European Network of Credit Unions

February 28, 2018

Submitted electronically
European Commission
Directorate-General for Financial Stability,
Financial Services and Capital Markets Union
Rue de Spa 2
1049 Brussels, Belgium

Re: Consultation Document: *Fitness Check on Supervisory Reporting*

Dear Sir or Madam:

The European Network of Credit Unions (ENCU) appreciates the opportunity to comment on the European Commission's consultative document *Fitness Check on Supervisory Reporting*.[1] Credit unions are consumer-owned, not-for-profit financial cooperatives that promote financial inclusion in underserved European communities by offering their members affordable and easily understandable financial products. There are approximately 1,000 credit unions in the European Union with more than EUR 20 billion in total assets and 7 million physical person members.[2]

Questions:

SECTION I: *Assessing whether the supervisory reporting requirements are fit-for-purpose*

1.1 Taken together, to what extent have EU level supervisory reporting requirements contributed to improving the following:

i) *financial stability (i.e. monitoring systemic risk)*

__ Very significantly __

Significantly

X__Moderately

__ Marginally

__ Not at all

__ Don't know

Please elaborate and provide examples to justify your answer.

[1] The European Commission's Consultation Document: *Fitness Check on Supervisory Reporting* (Dec. 2017), *available at* https://ec.europa.eu/info/consultations/finance-2017-supervisory-reporting-requirements_en.
[2] *See* "Credit Unions in Europe;" http://creditunionnetwork.eu/cus_in_europe.

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Answer: We agree that data collection is essential to an effective supervision and examination system. We further agree that access to such data is essential to monitor risks and ensure orderly markets, financial stability and investor protection. However, we are concerned about reporting requirements' regulatory burdens imposed on credit unions, particularly because those burdens tend to impact smaller community-based depository institutions disproportionately as compared to larger financial institutions that are better able to afford such costs due to their larger economies of scale. Consolidation in credit union systems such as Ireland is at least to some degree the result of a high compliance burden. Research shows that a more diverse system provides financial stability therefore increased regulatory burden negatively impacts efforts to promote a stable financial system.

ii) *market integrity (i.e. surveillance of market abuse and orderly functioning of the markets)*

__ *Very significantly*

__ *Significantly*

X_*Moderately*

__ *Marginally*

__ *Not at all*

__ *Don't know*

Please elaborate and provide examples to justify your answer.

iii) *investor protection (i.e. ensuring proper conduct by firms to ensure that investors are not disadvantaged/negatively impacted))*

__ *Very significantly*

__ *Significantly*

X_ *Moderately*

__ *Marginally*

__ *Not at all*

__ *Don't know*

Please elaborate and provide examples to justify your answer.

Answer: Credit unions are owned by their members and are not publicly traded. Credit union deposits are also typically guaranteed by a national Deposit Guarantee Scheme.

1.2 *Are all of the existing supervisory reporting requirements relevant for maintaining financial stability and upholding market integrity and investor protection?*

__ *Yes, they are all relevant*

__ *Most of them are relevant*

***X**_ Some of them are relevant*

__ *Very few are relevant*

__ *Don't know*

If you do not think that all of the requirements are relevant, please provide specific examples of any requirements which in your view are superfluous and explain why you believe they are not necessary.

Answer: Credit Unions are exempt from most aspects of the Capital Requirements Directive IV (CRD IV) and the Capital Requirements Regulation (CRR) pursuant to Article 2(5) of CRD IV but must be regulated comprehensively as a financial institution pursuant to Articles 34 and 2(6) of the CRD IV. Often times, credit unions are subject to rulebooks that are more stringent than CRD IV and CRR because credit unions investment regulations typically limit investments primarily to member deposits and government guaranteed debt and credit and, further, credit unions also face leverage ratio requirements as high as 10%.

Therefore, our members report that they feel that current reporting requirements do not take into account their particular rulebook or features of credit unions and differences in the applied financial instruments or the range of activities of a particular credit union. It is common to see items applicable to banks for reporting are required reporting for credit unions based on CRD IV and CRR requirements where credit unions would not otherwise have to calculate these CRD IV/CRR methodologies.

Further, many of our members report that reporting should be adjusted to reflect their size and complexity and that reporting should be less frequent for well capitalised credit unions than for ones with lower capital levels.

1.3 *Is there information that should be reported but which currently is not (i.e. there are reporting requirements that should be added)?*

__ *Yes*

***X**_ No*

__ *Don't know*

If you answered 'Yes', please provide specific examples of reporting requirements which in your view should be added and explain why you believe they are needed.

1.4 To what extent are supervisory reporting requirements across different EU level reporting frameworks coherent (e.g. in terms of scope, content, methodology, timing/frequency of submission, etc.)?

__ Fully coherent
__ Mostly coherent (a few or minor inconsistencies)
***X**__ Somewhat coherent (numerous inconsistencies)*
__ Not coherent (mostly or totally inconsistent)
__ Don't know

Please provide specific examples of reporting requirements which in your view are inconsistent and explain why you believe they are inconsistent.

Answer: European credit unions do not operate on a cross-border basis and therefore are only subject to the reporting requirements of the Member State where they are based.

1.5 To what extent is supervisory reporting in its current form efficient?

__ Very efficient

__ Quite efficient

__ Rather inefficient

***X**_ Very inefficient*

__ Don't know

If you think that supervisory reporting is not fully efficient, please provide specific examples and explain why you believe it is not efficient.

Answer: Credit unions often have limited financial and staff resources because of their relatively small size (average of EUR 20 million in total assets) and must often rely on outside data processing vendors to provide solutions for their reporting needs. However, those systems still typically require a substantial amount of work on behalf of the credit union to implement and the systems often come at a steep price. Reporting is also not usually tailored specifically for a credit union thus adding to the complexity and inefficiency of reporting. Further, credit unions are typically run by volunteer boards and volunteer employees which further exacerbates the impact on the institution.

Finally, our credit unions report that the instructions for reporting are often ambiguous or do not contain sufficient detail.

1.6 How well are the supervisory reporting requirements adapted to developments in the fields of modern information and communication technologies (ICT) and digital processes?

__Very well

__ Fairly well

X_ Not very well

__ Not at all

__ Don't know

Please elaborate and provide specific examples.

Answer: The supervisory system could be greatly improved and more efficient if there were greater support for applicable ICT tools without imposing additional costs. In particular in Poland, making it possible to retrieve from the SkokCom system all of the data necessary from credit unions by the supervisory agencies would be useful. However, the expense for such changes can fall disproportionately on credit unions due to their small size (average EUR 20 million in total assets) and low margins. ICT tools developed by governments and provided to regulated to entities without additional expense could be one solution.

1.7 To what extent has the adoption of supervisory reporting requirements at EU level facilitated supervisory reporting in areas where previously only national requirements existed?

__ Very significantly

__ Significantly

__ Moderately

__ Marginally

__ Not at all

***X**_ It has made supervisory reporting more complicated*

__ Don't know

Please elaborate and provide specific examples.

Answer: Credit Unions are regulated under national rulebooks pursuant to CRD IV Articles 2(5), 2(6) and 34. EU-level supervisory reports has therefore made supervisory reporting generally more complicated for credit unions which report using a system designed for CRD IV reporting.

1.8 To what extent have options left to Member States in terms of implementing EU level supervisory reporting requirements (e.g. due to their adoption as Directives rather than

Regulations) increased the compliance cost?

__ Very significantly

__ Significantly

__ Moderately

__ Marginally

***X**__ Not at all*

__ Don't know

If you think divergent Member State implementation has increased the compliance cost, please provide specific examples of reporting frameworks or requirements where you believe this to be the case and explain your suggestions.

Answer: We support continued national discretion in this area. National discretion has helped limit compliance burdens on credit unions because credit unions follow national-level rulebooks.

1.9 Are there any challenges in terms of processing the data, either prior to (i.e. within the reporting entity) or subsequent to (i.e. within the receiving/processing entity) it being reported?

***X**_ Yes*

__ No

__ Don't know

If you answered 'yes', please elaborate and provide specific examples.

Answer: Ambiguous instructions or a lack of detail make collecting and preparing the data for reporting a significant burden. Reporting that is not tailored to credit unions' business model, financial instruments, or range of activities makes collecting the data difficult or makes it difficult to find a data processing vendor that can accommodate the specific need.

Credit unions also have limited resources being small in size (average EUR 20 million in total assets) and often are run by volunteer boards and volunteer employees. On average it takes 2-3 days to complete reporting tasks when due, which is a burdensome level when often volunteers are required to wear multiple hats.

1.10 Are there any negative environmental and/or social impacts related to supervisory reporting stemming from EU legislation?

__ Yes, both environmental and social

__ Yes, environmental only

X_ Yes, social only

__ No

__ Don't know

If you answered 'yes' for either or both types of impacts, please elaborate and provide specific examples.

Answer: Social impacts include the time and regulatory burden associated with preparing the reports only reduces the amount of funds available for lending to a credit union's members and the community. Thus the effect is a reduced economic impact to society due to regulatory burden.

Section 2: Quantifying the cost of compliance with supervisory reporting requirements

The feedback received from stakeholders suggests that, over the past few years, the cost of implementation and compliance with supervisory reporting requirements has increased in a couple of ways. Firstly, the introduction of new reporting frameworks and the more granular approach to reporting have increased the number and frequency of reports, necessitating additional investments into IT systems and related areas such as hiring, training, updating work processes or services delivered by external contractors. Secondly, the increasing complexity of reporting has increased operational risk, including the cost of correcting errors and financial penalties or fines for not reporting in the required formats or within required deadlines. Section 2 of the consultation aims to gather concrete quantitative data concerning this compliance cost incurred by the end of 2016 for reporting frameworks in force by this date[3].

2.1 *Is supervisory reporting in its current form unnecessarily costly for its intended purposes (i.e. ensuring financial stability, market integrity, and investor protection)?*

***X**_ Yes*

__ No, it is at an appropriate level

[3] Some of the costs incurred until the end of 2016 may have been incurred in anticipation of supervisory reporting requirements to be implemented only as of January 2017. Section 2 is not intended to cover these compliance costs. All replies should be provided on the basis of the situation at the end of December 2016 for frameworks in force at that date.

__ *Don't know*

2.2 *To what extent have the following factors contributed to the excessive cost of supervisory reporting? Please indicate the relevance of the following factors by giving each a rating from 0 to 4 (4: contributed greatly; 0: not contributed at all).*

i) Too many requirements - 4

ii) Need to report under several different reporting frameworks - 0

iii) Need to report to too many different entities - 2

iv) Lack of interoperability between reporting frameworks and/or between receiving/processing entities or supervisory authorities - 0

v) Need to report too frequently - 4

vi) Overlapping requirements - 2

vii) Redundant requirements - 2

viii) Inconsistent requirements - 3

ix) Unclear/vague requirements - 4

x) Insufficient use of (international) standards - 0

xi) Need to introduce/update IT systems - 4

xii) Need for additional human resources - 4

xiii) Too many/too frequent amendments in the relevant legislation - 2

xiv) Lack of a common financial language - 2

xv) Insufficient use of ICT[4] - 2

xvi) Insufficient level of automation of the reporting process[5] - 3

xvii) Lack of (adequate) technical guidance/specifications - 3

xviii) Other (please specify and provide a ranking from 0 to 4)

[4] Use of ICT is understood as presenting data in an electronic format rather than on paper and/or submitting it using electronic means (e.g. by email, via an online template) rather than by post or in person.

[5] Automation is understood as reducing or even fully eliminating human intervention from the supervisory reporting process.

2.3 *To what extent have the following types of legislative/regulatory requirements been a source of excessive compliance costs in terms of supervisory reporting? Please indicate the relevance of the following types of legislative/regulatory requirements by giving each a rating from 0 to 4 (4: very significant source of costs; 0: not at all a source of costs).*

i) Supervisory reporting requirements imposed by EU Regulations and/or Directives - 4

ii) Different Member State implementation of EU financial legislation, resulting in diverse national supervisory reporting requirements for the same financial entity/product - 0

iii) National supervisory reporting requirements in addition to those in EU legislation for a specific financial entity/product - 3

iv) Other supervisory reporting requirements in addition to those in EU legislation for a specific financial entity/product (please specify)

Please elaborate and provide examples.

Answer: Credit Unions do not operate on a cross-border basis and are subject to national rulebooks. Therefore differing member state implementation is not an issue for reporting purposes.

2.4 *Does the obligation to use structured reporting (i.e. templates or forms in which specific data elements to be reported are listed) and/or predetermined data and file formats (i.e. (i) the exact way in which the individual data elements are to be encoded or (ii) the file format in which the information to be reported is exchanged/submitted) for supervisory reporting increase or decrease the compliance cost of supervisory reporting?*

(a) *Increases the compliance cost [**X**]*

(b) *Decreases the compliance cost*

(c) *Does not impact the compliance cost*

(d) *Don't know*

Please provide specific examples to substantiate your answer.

Answer: While standardisation can assist is some areas it is more important that the reporting be both proportional and relevant to the particular institution. For credit unions standardisation has resulted in increased compliance burdens because the standard, adopted based on CRD IV and CRR, required credit unions sometimes to report data with little to no relevance to credit unions supervised under is national level rulebook.

2.5 *Please specify the supervisory reporting frameworks to which you are subject (or, in the case of entities receiving and/or processing the data or supervisory authorities, which you deal with or make use of) and estimate the cost (in monetary terms and as a percentage of operating cost) for your entity of meeting supervisory reporting requirements (or, in the case of entities receiving and processing the data or supervisory authorities, of processing the data).*

i) Subject to/deal with/make use of the following supervisory reporting frameworks:

ii) Average initial implementation cost (i.e. one-off cost):

Cost in euro	as a percentage of total assets//turnover/other (please specify), as applicable
Not possible to estimate (please elaborate)	Not possible to estimate (please elaborate)

iii) Average annual running cost (i.e. recurrent cost):

i) in 2016:

Cost in euro	as a percentage of operating cost
Poland: **Staff Time:** • Estimated average of the staff time in CUs per month in CUs with assets **over EUR** 24 million EURO amounts to about 2% • Estimated average of the staff time in CUs per month in CUs with assets **below** EUR 24 million amounts to about 8% • Aggregate data shows that: Estimated average of the staff time in CUs per month in the CUs which answered the questions amounts to about 5% **Costs:** • Reports estimated costs per year in CU's over EUR 24 million: 0.1% of assets. • Under EUR 24 million – 0.5% of assets Ireland: • EUR133 million 0.92% of assets By way of comparison, credit union research from the United States estimates regulatory burden costs for U.S. Credit Unions has increased 46 basis points translating to an estimated US $6.1 billion in costs over a two-year period.[6] We believe that US regulatory reporting requirements for credit unions are substantially similar to those of European credit unions.	Poland: Reports estimated costs per year in CU's over $24 million: 0.1% of assets. Under $24 million – 0.5% of assets Ireland: EUR 133 Million or 0.92% of assets.
Not possible to estimate (please elaborate)	Not possible to estimate (please elaborate)

ii) average over the last 5 years:

Cost in euro as a percentage of operating cost

[6] CUNA Regulatory Burden Study *available at* https://www.cuna.org/regburden/

Cost in euro	as a percentage of operating cost
Ireland: EUR 134 million	0.95% of assets
Not possible to estimate (please elaborate)	Not possible to estimate (please elaborate)

iii) average over the last 10 years:

Please indicate whether the above figures concern your entity as a whole or only a part thereof (i.e. a department, a subsidiary, a branch, a regional division, etc.).

2.6 *Which reporting frameworks contribute the most to the cost of compliance with supervisory reporting requirements? Please indicate as many frameworks as necessary and explain your answer.*

Answer: In Ireland, credit union reporting requirements include: Quarterly returns, annual returns, compliance statements, PRISM reports, and Anti-Money Laundering (AML) reports. AML reports typically cost the most time, particularly that of the Manager and Compliance officer for a credit union.

2.7 *Does your entity deal with supervisory reporting directly in-house or has this task been outsourced to an external provider?*

__ fully in-house

***X**_ partially outsourced*

__ fully outsourced

Please elaborate and, if possible, explain the reasons for your business choice.

Answer: For many credit unions it is a combination of both, some of their data processors can perform some of the functions, but it typically takes an in-house person to compile and make sure everything is prepared correctly.

Economic research on credit unions in the United States operating under substantially similar supervisory requirements found that credit unions reported spending nearly 2.5 FTE-days (19.2 hours) completing the quarterly reports, with time requirements increasing substantially by credit union asset size (and operational complexity). Over half (53%) note that the time required to file the reports has increased over the prior 5-

year period.[7]

2.8 *Please indicate the size of your entity's department dealing with supervisory reporting:*

i) *in terms of the number of employees, indicated as full-time equivalents (FTE):*

(a) *at the end of 2016:*

__ *[number] FTEs*

__ *Not possible to estimate (please elaborate):*

(b) *In 2009:*

__ *[number] FTEs*

__ *Not possible to estimate (please elaborate):*

ii) *as a percentage of the compliance work force:*

(a) *at the end of 2016:*

__ *[number]%*

__ *Not possible to estimate (please elaborate):*

(b) *In 2009:*

__ *[number]%*

__ *Not possible to estimate (please elaborate):as a percentage of the total work force:*

(a) *at the end of 2016:*
__ *[number]%*

__ *Not possible to estimate (please elaborate)*

(b) *In 2009:*

__ *[number]%*

[7] CUNA Letter to NCUA dated August 12, 2019 *available at* https://www.ncua.gov/Legal/CommentLetters/bc-data-2016-cuna-rfi.pdf

__ Not possible to estimate (please elaborate):

Please indicate whether the above figures concern your entity as a whole or only a part thereof (i.e. a department, a subsidiary, a branch, a regional division, etc.).

2.9 *Have any of the EU level reporting frameworks brought (or partially brought) costsaving benefits (e.g. simplified regulatory reporting, facilitated internal data management processes, improved risk management, increased operational efficiencies, etc.)?*

__ Yes

***X**_ No*

__ Don't know

If you answered 'yes', please indicate which frameworks, explain in what way they have contributed to cost-savings, and if possible quantify the savings (with respect to previous or other similar reporting frameworks).

Section 3: Identifying possible ways to simplify and streamline supervisory reporting

In response to the Call for Evidence, some stakeholders expressed strong support for targeted standardisation measures to allow a more effective use of technology to streamline and - to the extent possible - automate compliance and reporting functions. This is related to the framework of 'RegTech' ('regulatory technology'), a recent initiative to address issues of regulatory compliance in the financial services sector through the use of innovative technology. However, detailed evidence on how exactly the use of ICT can help with supervisory reporting, and whether it is facilitated or hindered by the present set up of supervisory reporting requirements - is scarce. Section 3 of the consultation is therefore more forward-looking, and seeks stakeholders' views on possible future developments in supervisory reporting, in particular with regards to greater use of ICT and greater automation.

3.1 *Please indicate which of the following could reduce the compliance cost while maintaining a sufficient level of supervisory reporting to ensure that the intended objectives are achieved. Please select all relevant answers that apply.*

	Short term	Long term	Don't know
o reduction of the number of data elements	X		
o clarification of the content of the data elements			X
o greater alignment of reporting requirements			X
o greater standardisation/use of international standards			X
o development of a common financial language			X
o ensuring interoperability between reporting frameworks and/or receiving/processing entities or supervisory authorities		X	
o greater use of ICT			X
o greater automation of the reporting process		X	
o other (please specify): **Answer:** Better alignment of credit union reporting requirements with the applicable national credit union rulebook	X		

Please elaborate, in particular explaining how you believe the answer(s) you selected could be achieved in practice.

Answer: Reporting should contemplate national level rulebooks and allow reporting subject to only that particular regime's rulebook.

3.2 *To what extent would the development of a common financial language help reduce the compliance cost of supervisory reporting?*

__ *Very significantly*

__ *Significantly*

__ *Moderately*

__ *Marginally*

X_ *Not at all*

__ *Don't know*

Please elaborate.

Answer: The reporting should be proportional and tailored to the size and complexity of the institutions and tailored to the specific rulebook. As credit unions are regulated under a national-level rulebook, we believe that a common financial language established at the EU level would not likely reduce regulatory burden for credit unions.

3.3 *To what extent would the development of a common financial language help improve the management (i.e. reporting or processing) of supervisory data required to be reported?*

__ *Very significantly*

__ *Significantly*

__ *Moderately*

__ *Marginally*

X_ Not at all

__ *Don't know*

Please elaborate.

Answer: We support continued national discretion in this area because credit unions are regulated under national-level rulebooks.

3.4 *Are there any prerequisites for the development of a common financial language?*

X_ Yes

__*No*

__ *Don't know*

If you answered 'yes', please elaborate and provide specific examples.

Answer: Yes, there needs to be relevance and proportionality. In particular, a common language would need to include all the relevant concepts vis-à-vis institutions operating under national-level rulebooks such that concepts and terms relevant under those standards are not diminished or obscured by the common financial language. In Ireland, for example, credit union deposits are often termed "shares". The "Principle of Proportionality" under Basel and other international standards (*See, e.g.*, https://www.bis.org/fsi/publ/insights1.pdf) supports making adjustments for smaller and less complex banks (including credit unions), particularly those operating under national-level rulebooks.

3.5 *Are there any obstacles to the development of a common financial language in the short term (i.e. 2 years or less)?*

***X**_ Yes*

__No

__ Don't know

If you answered 'yes', please elaborate and provide specific examples.

Answer: Differences between different financial institution rulebooks would be an obstacle for establishing a common financial language that would reduce regulatory burden.

3.6 *To what extent would ensuring interoperability between reporting frameworks and/or receiving entities help reduce the compliance cost of supervisory reporting?*

__ Very significantly

__ Significantly

***X**_ Moderately*

__ Marginally

__ Not at all

__ Don't know

Please elaborate.

Answer: Credit unions face compliance burdens stemming from reporting requirements that are not consistent with credit union's applicable rulebooks.

3.7 *To what extent would ensuring interoperability between reporting frameworks and/or receiving entities help improve the management (i.e. reporting or processing) of supervisory data required to be reported?*

__ Very significantly

__ Significantly

__ *Moderately*

__ *Marginally*

***X*_** *Not at all*

__ *Don't know*

Please elaborate.

Answer: Increased EU-level standardisation in this area would not likely reduce credit unions' compliance burdens because they are: (a) regulated under national-level rulebooks; and (b) do not operate on a cross-border basis.

3.8 *Are there any prerequisites for introducing greater interoperability between reporting frameworks and/or receiving entities?*

__ *Yes*

__ *No*

***X*_** *Don't know*

If you answered 'yes', please elaborate and provide specific examples.

3.9 *Are there any obstacles to introducing greater interoperability between reporting frameworks and/or receiving entities in the short term (i.e. 2 years or less)?*

***X*_** *Yes*

__ *No*

__ *Don't know*

If you answered 'yes', please elaborate and provide specific examples.

Answer: Any change in a system requires cost and time. Systems have to be programmed, quality control implemented, audited, staffed must be trained, etc. All changes add to the costs and many times these take time to implement. Credit unions may have to pay a vendor to make the changes and sometimes this can be at a significant cost. Further, since credit unions are not-for-profit cooperatives commonly run by volunteers, this can be a significant strain on resources.

Concerning greater use of ICT in supervisory reporting:

3.10 *To what extent would greater use of ICT help reduce the compliance cost of supervisory reporting?*

__ *Very significantly*

__ *Significantly*

__ *Moderately*

X_ *Marginally*

__ *Not at all*

__ *Don't know*

Please elaborate.

Answer: It can help if implemented properly, but mandating the use of ICT would likely increase credit union compliance costs. If the government implements an automated system without charging the credit unions a fee, it could assist with reducing compliance costs in the long run.

3.11 *To what extent would greater use of ICT help improve the management (i.e. reporting or processing) of supervisory data required to be reported?*

__ *Very significantly*

__ *Significantly*

__ *Moderately*

X_ *Marginally*

__ *Not at all*

__ *Don't know*

Please elaborate.

Answer: It could help if implemented properly, however, with any new system it will represent a compliance burden to a credit union. Again, if the government implements it without charging the credit union and minimizing the compliance/implementation burden, there could be some benefit.

3.12 *Are there any prerequisites for the greater use of ICT in supervisory reporting?*

__ *Yes*

__ *No*

X_ Don't know

If you answered 'yes', please elaborate and provide specific examples.

3.13 *Are there any obstacles to the greater use of ICT in supervisory reporting in the short term (i.e. 2 years or less)?*

X_ Yes

__ No

__ Don't know

If you answered 'yes', please elaborate and provide specific examples.

Answer: Yes, the time and expense of adopting a new system could be significant for a credit union, especially those that operate with volunteers. It could be a significant investment of time and expense often with little or no benefit to its members.

3.14 *To what extent would greater automation of the reporting process help reduce the compliance cost supervisory reporting?*

__ Very significantly

__ Significantly

X_ Moderately

__ Marginally

__ Not at all

__ Don't know

Please elaborate.

Answer: It could help in the long term, but the implementation and costs likely outweigh any long term benefit.

3.15 *To what extent would greater automation of the reporting process help improve the management (i.e. reporting and/or processing) of supervisory data required to be reported?*

__ Very significantly

__ *Significantly*

__ *Moderately*

X_ *Marginally*

__ *Not at all*

__ *Don't know*

Please elaborate.

3.16 *Are there any prerequisites for a greater automation of supervisory reporting? o Yes*

__ *No*

X_ *Don't know*

If you answered 'yes', please elaborate and provide specific examples.

3.17 *Are there any obstacles to a greater automation of supervisory reporting in the short term (i.e. 2 years or less)?*

X_ *Yes*

__ *No*

__ *Don't know*

If you answered 'yes', please elaborate and provide specific examples.

Answer: Time and expense.

3.18 *What role can EU regulators play in facilitating or stimulating greater use of ICT in supervisory reporting?*

__ *Crucial role*

__ *Important role*

__ *Moderate role*

__ *Limited role*

X_ *No role*

__ *Don't know*

Please elaborate and provide specific examples of where and how you believe EU regulators could help.

Answer: Mandated use of ICT for supervisory reporting would increase credit unions' compliance costs.

3.19 *What role can EU regulators play in facilitating or stimulating greater automation of the reporting process?*

__ Crucial role

__ Important role

__ Moderate role

__ Limited role

***X**_ No role*

__ Don't know

Please elaborate and provide specific examples of where and how you believe EU regulators could help.

Answer: Mandated use of ICE for supervisory reporting will increase credit unions' compliance costs.

3.20 *What else could be done to simplify supervisory reporting while ensuring that regulated entities continue to fulfil their supervisory reporting requirements?*

1. Forms could be revised to make them intuitive and easy to use, with clear instructions and guidance on completing the forms;
2. Only collect data that is accurate, relevant, and useable by the regulators;
3. Collect data that reflects safety and soundness concerns only;
4. Remove data that has little or no supervisory value or value for peer-to-peer comparisons;
5. Remove data where the collection outweighs the supervisory value;
6. Collect additional data only where the collection will ultimately reduce the regulatory burden or result in an improved or more efficient examination process;
7. Improve the clarity and descriptive quality of the instructions when collecting data.

3.21 *Can you provide any practical example of improvements to data management processes that could be applied to supervisory reporting with a view to reducing the compliance cost and/or improving the management of supervisory reporting?*

***X**_ Yes*

__ No

If you answered 'yes', please specify and explain your suggestions.
Please see ENCU's response to question 3.20, above.

The European Network of Credit Unions appreciates the opportunity to comment on the Commission's Consultative Document: *Fitness Check on Supervisory Reporting*. Please do not hesitate to contact me or Jim Rusagara by email at info@creditunionnetwork.eu or phone at +32 2 626 9500 or +32 488 809 437 (mobile) should you have any questions regarding our comments.

Sincerely,

Andrew T. Price
Regulatory Counsel
European Network of Credit Unions
World Council of Credit Unions