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IReF: Integrated Regulatory Reporting Your Guide to Navigating the ECB's IReF

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01

Overview of the IReF Implementation

Subject to adoption by the Governing Council, the Integrated Reporting Framework (IReF) is set to go live in 2027, following its anticipated adoption in 2025. The European Central Bank (ECB) plans to draft a regulation and conduct a public consultation from 2024 to 2026. IReF aims to replace ECB statistical datasets related to banks, including Balance Sheet Items (BSI), Monetary Financial Institutions (MIR) statistics, Securities Holdings Statistics (SHS), and AnaCredit.

The IReF initiative focuses on streamlining and harmonizing data reporting requirements across the euro area. This effort aims to reduce the reporting burden on banks while meeting the information needs of the European System of Central Banks (ESCB). By collecting more granular data, the ECB can handle data aggregation and analysis, thereby simplifying reporting processes, eliminating redundancy, and improving data quality and comparability. Additionally, IReF seeks to rationalize data, ensuring that a single granular dataset can fulfill multiple reporting obligations, which reduces the overall reporting workload and enhances data consistency across various regulatory frameworks.

For most reporting institutions, adopting these new data standards will require significant planning and a substantial implementation phase to replace existing reporting solutions. Data standardization under the IReF initiative plays a crucial role in preparing for these changes and future-proofing against broader regulatory shifts. By establishing a consistent and unified data reporting framework, banks can achieve greater efficiency and accuracy in their reporting processes. Standardization facilitates the seamless integration of various data sources, enabling banks to generate reports that meet the diverse requirements of regulatory authorities with minimal redundancy and error. This harmonized approach not only eases



the transition to IReF but also equips banks to adapt more swiftly to future regulatory changes, leveraging a standardized data infrastructure to accommodate new regulations without overhauling their reporting systems. Furthermore, standardized data enhances comparability and transparency, fostering a more robust and coherent financial system across the euro area, ultimately contributing to better decision-making and risk management within the banking sector.

02 In-Depth Outlook

1. The Regulatory Context & Objectives

The ECB aims to harmonize, standardize, and integrate the existing statistical requirements of the ESCB across different statistical domains and countries. This approach automates data processing and enhances data quality, creating a more efficient and transparent reporting environment.

The ECB's strategy is built on three key pillars:

- **JBRC (Joint Bank Reporting Committee):** Establishing a committee that includes the ECB and other European and national authorities to coordinate and streamline reporting requirements.
- **IReF (Integrated Reporting Framework):** Utilizing statistical reporting (such as SHS and AnaCredit) as the initial step towards a comprehensive Integrated Reporting Framework. This serves as an entry point for broader integration and simplification of reporting obligations.
- **BIRD (Bank's Integrated Reporting Dictionary):** Collaborating with the banking industry to create a unified approach through BIRD, which standardizes and simplifies data definitions and reporting requirements.



IReF represents the first mandatory regulatory component within the broader BIRD initiative. This unified framework aims to simplify the increasingly complex regulatory landscape, making it easier for banks to comply with various reporting obligations.

According to the ECB, "both the IReF and BIRD will provide crucial support for banks in their reporting tasks by logically and methodologically bridging the gap between authorities' reporting requirements and banks' operational systems." This alignment helps banks manage their reporting processes more efficiently and ensures higher data quality and consistency. For more details on the broader BIRD Initiative, where Suade is a key contributor, you can read our dedicated article: [Suade and BIRD](#).

2. The Scope of IReF & Ambitioned Implementation Timelines

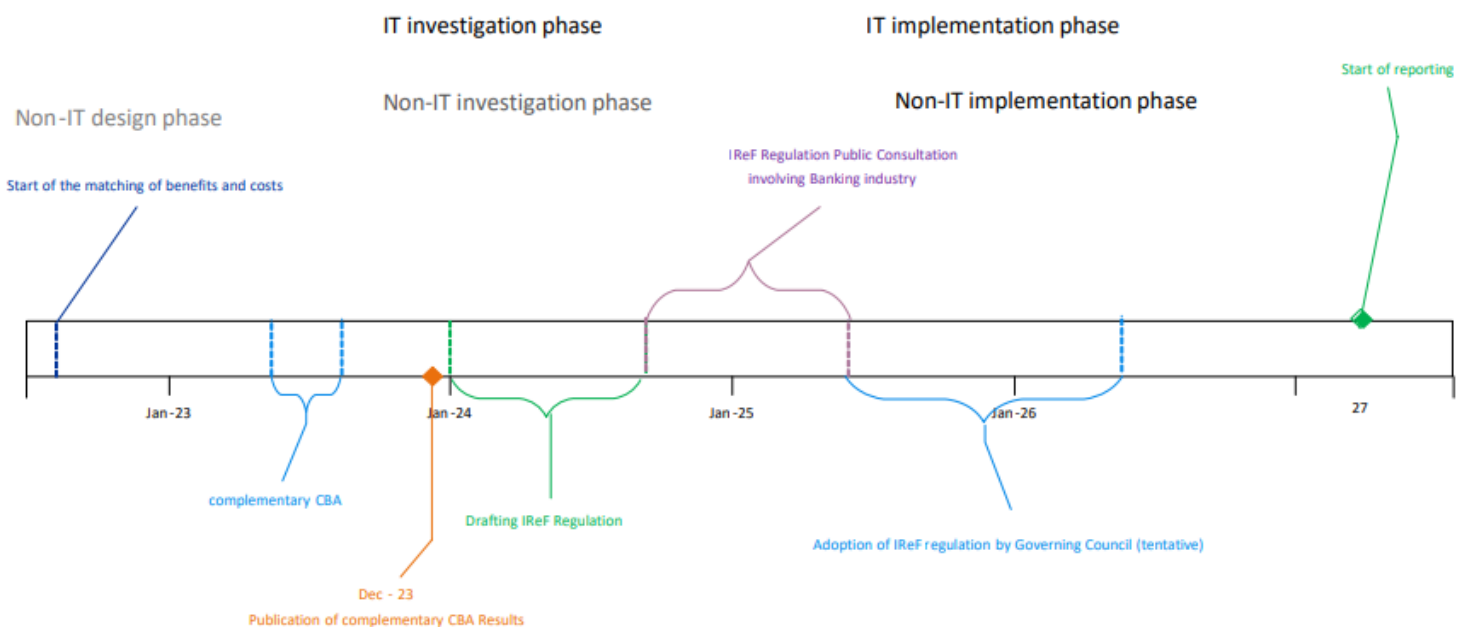
The implementation of IReF follows a structured timeline to ensure a smooth transition and effective adoption. The key phases of the IReF program include:

- **2021 - 2023: Cost-Benefit Assessment (CBA) Analysis:** The ECB conducted a comprehensive Cost-Benefit Assessment (CBA) and complementary analyses to evaluate the potential impacts and benefits of the IReF initiative. This analysis involved extensive consultation with stakeholders to understand the implications and gather feedback on the proposed changes.
- **2024: Design and Public Consultation of the New IReF Regulation:** The ECB will design the new IReF regulation and initiate a public consultation process. This step is crucial for refining the regulation based on input from banks, industry experts, and other stakeholders, ensuring that the final regulation is both effective and feasible.



- 2025 - 2026: Adoption of the New IReF Regulation: Following the consultation phase, the ECB will work on adopting the new IReF regulation. This period will involve finalizing the regulation, addressing any remaining concerns, and preparing the necessary infrastructure and guidelines for implementation.
- 1.1.2027: First Reporting: The first mandatory reporting under the new IReF framework is scheduled to begin on January 1, 2027. Banks will need to have their systems and processes fully aligned with the new requirements by this date to ensure compliance and seamless reporting.

This timeline reflects the ECB's commitment to a phased and consultative approach, allowing ample time for preparation, adaptation, and feedback incorporation to minimize disruptions and ensure a successful rollout of the IReF initiative.



Source: https://www.ecb.europa.eu/stats/ecb_statistics/dialogue/shared/files/banking_industry_dialogue_statistics_20230627_Presentation2.2.pdf



03

The Benefits of IReF

The Integrated Reporting Framework (IReF) offers numerous benefits to banks and regulators, aiming to streamline data reporting and enhance data quality. Here are the key advantages:

1. Standardized Reporting: IReF will standardize reporting obligations by utilizing a logical data model and a common data dictionary. This ensures uniform definitions, reporting frequency, timelines, and granularity across all reporting agents. Such standardization is particularly beneficial for banking groups operating across borders within the euro area, ensuring consistent and high-quality data.

2. Improved Data Quality: A set of common data quality rules, including validation and revision policies, will apply to all agents under IReF. This standardization will help improve data quality and consistency, making it easier to compare data across countries. Automated data processing will further enhance data quality while minimizing the cost of future changes to the data collected.

3. Reduced Reporting Burden: IReF aims to reduce the reporting burden by integrating various statistical reporting requirements. This will be especially advantageous for smaller institutions, which may benefit from Eurosystem-wide derogations to further reduce their reporting workload. The integration will also mitigate the need for frequent ad hoc requests to fill information gaps, facilitating the development of standard IT solutions and reducing dependency on external data services.



4. Cost Efficiency: Although initial implementation will involve one-off investments, the long-term cost efficiency of IReF is significant. The framework's standardization will minimize maintenance costs and reduce regular expenses over time. Additional data granularity will meet new user needs without altering data collection methods.

5. Enhanced Resilience and Stability: IReF is poised to enhance the resilience and stability of the banking system by providing regulators with more detailed and accurate information. This granular data reporting will enable better oversight and quicker identification of systemic risks, crucial in an environment of geopolitical uncertainties, climate-related risks, and rapid technological changes.

6. Technological Advancements: The implementation of IReF is expected to drive significant technological advancements within banks. The need for improved data management systems will likely spur investments in digital infrastructure, including cloud computing, AI-driven data analytics, and advanced cybersecurity measures. These upgrades will help banks comply with new reporting standards and gain a competitive edge in the digital financial landscape.

7. Harmonized Regulatory Ecosystem: IReF's alignment with other regulatory frameworks, such as FINREP and the BIRD initiative, will foster a cohesive regulatory ecosystem. This harmonization will reduce administrative burdens on banks and improve the consistency and comparability of financial data across the Eurozone, enabling better management of cross-border operations and regulatory compliance.



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Addressing Data Management and Regulatory Compliance

The IReF and the wider BIRD initiative signal a significant shift in the financial industry's approach to data, emphasizing the importance of data management alongside regulatory compliance. This transition represents a considerable challenge for reporting institutions, necessitating fundamental changes to their data architectures. Suade offers a comprehensive solution to these challenges, reducing costs, enhancing data ownership, and seamlessly adapting to the future regulatory landscape shaped by IReF.

There are three major ways Suade supports institutions in achieving these goals:

- **FIRE & BIRD Alignment:** Our entire solution is based on our data dictionary, FIRE. FIRE leverages the Basel Committee's global prudential standards, ensuring uniformity in financial regulatory concepts worldwide. It integrates these standards into a data framework that is scalable and adaptable across different jurisdictions, such as the EU, UK, Singapore, and the US. Key benefits include transparency, ease of implementation, and clarity for controllers and analysts, given the alignment and reusability of FIRE data standards with IReF. Thanks to the Suade FIRE Dictionary, which aligns with the Banks' Integrated Reporting Dictionary (BIRD), most of the data requirements are already covered and largely aligned. For Suade customers, adopting IReF requirements will involve minimal effort and changes, ensuring no major impacts on current data systems or architecture.
- **Implementation Flexibility:** Suade's platform offers flexibility to accommodate the integration of new reporting requirements into existing



data architectures. Tailored solutions align seamlessly with evolving reporting standards, minimizing costs post-implementation. Suade's open data source is designed to accommodate IReF data definitions and attributes, ensuring a smooth transition with minimal disruption. Our platform can be customized to meet specific reporting needs, optimizing efficiency and compliance.

- **Regulatory Knowledge & Insight:** With a team of regulatory experts, developers, and founders deeply involved in the BIRD initiative, Suade is well-positioned to support institutions through these changes. We ensure out-of-the-box compliance and provide expertise in regulatory reporting, helping institutions navigate complex regulatory landscapes efficiently. Adopting Suade also ensures that institutions are future-proof against the evolving EU regulatory landscape shaped by IReF and BIRD.

At the time of writing, the European Banking Authority (EBA) has concluded a complementary cost-benefit analysis and is working on a draft regulation for public consultation starting in 2024. This period is critical for reporting institutions to assess the impacts of IReF and prepare for its adoption in 2027.

By leveraging Suade's solutions, financial institutions can manage the transition to IReF effectively, ensuring compliance and operational efficiency.

05 Conclusion

The introduction of the Integrated Reporting Framework (IReF) marks a pivotal shift in the regulatory landscape for the European banking sector. By integrating statistical, prudential, and resolution requirements, IReF offers a



holistic approach to data reporting that is being evaluated through a transparent and cooperative cost-benefit analysis involving all stakeholders, including banks. This approach aims to create a more streamlined, consistent, and efficient reporting environment that benefits all parties involved.

While the implementation of IReF will require substantial initial investments and adjustments, the long-term benefits in terms of improved data quality, regulatory compliance, and systemic stability are poised to outweigh these costs. By fostering a more integrated and transparent financial system, IReF will play a crucial role in shaping the future of banking regulation in Europe.

Suade is uniquely positioned to assist financial institutions in navigating the transition to IReF. Leveraging its comprehensive FIRE data dictionary, Suade ensures that most IReF requirements are already covered, facilitating a smoother transition with minimal effort and changes. Suade's solutions align with the Banks' Integrated Reporting Dictionary (BIRD), ensuring transparency and ease of implementation without requiring significant changes to existing data systems.

Additionally, Suade's adaptable platform supports the integration of new reporting requirements into existing data architectures, minimizing costs and disruption. With a team of experts deeply involved in the BIRD initiative, Suade provides unparalleled support in regulatory reporting, helping institutions remain compliant with evolving standards and navigate complex regulatory landscapes efficiently.

By leveraging Suade's innovative solutions, financial institutions can manage the transition to IReF effectively while enhancing their data management capabilities, ensuring long-term compliance and operational efficiency in an increasingly digitalized financial landscape.