REPLY AVANTAGE

BCBS239 - A renewed ECB priority

Effective implementation programmes

This is the last of a series of seven one-page summaries that Avantage Reply has issued on the ECB guide on RDARR.

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Introduction

On 3rd May 2024, the ECB released its Guide on Effective Risk Data Aggregation and Risk Reporting (RDARR), relating to the Principles adopted by the Basel Committee on Banking Supervision (BCSB239) [1].

The ECB outlined its supervisory expectations across seven key areas; this one-pager focuses on the ECB's expectations regarding Effective Implementation Programmes**.**

Obviously, **institutions** which do not follow yet BCBS239 principles **should put in place effective implementation programmes** as soon as possible.

The effective implementation of risk data aggregation and reporting frameworks **requires a structured and strategic approach**. The scope should cover any gaps and address any weaknesses identified through internal or external reviews and the the objectives **aligned with the institution's risk management strategy**. Robust governance structures are necessary to oversee the implementation programme, including appointing a steering committee, project sponsors, and defining roles and responsibilities.

A comprehensive change management strategy is essential to address resistance and ensure the smooth adoption of new processes and systems. Adequate training for staff and clear communication throughout the implementation process ensure that everyone understands their roles and the importance of the changes being made.

The implementation process is divided into several phases :

1. During the **planning and preparation phase**, institutions must outline a detailed roadmap, including resource planning, timeline setting, and risk assessment.
2. The **execution phase** involves coordinated efforts across different departments, encompassing system development, process re-engineering, and staff training.
3. **Continuous monitoring and review** throughout the implementation process ensure adherence to the plan, with regular audits to assess progress and address any issues. Preparing contingency plans helps to address unforeseen challenges during implementation.

Stakeholder engagement is critical for successful implementation. Involving senior management, IT, Data, Finance, Risk management, and business units ensures that all relevant perspectives are considered.

After implementation, conducting a thorough review to identify lessons learned and areas for improvement helps refine processes and systems. Institutions should maintain a culture of continuous improvement, regularly updating risk data aggregation and reporting frameworks to adapt to evolving risks and regulatory requirements.

These last attention points close the loop of minimum supervisory expectations identified by the ECB as preliminary conditions for institutions to achieve effective steering and risk management based on reliable information.

[1] Refer to Guide on effective risk data aggregation and risk reporting, ECB, May 2024.

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