

Session 3: I-I data templates

Session outline

Neville M. Arjani (Moderator)
Research Division
OSFI Canada

I-I data: Overview (1/3)

- Data focus on bilateral linkages between large global banking groups and their financial system peers.
 - Crisis made clear that our roadmap of the global financial system was vastly incomplete.
- Linkages pertain to both sides of banks' balance sheet
 - Credit exposure by counterparty and instrument
 - Exposure data to be reported on a "final risk" basis
 - Funding by lender, instrument and maturity
 - Data sought with respect to top 50 counterparties
- Data collection focused at the group-wide consolidated level from perspective of both reporting bank and counterparty

I-I data: Overview (2/3)

- Collection of these data on a routine, consistent basis across banks and jurisdictions should provide material benefits...
 - Monitoring and *ex ante* detection of systemic risk
 - Is common exposure to a single counterparty, or reliance on a single source of funding, building over time?
 - How might domestic banks be *indirectly* exposed to loss via a chain of events stemming from a large global bank's difficulties in another part of the world?
 - Potential market signalling device on financial soundness of individual counterparties.
 - Stress-testing the resilience of the banking system
 - Finally... a more complete and time-consistent snapshot of banks' inter-bank exposure vis-à-vis their domestic and international peers!
 - Crisis management
 - Timely source of information on where to focus supervisory attention if problems arise at an institution in the global network.
 - Policy analysis
 - Policy analysis is enriched by longitudinal data (e.g., facilitates cross-country comparative studies, event studies, etc.).
 - The benefit of consistency in data collection methodology across banks, jurisdictions and time cannot be emphasized enough!

I-I data: Overview (3/3)

- ... but, we must not lose sight of the fact that this data collection effort will entail significant resource costs.
 - Scope of data collection is broad; will require coordination across bank business lines and global units.
 - One of many regulatory data calls that global banks must accommodate.
 - However, we expect that banks will also derive benefits from this data exercise.
 - Benefit of a phased approach to template completion.
- Does the social benefit of this data collection outweigh the cost?
 - I think so, but...
 - Supervisors should continue to monitor and not require duplicate effort from banks.
 - Onus is on supervisors (and banks) to maximize the benefit of these data – this should not simply be a “monthly data dump”.
- I look forward to elaboration of these and other issues in our session!

Session agenda

Topic	Speaker	Approximate timeline
Introduction/agenda	Neville Arjani (OSFI Canada)	10 minutes
Discussion of initial template proposal and responses from consultation	Nigel Jenkinson (FSB)	10 minutes
Refined proposal for I-I counterparty and I-I funding data collection	Pietro Franchini (Banca d'Italia)	15 minutes
Expected benefits from the data	Ben Dubow (UK FSA)	10 minutes
Industry experience (1)	Marco Hillgers (Deutsche Bank)	15 minutes
Industry experience (2)	Franciane Rays (BNP Paribas)	15 minutes
Open discussion		45 minutes
	Total	120 minutes