



# Philippine Banks See Shift to XML-based Reporting as Beneficial, Despite Challenges

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# Philippine Banks See Shift to XML-based Reporting as Beneficial, Despite Challenges

BSP officials and members of the banking community attended a Regulation Asia-Adenza roundtable to discuss new XML-based reporting requirements in the Philippines.

Philippine banks expressed support for new regulatory reporting requirements introduced by the BSP (Bangko Sentral ng Pilipinas), even as some said they need more time to adapt their regulatory reporting workflows and processes to meet new standards.

The comments were made at a recent roundtable sponsored by Adenza, a specialist provider of reporting and risk solutions provider, and moderated by Regulation Asia, which brought together regulators and senior finance and risk leaders from banks in the Philippines.

The discussion centred around the BSP's XML (Extensible Markup Language) transformation programme, which aims to streamline regulatory reporting processes in the industry and enhance the BSP's own surveillance and risk monitoring capabilities. The [XML transformation programme](#) has been underway for the last several years, to migrate prudential reporting from Excel-based to API-based mechanisms.

During the roundtable, held in May, participants discussed their implementation, along with the associated challenges, the potential benefits of the programme, and its implications for future regulatory change and supervisory effectiveness.

## Future proofing

"API technology is one of our key initiatives to future proofing our data collection, surveillance and analytics functions," BSP deputy governor Chuchi Fonacier said in her opening remarks. "Machine-to-machine reporting, using API as a channel and XML as the reporting format, will benefit both the BSP as well as our supervised financial institutions."

Ms Fonacier said the change will improve the quality of information that the BSP can use in the conduct of its mandate. "It will also streamline the process of how this information is received, processed and delivered to the concerned stakeholders, allowing the BSP to focus and allocate more resources to value-adding activities."

The BSP's use of the XML format simplifies the reporting process by transform-

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*Chuchi Fonacier  
Deputy Governor  
Bangko Sentral ng Pilipinas*



ing multiple reporting templates. Banks have to date had to submit 18 reporting templates and Excel files, totalling 300-plus schedules of varying complexity.

Under Version 15, the 300 schedules have been reduced to just a single file, with the number of regulatory data points that need to be reported also being reduced from 107,000 to around 50,000 data points. There are plans to remove further redundancies, which will ultimately reduce this to just 20,000 data points in the future.

“Moreover, submitting XML based reports through an API is expected to improve the validation process and the feedback turnaround time coming from the BSP,” Ms Fonacier said. “This will free up resources that have previously been allocated to report preparation as well as reduce the possibility of penalty imposition for delayed or erroneous report submissions.”

The move to XML based reporting programme is expected to make it easier to comply with future regulatory changes and significantly shorten timelines for submitting reports.

## Connectivity and complexity

Since April, the BSP and the banking industry have undertaken a parallel run of the old (Version 14.5) and new API-based (Version 15) reporting requirements, to ensure a seamless transition between the two versions.

Bank participants at the roundtable said they were in the process of testing con-

nectivity between different systems and working to establish efficient communication channels to facilitate reporting under the new requirements.

While the bank participants expressed their support for the initiative to consolidate bank submissions into a single report, they also highlighted a number of challenges they were facing, due to the complexity of the changes and the tight deadline for implementation.

One of the biggest challenges cited by banks was to do with consolidating data from different source systems in order to prepare regulatory reports. Data mapping and data management challenges were raised by several participants, with some highlighting the need to ensure data lineage is tracked to enable them to identify and correct any data errors in a timely fashion.

Representatives from the banking industry also noted that compliance with the new reporting requirements was requiring significant investments in technology and data management systems. At some banks, there are also costs associated with bringing in external consultants to help manage implementation efforts.

Adenza experts at the event offered guidance based on similar regulatory change programmes in other jurisdictions, highlighting the need for banks to think about the change “strategically”, considering its long-term impact and wider benefits to their organisations.

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Head of Finreg Product, APAC  
Adenza*



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*Noel Guinto  
Director, Department of  
Supervisory Analytics  
Bangko Sentral ng Pilipinas*

make your operating model and workflow seamless, then the changes are much more easier to adopt,” said Subbaiyan Vaithinathan, the head of Finreg product for APAC at Adenza.

### Meaningful benefits

Despite the challenges, the roundtable participants expressed a view that the temporary pain involved in implementation would ultimately result in more meaningful benefits in the long run.

For the most part, banks are looking to develop their architecture in a way that allows them to gather data from different legacy systems and consolidate the cleaned data in a single centralised system (e.g. a data warehouse) to facilitate reporting.

Such architecture would also achieve other operational efficiencies for banks. For instance, they would have access to data in a more timely manner, rather than having to wait for data to be manually sourced from different systems.

Several roundtable participants noted that this would not only enhance their reporting workflows, but also their compliance, risk management, business planning and decision-making practices.

For the BSP, consolidated XML-based reporting will also generate significant efficiencies, enabling the regulator to perform analytics on regulatory data more seamlessly. In addition, the change will make it easier to implement future regulatory changes – both for banks and the regulator itself.

### Partnership with industry

Noel Guinto, Director of the BSP’s Department of Supervisory Analytics, indicated that the central bank was considering ways to help the industry address the implementation challenges they face, including by allowing the parallel run of reporting to continue past the June deadline.

Another consideration for the BSP, according to Guinto, is to allow banks to continue using an XML converter facility provided by the BSP for a longer period of time. The XML converter facility was introduced by the BSP to make it easier for banks to convert their regulatory reports into XML format for submission to the regulator.

The facility was intended to only be used temporarily, and to be no longer available to universal and commercial banks once live Version 15 submissions start.



However, Guinto indicated that the BSP would consider allowing banks to continue using the facility on a case-by-case basis.

In closing, Ms Fonacier said the BSP views the regulatory change initiative as a “partnership” with the industry. She invited the roundtable participants to continue engaging with the regulator, adding that the BSP would continue working to reduce the industry burden.

## Looking ahead

Looking ahead, the BSP is moving towards a model which combines data-push as well as data-pull approaches to regulatory reporting. This means that in the future, there may be some data points that the regulator will be able to “pull” from banks, enabling it to respond to risk events in the financial system much more quickly.

Guinto also discussed plans to eventually only require banks to submit “data points” in the future, rather than having to submit templates and reports. “Some-time in the future, there will not be a report,” he said. “There will just be data points the BSP is asking for, and then we will be able to create the reports as we need them.”



## About Adenza

Adenza provides customers with end-to-end, trading, treasury, risk management and regulatory compliance platforms which can be delivered on-premise or on-cloud. We enable the world's largest financial institutions to consolidate and streamline their operations with front-to-back solutions integrated with data management and reporting, benefitting them with a single source of truth across the business.

With headquarters in London and New York, Adenza has more than 60,000 users across global, central and regional banks, broker-dealers, insurers, asset managers, pension funds, hedge funds, stock exchanges and clearing houses, securities services providers and corporates.

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