annex through the STC, whose view will be taken into account when following this procedure.
- (9) The provisions of this Decision may be extended to apply to the NCBs of Member States whose currency is not the euro by means of those NCBs entering into cooperation with the Eurosystem central banks on the basis of an ECB recommendation,

HAS ADOPTED THIS DECISION:

Article 1

Scope and objectives

This Decision defines preparatory measures which are necessary to establish in a stepwise manner a long-term framework for the collection of granular credit data based on harmonised ECB statistical reporting requirements. This long-term framework shall include by the end of 2016: (a) national granular credit databases operated by all Eurosystem NCBs, and (b) a common granular credit database shared between the Eurosystem members and comprising granular credit data for all Member States whose currency is the euro.

Article 2

Definitions

For the purposes of this Decision:

- (1) ‘central credit register’ (CCR) means a credit register operated by an NCB of the ESCB;
- (2) ‘credit register’ means a register that collects granular credit data from reporting institutions;
- (3) ‘granular credit data’ means information about credit exposures of credit institutions or other loan-providing financial institutions vis-à-vis borrowers, provided on a borrower-by-borrower or a loan-by-loan basis.

Article 3

Organisation of preparatory measures

1. Preparatory measures to be undertaken in order to achieve the objectives set out in Article 1 shall include:

- (a) identifying relevant user needs and estimating related costs generated by proposals for the collection, quality assurance and data sharing procedures to be applied in the long term;
 - (b) defining and improving the granular credit data sets to be collected under the long-term framework, in particular regarding the scope, the bounds of layers or strata in the borrower population and the other possible breakdowns, the level of detail of the data attributes and the quality of granular data collected;
 - (c) organising the transmission of granular credit data in the preparatory phase in accordance with Article 4 and setting the quality standards which granular credit data obtained from CCRs or other credit registers need to comply with prior to the commencement of such transmission;
 - (d) developing detailed operational arrangements specifying transmission, compilation, storage and use of the granular credit data that are to be tested and fine-tuned in the preparatory phase with a view to their subsequent incorporation in the long-term framework;
 - (e) establishing a timetable for specific steps and deliverables to be completed by the individual NCBs and the ECB, including steps to be taken by the NCBs not presently having access to comprehensive granular credit databases, with a view to obtaining such access through development of an own CCR or by other means;
 - (f) monitoring the progress achieved in respect of the measures listed in points (a) to (e), and identifying relevant adjustments if needed.
2. The STC shall, taking into account advice from other relevant ESCB committees as appropriate, prepare the decisions necessary for implementing the preparatory measures set out in paragraph 1 and submit them for adoption to the Governing Council. The STC shall report to the Governing Council on an annual basis on the progress achieved by the ECB and the individual NCBs.
3. With regard to NCBs which require a longer phase-in period during the preparatory phase for developing or obtaining access to comprehensive granular credit databases, the Governing Council may, during the preparatory phase grant individual temporary derogations from the obligation to apply specific preparatory measures defined under paragraph 1. The period of each individual derogation shall be strictly limited to the minimum time necessary for the NCB concerned to achieve during the preparatory phase compliance with the preparatory measures covered by this derogation, and shall in any event be set in a manner that allows the objectives laid down in Article 1 to be achieved in relation to all Eurosystem NCBs. During each period of derogation the NCB concerned shall report twice a year to the STC on its progress in achieving full compliance with the preparatory measures covered by the derogation. Any rights of access to confidential statistical information derived from granular credit data transmitted to the ECB as part of a specific preparatory measure shall be suspended in relation to any NCBs benefitting from a temporary derogation in relation to this measure. The Governing Council may decide that appropriate further restrictions are to be imposed on individual NCBs benefitting from any derogation under this paragraph.

*Article 4***Transmission of granular credit data in the preparatory phase
and confidentiality safeguards**

1. To ensure proper alignment of the granular credit data to be collected in the long term with the statistical needs of prospective ESCB users, the STC shall, during the preparatory phase, organise the annual transmission from the NCBs to the ECB of readily available granular credit data, related to 30 June and 31 December, using an adequate level of anonymisation and aggregation concerning the information about the borrowers so as to ensure that individual borrowers cannot be identified. The first transmission shall occur at the end of March 2014, with reference to 30 June and 31 December 2013, and shall be based on the reference reporting scheme set out in the Annex. Any further transmissions shall be organised by the STC on the basis of the reporting scheme which will take account of the existence of readily available granular credit data and their characteristics, and ensure that the data collected are proportionate to the status of the preparatory work completed at the time of transmission. Data on borrowers belonging to institutional sectors other than non-financial corporations may be reported during the preparatory phase on an aggregated basis, provided that the NCB delivers relevant methodological information.
2. Individual NCBs shall transmit the requested granular credit data on the basis of the CCRs or other available granular credit databases. The NCBs benefitting, pursuant to Article 3(3), from a derogation from preparatory measures under Article 3(1)(c) with respect to specific data transmissions shall include information about their progress in achieving full compliance with the data transmissions requested during the preparatory phase in their reporting to the STC.
3. Data provided to the ECB pursuant to the first paragraph shall be transmitted in electronic form via secured remote access and stored in a secure area. Access to such data shall be limited to statistical experts included on the list communicated by the STC to the Governing Council prior to initiation of the transmission. The ECB shall include information on the security measures taken in the annual confidentiality report.

*Article 5***Use of statistical information derived from granular credit data
in the preparatory phase**

1. Data provided to the ECB pursuant to Article 4 shall be used to: (a) define and improve the granular credit data to be collected under the long-term framework and the respective data attributes, and (b) define and produce aggregated statistical information to meet the statistical needs of the ESCB users during the preparatory phase.
2. In addition to the access and use of aggregated statistical information, users within the ESCB not benefitting from a derogation under Article 3(3) may request permission to access and use

disaggregated confidential statistical information derived from granular credit data transmitted pursuant to Article 4, provided that such access to confidential statistical information: (a) serves the objective of defining and improving the granular credit data to be collected under the long-term framework and the respective data attributes, and (b) does not involve direct access to original granular credit data collected by the NCBs or the ECB. Each user request shall be accompanied by a list of individual persons who will have access to the information concerned.

3. The user requests made under paragraph 2 shall be subject to assessment and approval by the Governing Council in accordance with the procedure adopted by the ECB. The STC shall assist the Governing Council in the evaluation of such requests.

Article 6

Simplified amendment procedure

Taking account of the views of the STC, the Executive Board of the ECB shall be entitled to make technical amendments to the Annex to this Decision, provided that such amendments neither change the underlying conceptual framework nor affect the reporting burden. The Executive Board shall inform the Governing Council of any such amendment without undue delay.

Article 7

Final provisions

1. This Decision shall take effect on the day of its notification.
2. By 31 December 2014 the Governing Council shall receive a report analysing: (a) the status of the preparatory measures established by this Decision, and (b) the feasibility of replacing this Decision with an ECB legal instrument setting out harmonised ECB statistical reporting requirements and ensuring the establishment of a common granular credit database shared between the Eurosystem members and comprising granular credit data for all Member States whose currency is the euro, including an assessment of the feasibility of the timeline for the adoption of these measures as laid down in Article 1, in view of the progress achieved.

Article 8

Addressees

This Decision is addressed to the NCBs of Member States whose currency is the euro.

Done at Frankfurt am Main, 24 February 2014.

The President of the ECB

Mario DRAGHI

REFERENCE REPORTING SCHEME

Granular credit data reported on a solo basis as set out in the table below, and including the following information:

- ‘lender attributes’, describing the credit institution or other financial institution which granted the loan;
- ‘borrower attributes’, describing the non-financial corporation or any other borrower who took out the loan;
- ‘credit data variables’, describing the loan agreement and the status of the loan in a qualitative manner;
- ‘credit data measures’, providing numerical values which can be further aggregated (quantitative indicators) and reported as end-of-period figures.

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Type	Attributes	Overview	Level of anonymisation
Lender attributes	Lender identifier	Identification of lenders in accordance with the codification used by the ESCB Register of Institutions and Affiliates Database (RIAD) ⁴ .	Non-anonymised
Borrower attributes	Borrower identifier	Alphanumeric identification of borrowers, to ensure that individual borrowers cannot be identified	Anonymised
	Country of residence	Country of residence of the borrower, in accordance with the ISO 3166 standard ⁵ .	
	Institutional sector	Institutional sector (or subsector) of the borrower, in accordance with the ESA 95 classification. The following (sub)sectors are required: <ul style="list-style-type: none"> –Central Bank –General government –Credit institutions –Money market funds –Other financial institutions, except insurance corporations and pension funds –Insurance corporations and pension funds –Non-financial corporations –Households and non-profit institutions serving households 	

⁴ For monetary financial institutions (MFIs), see the list published on the ECB’s website at www.ecb.europa.eu.

⁵ As published by the International Organization for Standardization (ISO) on its website at www.iso.org.

	Sector of economic activity	Classification of (financial and non-financial) borrowers according to their economic activities, in accordance with the NACE rev.2 statistical classification ⁶ . NACE codes shall be reported with a two level detail (by ‘division’).	
	Size	Classification of borrowers according to their size: micro, small, medium-sized and large.	
Credit data variables	Loan identifier	Alphanumeric identification of loans, as used by the reporting institutions at national level.	—
	Currency	Currency denomination of loan, in accordance with the ISO 4217 standard ⁷ .	
	Type of loan	Classification of loans according to their type: <ul style="list-style-type: none"> – On demand (call) and short notice (current account) – Credit card debt – Trade receivables – Finance leases – Reverse repurchase loans – Other term loans 	
	Collateral type	Type of collateral backing the loan granted; real estate collateral, other collateral (including securities and gold), no collateral.	
	Original maturity	Maturity of the loan agreed at the inception or at a date of later renegotiation; less than or equal to one year, more than one year.	
	Residual maturity	Maturity referring to the agreed time of redemption of the loan; less than or equal to one	

⁶ As published by the European Commission (Eurostat) on its website at www.ec.europa.eu/eurostat.

⁷ As published by the International Organization for Standardization (ISO) on its website at www.iso.org.

		year, more than one year.	
	Non-performing status	Loans where the borrower is in default.	
	Syndicated loan	Single loan agreement in which several institutions participate as lenders.	
	Subordinated debt	Subordinated debt instruments provide a subsidiary claim on the issuing institution that can only be exercised after all claims with a higher status (e.g. deposits/loans) have been satisfied, giving them some of the characteristics of 'shares and other equity'.	
Credit data measures	Credit drawn	Total outstanding amount of a loan (principal amount, without deducting write-downs), reported gross of credit risk adjustments, except credit losses recorded as write-offs.	—
	Credit lines	Amount of credit granted but not drawn.	
	Arrears	Any payment (amount) on a loan which is overdue by more than 90 days.	
	Collateral value	Value of collateral at the time of reporting.	
	Specific credit risk adjustment	Specific loan loss provision for credit risks in accordance with the applicable accounting framework. Such measure must be reported only for non-performing loans.	
	Risk-weighted assets	Risk-weighted exposure amounts in accordance with Directive 2006/48/EC of the European Parliament and of the Council ⁸ or successive acts.	
	Probability of default (only for credit institutions applying an internal ratings-based	Probability of default of a counterparty over a one-year period, in accordance with Directive 2006/48/EC or successive acts. For borrower-by-borrower reporting, a volume weighted average is reported.	

⁸ Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (OJ L 177, 30.6.2006, p. 1).

	approach)		
	Loss given default (only for credit institutions applying an internal rating based approach)	Ratio of the loss on an exposure due to the default of a counterparty to the amount outstanding at default, in accordance with Directive 2006/48/EC or successive acts. For borrower-by-borrower reporting, a volume weighted average is reported.	
	Interest rate	The ratio, as a percentage per annum, of the amount that a debtor has to pay to the creditor over a given period of time to the amount of the principal of the loan, deposit or debt security, in accordance with Regulation (EC) No 63/2002 of the European Central Bank ⁹ or successive acts. For borrower-by-borrower reporting, a volume weighted average is reported.	

⁹ Regulation (EC) No 63/2002 of the European Central Bank of 20 December 2001 concerning statistics on interest rates applied by monetary financial institutions to deposits and loans vis-à-vis households and non-financial corporations (ECB/2001/18) (OJ L 10, 12.1.2002, p. 24).