



8 January 2016

Unrestricted

Non-compliance system for monitoring infringements of balance sheet statistical reporting requirements set on monetary financial institutions

The powers of the Bank of Finland to collect statistical information from monetary financial institutions (MFIs) is based on Council Regulation concerning the collection of statistical information by the European Central Bank¹ and balance sheet statistical reporting by MFIs is based on Regulation of the European Central Bank concerning the balance sheet of the monetary financial institutions sector.² National central banks have documented compliance with reporting requirements since September 1999. On the basis of experience gained from such monitoring, the ECB has set up a non-compliance system for monitoring infringements in the euro area as a whole.

ECB statistical compilation seeks to ensure not only timely provision of MFI statistics but also simultaneous fulfilment of high qualitative standards. Each MFI resident in the euro area is subject to the reporting obligation, and if an institution fails to meet the statistical reporting requirements set out in the Regulation, the ECB may, by virtue of the Council Regulation, impose sanctions on the institution up to the maximum amount defined in the Regulation.³

In order to guarantee equal treatment of euro area MFIs, the ECB has established a non-compliance system for monitoring infringements of statistical reporting requirements. This monitoring enables to obtain adequate and comparable information on all infringements. On the basis of such information, the ECB's Board decides on sanctions that may be imposed on reporting agents. The Bank of Finland will start applying the system from January 2005 balance sheet information onwards. Information on infringements concerning MFIs is not public, but the Bank of Finland notifies each reporting agent of infringements occurred.

The system monitors fulfilment of minimum standards for transmission, accuracy and conceptual compliance.⁴ An infringement occurs if

1 Council Regulation (EC) No 2533/98 (as amended by Regulation 2015/373) concerning the collection of statistical information by the European Central Bank. (OJ L 318, 27.11.1998, p. 8).

2 Regulation of the European Central Bank concerning the balance sheet of the monetary financial institutions sector (ECB/2013/34, as amended by ECB/2014/30)

3 According to Article 7 of Council Regulation (EC) 2533/98, the ECB may impose a daily penalty not exceeding EUR 10,000 in the event of an infringement of the obligation of timeliness, with the total fine not exceeding EUR 100,000. For other infringements, the ECB may impose a fine not exceeding EUR 200,000. Other provisions of law concerning infringements include Council Regulation (EC) No 2532/98, as amended by ECB/2014/19 concerning the powers of the European Central Bank to impose sanctions (OJ L 318, 27.11.1998, p. 4) and Regulation of the European Central Bank (EC) No 2157/1999 on the powers of the European Central Bank to impose sanctions (ECB/1999/4, as amended by ECB/2014/18).

4 See Annex II, page 21, of the Regulation of the European Central Bank concerning the balance sheet of the monetary financial institutions sector (ECB/2013/34).



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- balance sheet information is not reported by the deadline set in the Bank of Finland's reporting calendar or is provided in a technical form not meeting the Bank of Finland's definition
- total assets and liabilities do not balance or subtotals (and quarterly balance sheet specifications) do not add up to totals
- balance sheet information does not meet the definitions and classifications set out in the Regulation concerning balance sheet statistics, or revisions to statistics are exceptionally large.

An infringement may be classified as a serious misconduct if it is a question of

- systematic failure to comply with the minimum standards for revisions
- incorrect reporting due to fraudulent behaviour
- systematic reporting of incorrect data
- blatant failure to cooperate with the Bank of Finland and/or the ECB.

Fines may be imposed on an MFI not complying with the minimum standards. The amount of the fine caused by delay is determined by the total assets/liabilities of the reporting agent's balance sheet and the number of days of delay. In the case of inaccuracy and conceptual non-compliance, the fine will depend on the size of discrepancy between the inaccurate and revised balance sheet data. The ECB may reduce or increase the fine due to attenuating or aggravated circumstances.

To avoid any sanctions, reporting agents must pay particular attention to the timely reporting of statistical data to the Bank of Finland by the deadlines set. At a reporting agent's request, the Bank of Finland may exceptionally extend the deadline set in the reporting calendar. The request must be submitted prior to the expiry of the deadline.

Reporting agents are obliged to report correct statistical data to the Bank of Finland, and the purpose of the non-compliance system is not to prevent revisions of data. For this reason, infringements will not be registered in the case of negligible revisions, or in the case of revisions made during the period following first reporting.⁵

Any questions concerning the non-compliance system for monitoring infringements may be sent to the e-mail address: *rahoitustilastot@bof.fi*.

⁵ The non-compliance system does not register revisions of data for month (or quarter) *t-1* reported in connection with the reporting of data for month (or quarter) *t*.