

FFIEC Improves Data Collection, Enhances Performance and Saves Money

Each quarter, more than 8,000 banks in the United States are required to file what's known as a Call Report to three of the five Federal Financial Institution Examination Council (FFIEC) agencies—the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve System (FRB), and the Office of the Comptroller of the Currency (OCC)

The official report produced by the FFIEC on a bank's condition is known as the Uniform Bank Performance Report (UBPR). It shows the impact of management decisions and economic conditions on a bank's performance and balance-sheet composition. Bankers, examiners, and the public can use this report to help understand the financial health of any given bank as well as the health of the industry as a whole.

The Business Challenge

To ensure the most relevant data is available for bank performance reporting, the FDIC, OCC and FRB periodically update the Call Report requirements. These requirements include over 2,000 line items and nearly 400 pages of instructions. In addition, there are over 3,000 data validation formulas used by FFIEC regulators to check for reasonableness and consistency.

Regulators must be able to quickly identify errors and problems within the quarterly Call Reports. Until recently, fully one third of all reports submitted by the banks contained possible inaccuracies and data discrepancies. These problems required regulators to undertake time-consuming audits or inquiries with the banks until the data was validated and corrected.

As a result, reports were typically made public no earlier than 45 to 60 days after submission. This means each UPBR was 75 to 90 days old before anyone was able to use it. By that time, the reports had limited value to the banks, the examiners and the public.

The UBmatrix Solution

It became clear that the FIECC needed a new business model that could incorporate open data standards and a common reporting language so that banks would be able to submit better, more accurate reports. In addition, this new model would decrease the time between the receipt of data and its release to the public, as well as lower the cost of data collection.

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Mike Bartell
CIO
FDIC

Initially, XML was viewed as an ideal platform. However, with so many data elements to manage, FFIEC soon discovered that their requirements exceeded the capabilities of XML. The FFIEC then became aware of XBRL, the XML-based language specifically designed for electronic communication of business and financial data. Ultimately, through a feasibility study conducted with UBmatrix in early 2002, they found that XBRL was precisely what they were looking for.

The FFIEC leveraged the UBmatrix XBRL Taxonomy Designer and Enterprise Taxonomy Manager to build and manage its new business model. The high-volume system now supports automated workflow for the three agencies as well as scalable Call Report collection of XBRL instance documents and data validation at the time of submission.

For instance, the data is now electronically validated for errors during the submission process, so banks can find out right away if they need to resubmit inaccurate information. Moreover, because of the system's intuitive user interface, business analysts do not need to know XBRL to update reporting requirements.

The UBmatrix Impact

Since going live with the UBmatrix XBRL system in September 2005, the FFIEC has experienced significant improvements in the data collection process, resulting in higher quality and more timely data. "XBRL is the essential ingredient in the success of the FFIEC Call Report Modernization initiative," says Mike Bartell, Chief Information Officer of the FDIC.

Thanks to UBmatrix, there have been dramatic gains across all measures of performance. Under the new system, for instance, 95 percent of banks are meeting the filing requirements, versus only about 66 percent under the legacy system.

Data accuracy has also skyrocketed, with 100 percent of data now meeting mathematical requirements, up from only 70 percent under the old process. And where formerly the FFIEC received data weeks after the calendar quarter, it now begins receiving data less than one day after the quarter's end. All told, the new XBRL system will help the FFIEC generate an impressive \$26 million in cost savings over ten years.