

# POSITION PAPER



## **ESBG response to the EBA consultation on Implementing Technical Standards on supervisory reporting concerning operational risk**

ESBG (European Savings and Retail Banking Group)

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## **Questions**

### **Question 1: Are the instructions and templates clear to the respondents?**

Yes, they are clear.

### **Question 2: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?**

Within the calculation of the Service Component in 16.02 there are certain positions, such as row 0300, in which deductions can be made for income/expenses if they can be attributed to members of the same IPS.

Considering a new member joins the IPS, does the data then need to be reported for the year it joined only and from then on or is the date retroactively to be adjusted?

### **Question 3: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?**

In section 24, under "3.2.4 Items excluded from the BI in line with Article 314(6)(b) of the CRR," outsourcing fees for financial services are discussed. Could you elaborate on the definition of financial services in this context?

Regarding Proquesta CRR III, it mentions that income or fees paid within the same IPS can be netted under certain conditions, subject to prior permission from the competent authority. Could you provide more details on obtaining this permission, specifically if it needs to be requested for excluding these figures from the SC, and whether permission mentioned in Article 113(7) suffices?

### **Question 4 - Cost of compliance with the reporting requirements: Is or are there any element(s) of this proposal for new and amended reporting requirements that you expect to trigger a particularly high, or in your view disproportionate, effort or cost of compliance? If yes, please:**

- **specify which element(s) of the proposal trigger(s) that particularly high cost of compliance,**
- **explain the nature/source of the cost (i.e. explain what makes it costly to comply with this particular element of the proposal) and specify whether the cost arises as part of the implementation, or as part of the on-going compliance with the reporting requirements,**



- **offer suggestions on alternative ways to achieve the same/a similar result with lower cost of compliance for you.**

If an M&A transaction is effective from 08/25, the consultation indicates that as of the reporting date 09/25, all numbers, including those from the past three years, must be reported, incorporating figures post-transaction. However, we find this time frame insufficient for providing sufficiently accurate data.

In cases where there is insufficient data after an M&A transaction to perform a proper OP-Risk Calculation, three different approaches must be computed, with the most conservative one applied for reporting templates. We believe it is disproportionate to calculate three different approaches, given the high manual effort involved.

We wish to emphasize the significant manual effort required to provide reporting data for solo entities. The FINREP-Mapping provided by authorities is only applicable for consolidated reports, leading to a disparity in detailed data between FINREP solo and FINREP consolidated, thereby resulting in increased manual effort.

**Question 5 - Do you agree that proposed instructions and templates reflect in this draft CP cover all the clarifications needed from existing Q&As on operational risk reporting and those Q&As should be archived (as explained in Section 3.3)? If not, please refer to the Q&A number when explaining. Yes/No/Please explain your answer.**

Do reports need to indicate the applied approach and rationale? If so, how can this be demonstrated?



### **About ESBG (European Savings and Retail Banking Group)**

ESBG is an association that represents the locally focused European banking sector, helping savings and retail banks in 17 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. An advocate for a proportionate approach to banking rules, ESBG unites at EU level some 871 banks, which together employ 610,000 people driven to innovate at 41,000 outlets. ESBG members have total assets of €6.38 trillion, provide €3.6 trillion loans to non-banks, and serve 163 million Europeans seeking retail banking services.

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