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Session 2

Role of business registers

Multiple usage of the ESCB 'Register of Institutions and Affiliates Database'– Features and challenges

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The Register of Institutions and Affiliates Database

- **collects business information** from individual members of the European System of Central Banks (ESCB) and National Banking Supervisors (NCAs)

- represents by original design a business register **supporting statistical proposes**

- aims at providing **information on reporting population** for euro area *financial statistics* which is

  — complete

  — timely

  — accurate

  — homogenously defined

- Due to it original design the entities recorded in RIAD follow the SNA definition of '**institutional units**', which may represent

    — legal units (e.g. registered credit institutions) or

    — unincorporated entities (like non-resident braches or investment funds etc.).

    Note: In the corporate (non-financial) sector the entities recorded in RIAD may represent 'enterprises' that consist of a *single* legal unit or *more than one* legal unit.

→ Currently (Sep 2016) RIAD included around *380,000 institutional units;* more than *half are non-financial entities*

- Based on (capital) 'ownership' and/or 'control' relationships **various types of conglomerates** (in particular 'banking groups) can be registered.

→ Currently (Sep 2016) RIAD comprises more than *5,600 groups* (i.e. 2 or more related entities)

- **Comprehensive data model**

  incl. reference data on units plus relationships among them

  A. *Identification –* such as *identifiers*, *address*

  B. *Stratification –* such as *industrial activity*, *geographical allocation*

  C. *Demographic developments –* such as *birth/closure date*, *corporate actions*

  D. *Relationships between units –* such as *ownership*, *control*, (*fund*) *management*
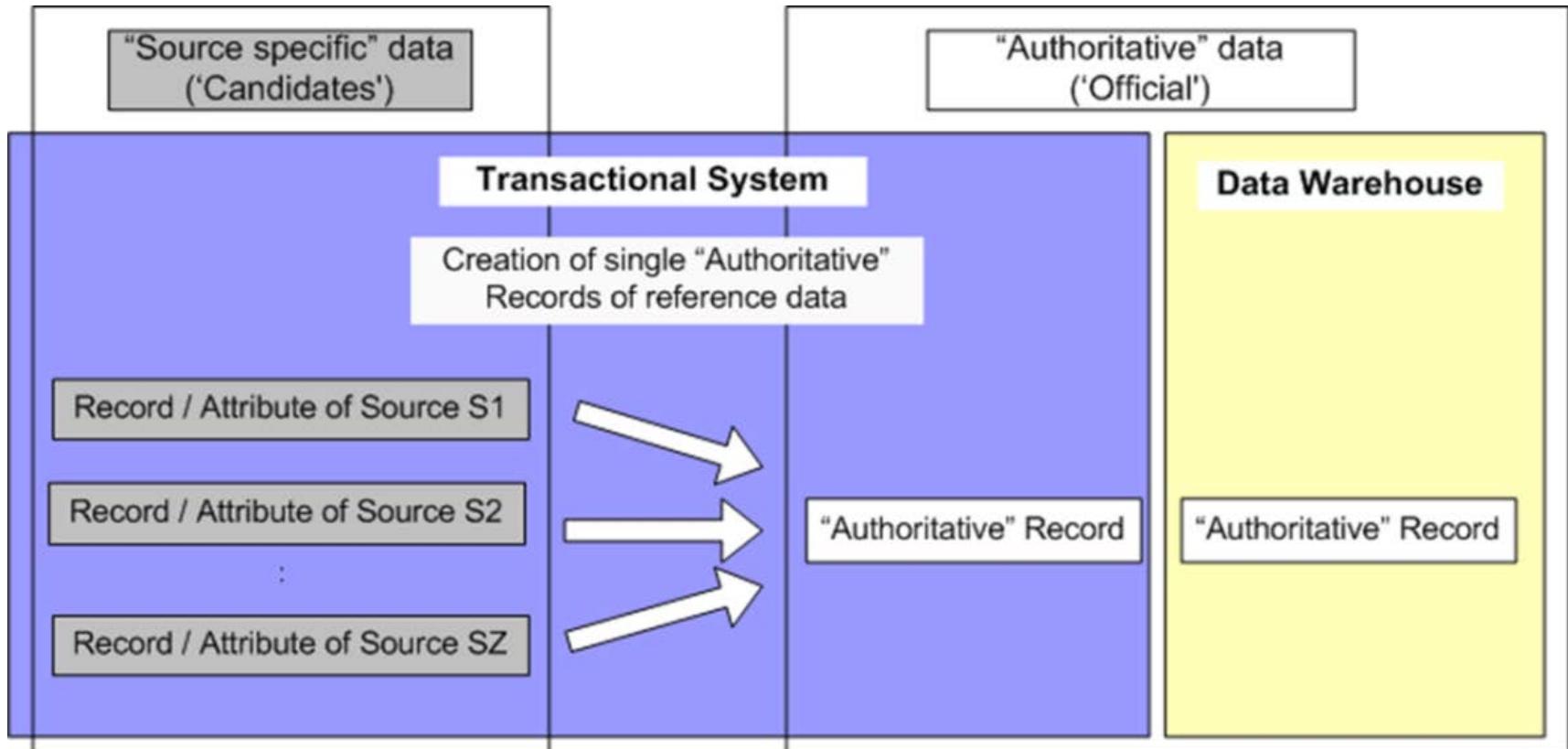
- **Multiple source** management
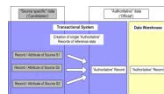
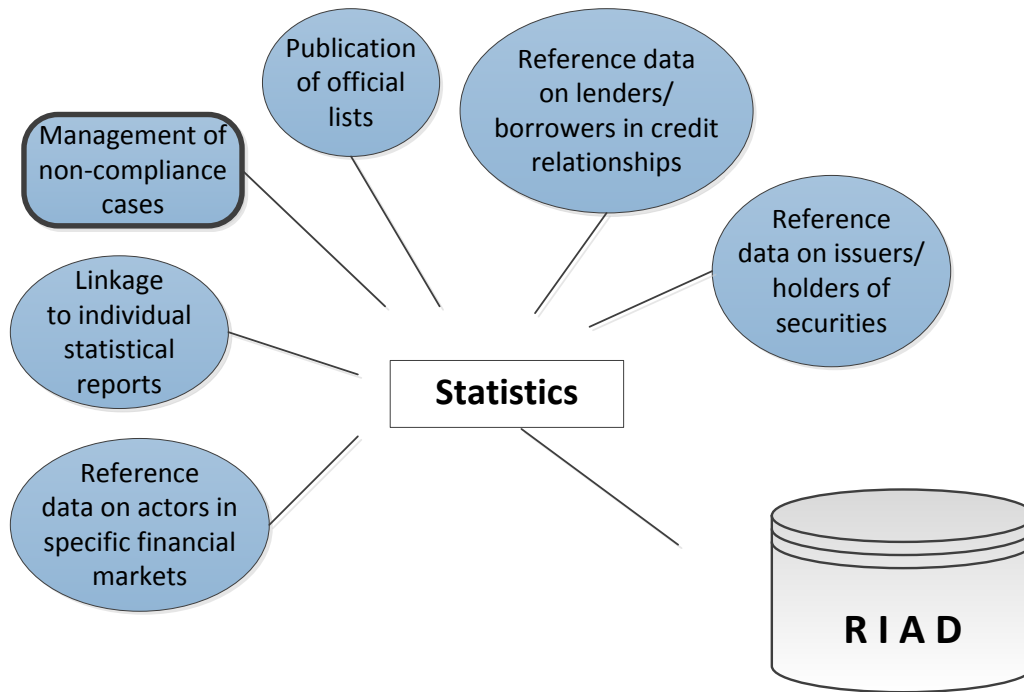- Full **historisation** of all data

- Elaborate **access management** *(special roles* and *different levels of confidentiality)* for more than **500 users** in all ESCB member institutions

Publication of official lists

Reference data on lenders/ borrowers in credit relationships

Management of non-compliance cases

Reference data on issuers/ holders of securities

Linkage to individual statistical reports

Statistics

Reference data on actors in specific financial markets

R I A D
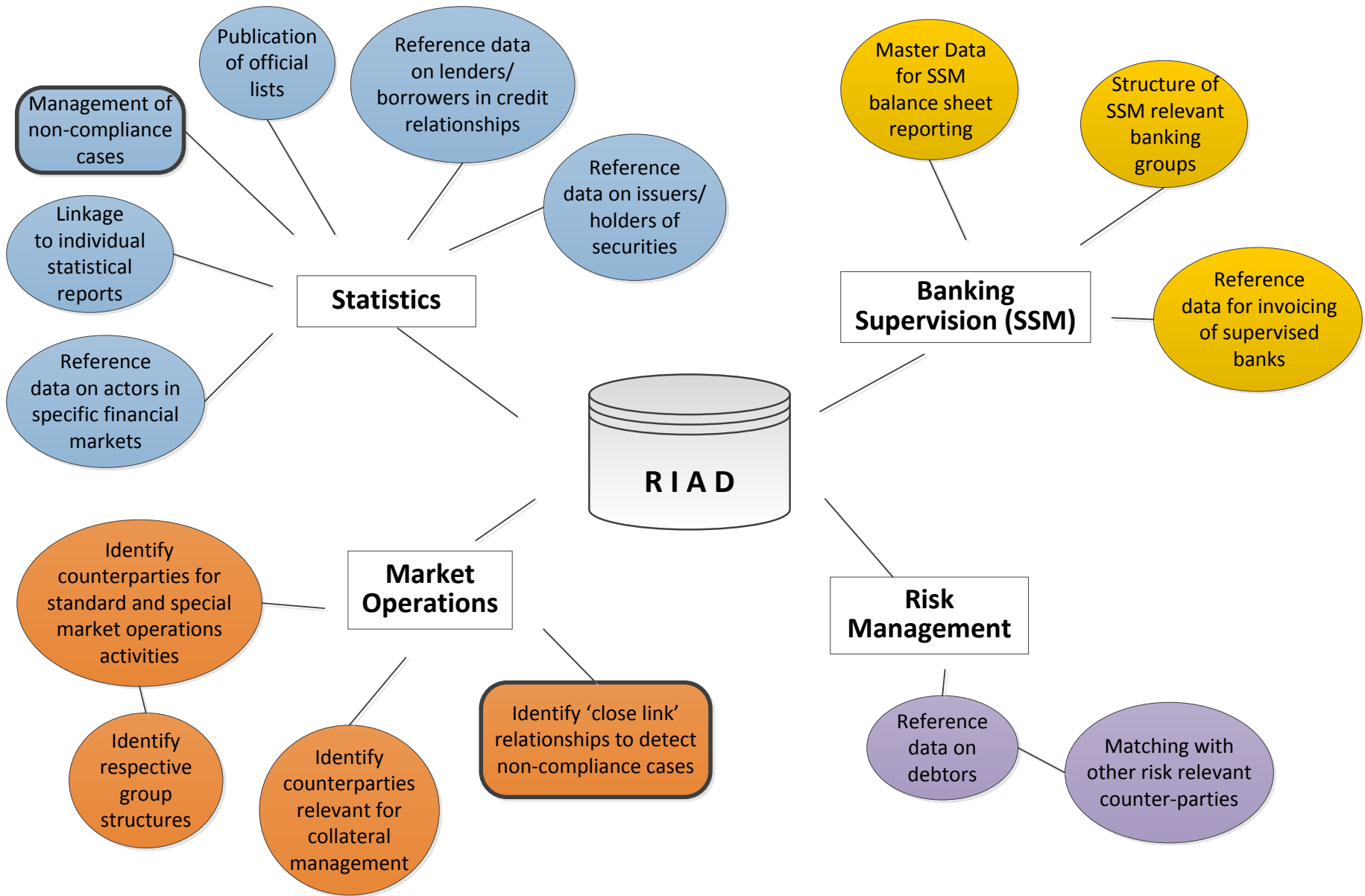
Benefits

- **Avoid** maintaining **parallel infrastructures**

- **Harmonized views** on ESCB relevant counterparties

- **Broadening of the scope**

  – Increase the number of counterparties registered

  – Add business specific relationships and intrinsic features

  – Augment the number of identifiers (or identifier types respectively)

Challenges

- The likelihood of (seemingly) **inconsistent** or **even contradictory views** of the same 'real world' phenomenon increases.

  – Different sources may not have the same level of information at the same point in time.

  – Stakeholders may apply different definitions (filters) on the same real world ay phenomenon.

- **Data sourcing**

  - Identifying and accessing (combination of) relevant *sources of information*

- **Selection and authorisation**

  - Allocating *responsibility* for specific (sub-)populations *to stakeholders*
  - Selection of specific attributes that are relevant in a specific context
  - Formal confirmation of *characteristics/attributes* (needed for supervision)

- **Data Quality Management**

  - Regular checking and updating of data
    including *monitoring of consistency* across BAs / across countries

- **Access management and publication**

  - Management and assessment of (confidentiality) conditions under which
    information is shared with end-users and/or the public

A pivotal **pre-requisite for a joint governance framework** is full transparency with respect to :

- The ultimate **information goals of stakeholders**

  e.g. materialising in different definitions and concepts (including their comparability)

- The **underlying business processes** and their constraints

  e.g. with respect to frequency or timeliness

- The **management of a register for multiple purposes** implies that stakeholders from <u>different business</u> areas simultaneously act as <u>source</u>, <u>quality managers</u> and <u>end users</u>. As described this has many advantages but also challenges.

- This is only sustainable if all parties agree on a **clear 'governance framework'**, which in turn requires full transparency on

    — the **information goals** of a stakeholder group

    — the underlying **business processes** and their constraints

- The positive experiences with the broadening of business purposes of RIAD may **encourage to strengthen the cooperation** between National Central Bank, National Supervisory Authorities and National Statistical Offices.

- In this context it is worth noting that new demands **on the EU level** are calling for **synchronising the compilation and usage on reference data**.

Thank you for you attention!