Insurance and Banking Supervision
XBRL Implementation in France

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Agenda

- European System of Financial Reporting and XBRL

- ACPR / Banque de France and XBRL

- XBRL Reporting in 2014 in France for Solvency II

- Making XBRL mandatory: Why? How? So?

- What is missing in XBRL?

- XBRL: not enough for common reporting

- The ACPR / Banque de France SURFI filing system

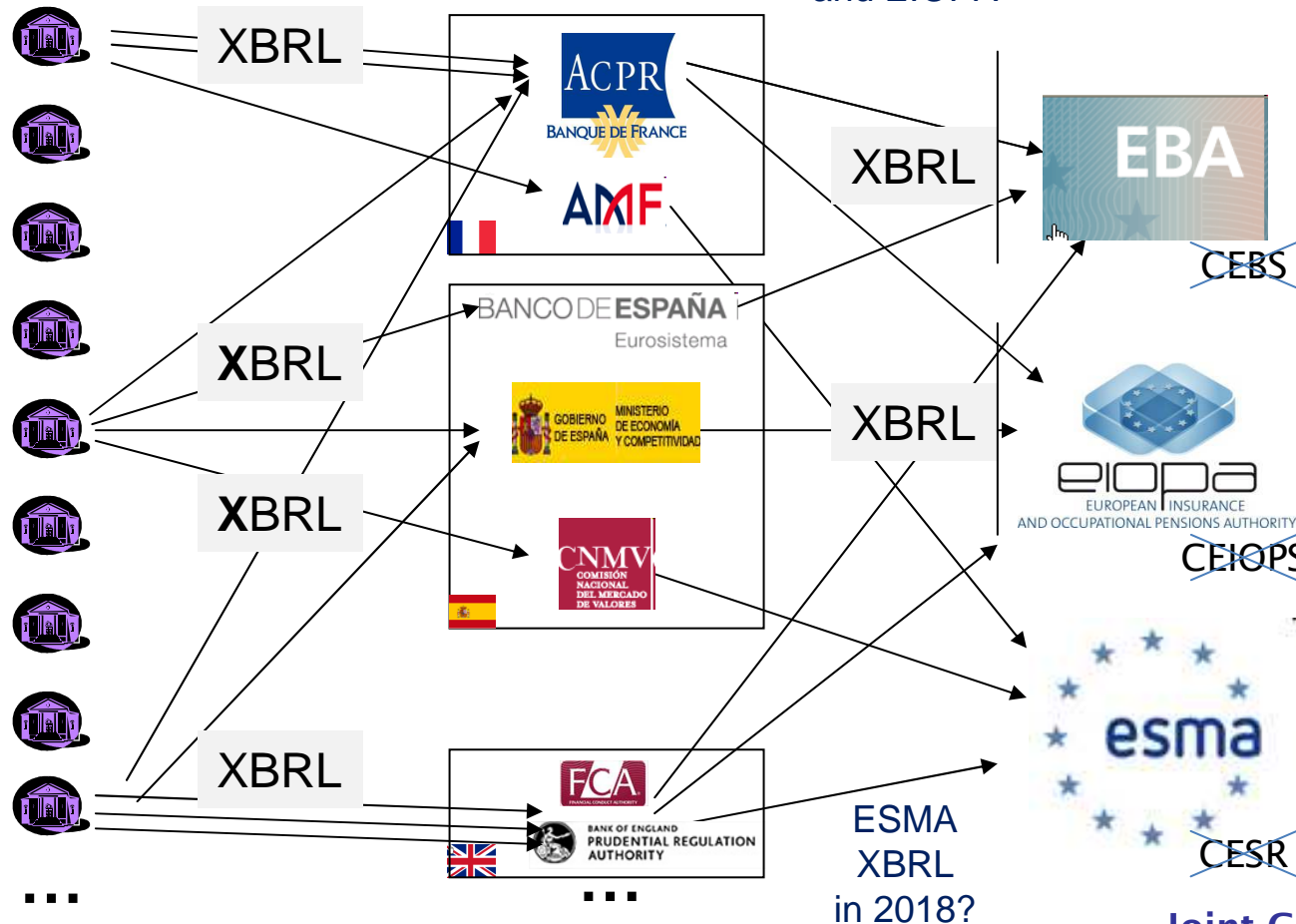European System of Financial Reporting
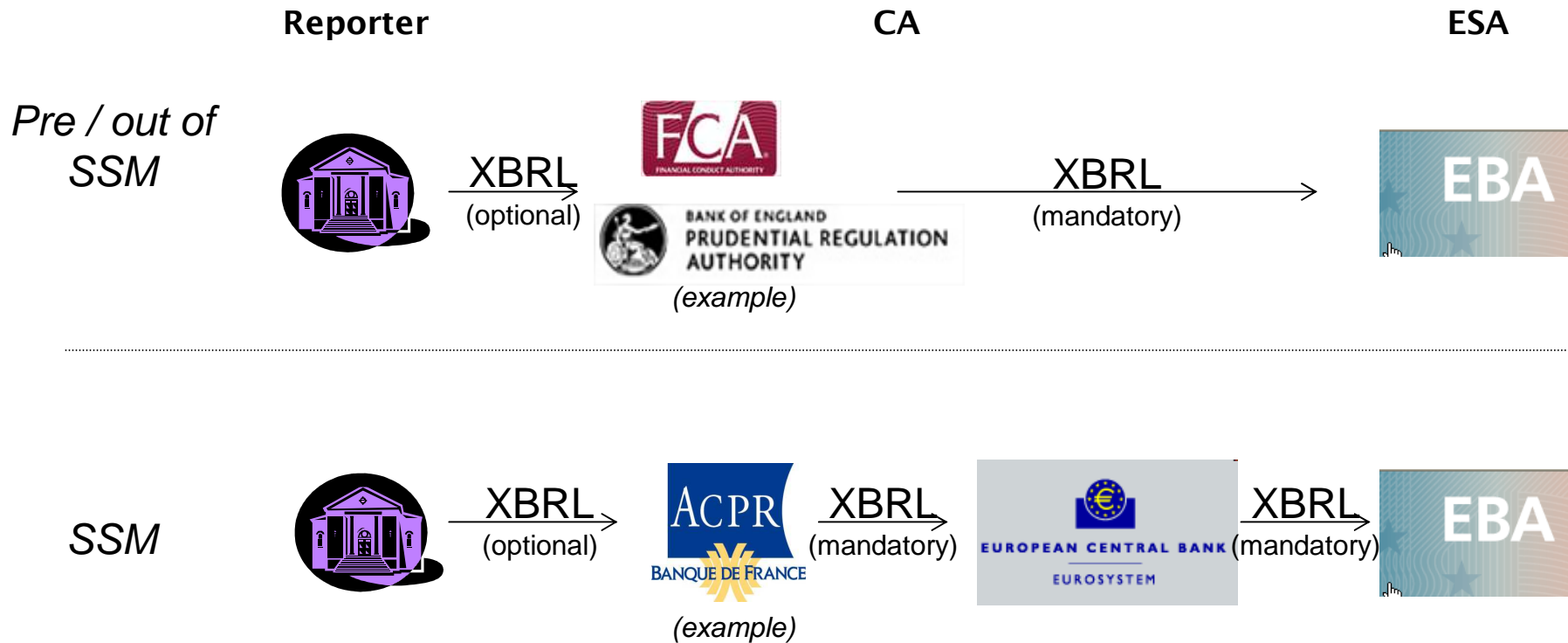
Contents of level 2 reporting

- For Banking supervision
  - For CRD to CRD III, KRI (Key Risk Indicators): small subset of COREP and FINREP data for significant financial institutions, in every country
  - Since CRD IV, all data for significant financial institutions, in every country

- For Insurance supervision
  - Subset (to be determined) of level 1 data for all reporters

Introduction of SSM in Banking Union

2015 ?

SSM: Single Supervisory Mechanism

Reporter	CA	ESA

Pre / out of SSM

XBRL (optional) → FCA FINANCIAL CONDUCT AUTHORITY / BANK OF ENGLAND PRUDENTIAL REGULATION AUTHORITY *(example)* — XBRL (mandatory) → EBA

SSM

XBRL (optional) → ACPR BANQUE DE FRANCE *(example)* — XBRL (mandatory) → EUROPEAN CENTRAL BANK EUROSYSTEM — XBRL (mandatory) → EBA

XBRL in ACPR / Banque de France

- Before 2007: the French banking regulator, Commission bancaire, bound to Banque de France, used an EDI proprietary format for the French banking reporting since 1993, BAFI

- 2005-2006: CEBS (now EBA) has chosen XBRL for the Basel II / CRD and Financial reporting: COREP and FINREP taxonomies

- 2006: Banque de France has decided that XBRL will be the only format accepted for COREP and FINREP data, a new application is developed: COFINREP. Reception of XBRL reports in 2007

- 2008: New French regulations, complete change of the reporting system : SURFI (Unified FInancial Reporting System), all banking reporting for prudential and statistical needs of Banque de France, will be done in XBRL, the SURFI taxonomy and SURFI application are developed

- 2010: The French authorities for Banking and Insurance supervision have been merged, giving ACP (Prudential Supervisory Authority), bound to Banque de France – ACPR, for Resolution, since September 2013

- EBA uses a clone of the SURFI system, IPEBA – IT Platform for EBA. EBA accepts XBRL, XML and CSV reports for KRI (Key Risk Indicators) from biggest banks

- 2011: Decision of EIOPA to use XBRL for the reporting, from undertakings to CAs and from CAs to EIOPA

- 2012-2013: SURFI application adapted to support Solvency II and new EBA taxonomies

- 2014: First filings new EBA taxonomies (CRR / CRD IV)

- 2014: First filings of Solvency II data (in XBRL, voluntary reporting, based on EIOPA Prelimary reporting taxonomy v1.2)

Why XBRL reporting for SII in 2014 in France?

- In October 2012 a French-speaking conference on Solvency II reporting was organized by XBRL France and XBRL Europe, in Paris
  - The implemenations of Solvency II, initially planned for 2012, was postponed due to delays in the regulations
  - Some reporters and software providers has already started their project and were upset by the uncertainty

- ACPR has decided to start requesting SII data earlier than enforced by the regulations
  - Afterwards, EIOPA has also decided to implement a preliminary version of Solvency II, with filings in 2015
  - *Finally, the "Full" Solvency II filings will start in 2016*

ACPR XBRL reporting for SII 2014 Calendar

- In 2013, Preliminary SII reporting in Excel

- In 2014

  – Taxonomy published end January 2014, V1.2.1, based on EIOPA V1.2 Preliminary reporting taxonomy (subset and error correction)

  – Test system available since mid April 2014
  Assertions not run because bug in XBRL validation engine corrected too late

  – Production system available in July 2014

  – Reporting expected before end September 2014

  Small undertakings may still report Excel spreadsheets same as 2003 reporting

Requested XBRL reporting

ACPR SII XBRL filings 2014

Template label	Initial name	SII reporting name	Templ. variant	Filing indicator
Content of submission	CI	S.01.01.b	S.01.01.01	S.01.01
Basic information	BI	S.01.02.b	S.01.02.01	S.01.02
Balance sheet	BS C1	S.02.01.b	S.02.01.03	S.02.01
List of assets	AS D1	S.06.02.b	S.06.02.01	S.06.02
Own funds	OF B1 (extracts)	S.23.01.b	S.23.01.05	S.23.01
Technical provisions				
Life and health similar to life	TP F1 (extracts)	S.12.01.b	S.12.01.01	S.12.01
Non-life	TP E1 (extracts)	S.17.01.b	S.17.01.01	S.17.01
Solvency capital requirement				
SCR – Standard formula	SCR B2A	S.25.01.b	S.25.01.03	S.25.01
SCR – Market risk	SCR B3A	S.26.01.b	S.26.01.01	S.26.01
SCR – Counterparty default risk	SCR B3B	S.26.02.b	S.26.02.01	S.26.02
SCR – Life underwriting risk	SCR B3C	S.26.03.b	S.26.03.01	S.26.03
SCR – Health underwriting risk	SCR B3D	S.26.04.b	S.26.04.01	S.26.04
SCR – Non-life underwriting riske	SCR B3E	S.26.05.b	S.26.05.01	S.26.05
SCR – Operational risk	SCR B3G	S.26.06.b	S.26.06.01	S.26.06
SCR – Non-life catastrophe risk	SCR B3F	S.27.01.b	S.27.01.01	S.27.01
Minimum Capital Requirement (not composite)	MCR B4A	S.28.01.b	S.28.01.01	S.28.01
Minimum Capital Requirement (composite)	MCR B4B	S.28.02.b	S.28.02.01	S.28.02

Making XBRL mandatory: why?

– New reporting (e.g. Solvency II or CRR / CRD IV)

  • new IT system (or important refactoring)

  • budget may be used to modernize the system and use the format dedicated to financial reporting: XBRL

– Software providers may provide common solutions across Europe

– Using XBRL may simplify the life of cross-border (multi-country) or cross-sector (banking and insurance) institutions

– XBRL taxonomies are used to describe the reporting (dictionary)

  • not using XBRL would lead to conversion costs for every version of the reporting

Making XBRL mandatory: how?

- – Implication of XBRL France
  - Creation of a new group (Banking in 2006, Insurance in 2011)
  - First meetings open to everybody (not members)
  - Organization of trainings
  - Existence of a Technology group to discuss issues

- – Use of a IT stakeholders group in ACP
  - Meetings to presentation of the taxonomies and discussions
  - Technical meetings organized

- – No tools provided by ACP
  - Web Forms introduced in 2010 by OneGate, the portal, rarely used
  - No Web Forms anticipated for Insurance reporting, but EIOPA intends to provide a tool for small undertakings

Making XBRL mandatory: so?

– No major difficulties encountered so far

- All taxonomies: SURFI, COREP and FINREP taxonomies include assertions (XBRL formula) since 2010

- Some software provider use available XBRL processing engines

- A software provider has developed its own XBRL processing engine, including formula processing

- Some software providers developed ad hoc solutions (not generic) to validate XBRL and assertions

- Few institutions developed ad hoc converters to XBRL => few errors are still strange (meaning that instances are not validated at reporting side)

- Commonalities between taxonomies and DPMs
- Defining the reporting format is not enough for a common solution, differences will be in:
  - Communication protocols and headers
  - Security options (e.g.: digital signature and relevant options)
  - Format and contents of the errors notifications (XBRL and other errors, like "Deadline not met")
    - ACPR uses Excel to report assertions errors (Excel spreadsheets are always returned to filers, containing the data sent)
    - In ACPR taxonomies, each assertion has an identification, a label and is associated to satisfied and not satisfied messages

14

XBRL: enough?

- Need of data modelling and semantic definition at regulatory level

- Need for consistency and commonalities between various reportings and taxnomies

- Need of direct links between taxonomic elements, and regulations and applicable documentation (expressed in XML)

- Other commonalities needed for:

  – Transfer formats and protocols (including security)

  – Reception acknowledgments and error reports

- The XBRL Workshop of the CEN (Committee for European Normalization), initiated by XBRL Europe / Eurofiling aims at harmonizing practices at the European level (http://cen.eurofiling.info)

The ACPR / Banque de France SURFI system
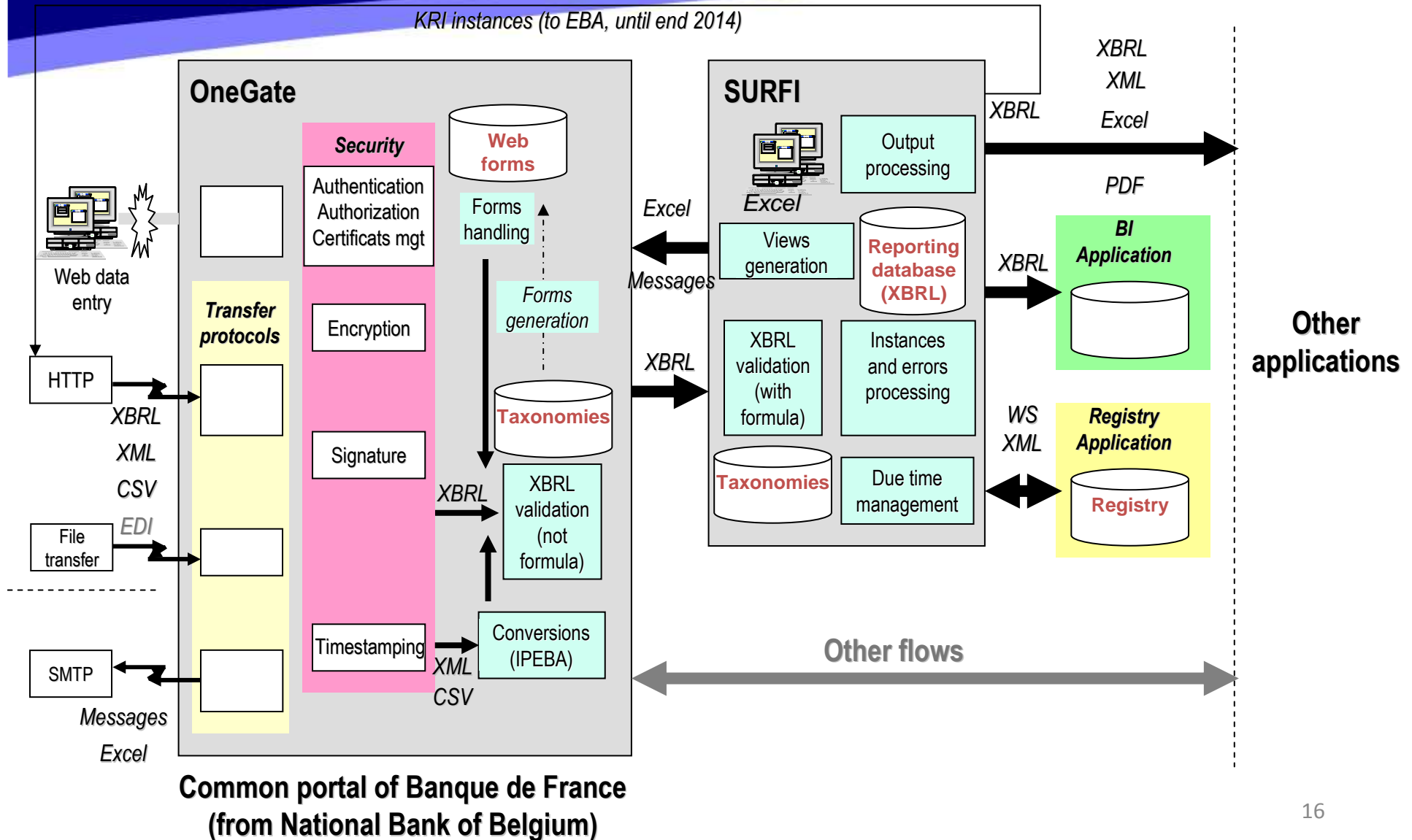
Questions ?

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