

EBA/XBRL/2015/02

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Design Considerations EBA Multicurrency reporting

This is the first in a series of documents dedicated to update all concerned parties on EBA's future taxonomy design considerations. The aim is to notify CA's and vendors in advance of a possible change to the EBA's taxonomy architecture and give them the chance to prepare their systems if necessary. The information distributed in the form of this series of white papers is non-binding and shall serve to inform the exchange between EBA and interested parties only.

Summary

So far the general assumption in EBA reporting has been that the monetary items reported in a single instance would always be of the same unit. With the introduction of the framework "Portfolio Benchmarking" there was identified a need for reporting multiple currencies within one instance. As the potential impact on participants of this change was considered high, the EBA and the CA's participating in the EBA XBRL subgroup agreed on using a "workaround" for the case of Portfolio Benchmarking for the moment. As the tendency is expected to be towards more cases where the need for multiple currencies within an instance follows from future legislation or EBA guidelines, the EBA is collaborating with the CA's to prepare the market for an improved, more XBRL-natural approach to addressing such requirements. This is likely to mean removing the current filing rule restriction requiring the use of one single currency in each instance, and expecting all system involved in EBA reporting to be capable of handling multi-currency reports.

Details

Even though additional reporting requirements have been progressively incorporated into the EBA technical reporting structures over time, this has not so far led to significant changes in the mechanics of instance creation. With the framework of Portfolio Benchmarking being included into the taxonomy as a new framework, this pleasant coincidence might change.

Some of the Data Points in the Portfolio Benchmarking tables have to be reported in the base currency of the relevant specific portfolio (which differs from portfolio to portfolio), which means

that they might not be the same currency as the rest of the report. The wording in the Consultation Paper on RTS and ITS on benchmarking portfolios states the following: “The modeling information will be reported in the base currency (the currency in which each portfolio is denominated) to eliminate the effect of the FX component and make the results comparable across euro and non-euro EU firms.”¹

Although the XBRL standard accommodates such mixed/multi-currency reporting very naturally at a syntax level, the EBA and the XBRL subgroup have concerns that not all systems implemented as part of first and second level reporting may be immediately capable of supporting this new requirement. Software vendors, reporting firms and CA’s may need some time to prepare to implement such reporting. As a consequence the decision was taken to use a design workaround for a preliminary period, in order to give participants the opportunity to enhance their systems in this regard.

The workaround included in the current (taxonomy 2.3) reporting design avoids the appearance of multi-currency reporting at the XBRL level. This is achieved by marking the metrics for those Data Points, which are to be reported in the base currency (i.e. rather than converted into the reporting currency) as decimals, reported without an associated currency unit, rather than monetary, in order that the reported values do not fail Filing Rule 3.1 which requires all XBRL monetary facts in an instance to use the same currency.²

As the long term intention is that this workaround be replaced by a cleaner approach the most obvious future solution is to allow multiple currencies in an instance. The relevant Data Points would then be redefined with monetary metrics, and hence the applicable currency unit of each reported value would be declared within reports. This will of course necessitate the change/deletion of EBA Filing Rule 3.1.

In practical terms current checks in reception or preparation systems ensuring all monetary items in an instance are reported in the same unit will have to be replaced by a number of checks, ensuring the correct and appropriate unit is reported for each monetary item. All systems will need to ensure they are capable of creating, receiving, utilising etc. such reports where the currency of fact values may vary on for example a table, sheet, row or even (in an extreme hypothetical case) cell by cell basis.

¹ <http://www.eba.europa.eu/documents/10180/711669/EBA-CP-2014-07+%28CP+on+RTS+and+ITS+on+benchmarking+portfolios%29.pdf>

² <https://www.eba.europa.eu/documents/10180/998485/EBA+XBRL+Filing+Rules+revision+3.pdf>