

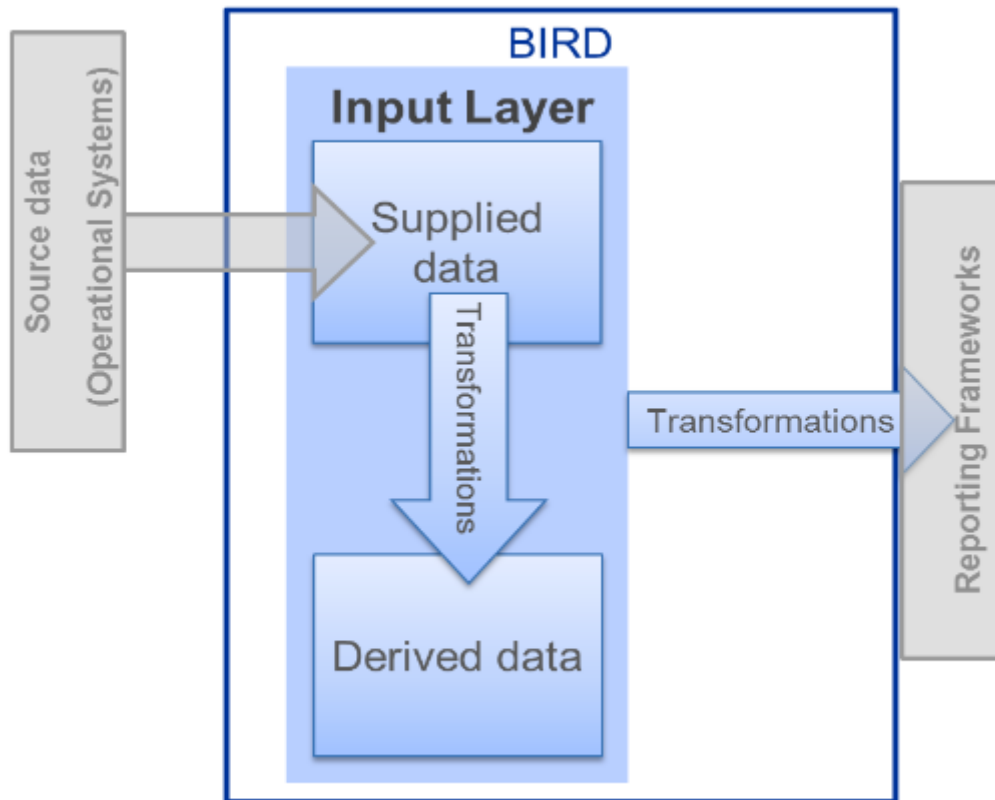
What is the BIRD?

Every time a statistical or supervisory regulatory framework is updated or a new one comes into existence, banks are left to their own devices to interpret it, extract the data from their internal systems and transform it such that they arrive to a final figure asked for in a regulation. It is not always straightforward which source data to use and how to process it to produce the number required in Legislation X, Table Y, Cell Z. The greater the misalignment among banks with regard to the meaning of specific sections within a regulatory standard, the more questionable is the quality of the output data and the more difficult are the comparisons among banks. In-depth studying of revised or new legal acts is a costly and time-consuming process for each bank. The new ECB's project titled "**BIRD**", which stands for "**Banks' Integrated Reporting Dictionary**", has been designed to alleviate the reporting burden for the banks. The BIRD's contents, published on the BIRD Wiki website, will contain a precise description of the data which should be extracted from the banks' internal IT systems to derive reports demanded by authorities. In addition to this, there will be clearly defined transformation rules to be applied to the data extracted from the banks' internal IT systems in order to produce a specific final regulatory figure.

The univocal categories of the data to be extracted from the banks' internal IT systems – the so-called "**input layer**" will be determined in agreement with voluntary participants from the EU banking industry attending the BIRD workshops organized by the ECB. Such **harmonized data model** will be, together with the **transformation rules**, publicly available to the banks. The adoption of the **harmonized data model** and the **transformation rules** – the union of which is called the **BIRD** - is for the EU banks fully voluntary. The BIRD represents an "**input approach**" because it doesn't stop at the regulatory requirements, but goes all the way back to the data in the banks' internal systems.

The purpose of the BIRD is to provide a service to the banks. The BIRD is available, as a "**public good**", to banks and all interested parties (e.g. software houses that develop application packages for financial reporting). It can be used as **additional documentation** (with respect to regulations and guidelines) or as "**active dictionary**" for procedures developed by banks.

Figure 1: BIRD = Input Layer (Harmonised Data Model) + Transformation Rules.



What BIRD is not?

The BIRD is **not an IT tool** itself nor is the aim to provide such tool. It does not make any changes to the banks' internal IT systems. The scope of the BIRD does not cover the mappings of the data from the banks' internal IT systems to the input layer.

The BIRD is **not a regulatory act** and it is **not a new rule**. It is a transposition of the legal requirements at a more operational level. In other words, the BIRD provides a formalised representation of requirements set in regulations from the business point of view. Its application is fully **voluntary**.

How will BIRD benefit the European banks?

The adoption of the BIRD has several **advantages**:

1. Different reports can be produced from a single input layer by applying harmonized algorithms → lower reporting burden for the banks. Greater consistency and quality of the data. No more need to manage each mandatory data collection in a separate way.

2. Well-defined transformation rules, which imply the interpretation of regulations, since they include the calculations to obtain certain regulatory figures → a univocal interpretation and clarity of regulations. Enhanced compliance with the regulatory requirements.
3. Decreased time and effort to analyse and adopt the new reporting requirements → increased efficiency and lower costs.
4. Increased awareness, understanding and interest in the background of why and how the regulation was undertaken → the translation effect.

Which statistical and supervisory regulatory frameworks are (will be) covered by the BIRD?

The scope of the **first version** of the BIRD covers the new requirements related to the collection of granular credit data and credit risk data (ECB's AnaCredit). The **future BIRD extensions** should be able to cover also the following statistical and supervisory reporting requirements: ECB's Monetary Financial Institutions' Balance Sheet Items Statistics (BSI), ECB's Monetary Financial Institutions' Interest Rate Statistics (MIR), ECB's Securities Holdings Statistics (SHS), and EBA's Implementing Technical Standards (ITS), which encompasses Common Reporting (COREP) and Financial Reporting (FINREP).

Cooperation between the authorities and the banks to develop the BIRD

For reasons of efficiency and effectiveness, the BIRD will be carried out and maintained by the banking industry, the European regulators (EC/EBA and ECB) and the National Authorities in **close cooperation**. Both authorities and the banks have a very strong interest in an appropriate organization of the information systems of banks, able to produce timely, consistent and high quality data. The production of a meaningful BIRD requires **specific knowledge of reporting agents**, which calls for **joint working** between the authorities and the banking industry. The composition of the BIRD Working Groups can be found here: [BIRD Working Groups](#).