**FEBIS Regulatory Committee conference call – 27.02.2018**

**Minutes of the conference call**

**Attendants:**

- Bernie Grady, Experian

- Luis Carmona, Informa

- Stephanie Verilhac Marzin, FEBIS/SVM consult

- Claire Fritz, Ellisphere

- Nathalie Gianese, Informa

- Matteo Marconi, CRIF

- Mark Preston

- Axel Bysikiewiecz

- Daniel Francis Morin, FEBIS

**Agenda:**

1.  Sister organizations’ FEBIS coordinators. Strategy for febis to be defined shortly, matrix of common interests. It will involve:  Eurofinas, LEASE Europe, FECMA, FENCA, PSI alliance, etc…

2.  Next FEBIS meetings, theme within REG COM presentation on the Commission’s road map on SME (Public Reporting, redefinition…). Perspective from a national SME Association and their European federation.

3. Follow up ICCR

4. Free flow of data : consideration of Febis paper

5. Consultation on public reporting and on SME definition

1.  Sister organizations’ FEBIS coordinators.

Nathalie reports on her last talk to Luc Hendricks, UEAPME contact, already commented in her previous mail (Feb 22nd).

*=> extract of the mail:*

*-        Studies/Information for the Commission. He told me that he send information about payment to the commission.*

*-        Roadmap “Accounting and financial reporting”. He was surprised because he was not informed of this initiative, not included in the Commission working plan for 2018. He is not sure to respond to the roadmap because they have to consult UEAPME members. But, so far, the UEAPME opinion is:*

*o   On non-financial information: they will support a non-binding proposal.*

*o   On financial information: they won’t propose any change, meanly because of German position on limitation of disclosure.*

*o   On transparency: they don’t have position so far.*

*o   On IFRS: they are against because no adapted to the SMEs.*

*o   I explained that FEBIS will claim more information disclosure. In the case of financial information, arguing that is a key factor for SMEs access to finance and in the case of shareholders because it is a way to fight corruption. He understands our position and advises us to argue with data and facts (very appreciate by the Commission).*

She also confirms that, from her talk, SMEs (generally speaking) are not very keen to disclose their figures…

However

this contact was very positive and the process of exchanging more information is in a good way.

Luis confirms that such a good relationship with UEAPME is an asset for us, this organization being well known. He recalls also his last very positive exchange with Luc and the benefit UEAPME could get from our good knowledge of the SME universe.

Luis addresses the cooperation with ACCIS and comments his last mail of Feb 27th;

=> Extract from the mail:

*ACCIS and Eurofinas have been, lately, in cooperation together as:*

* *Fisma has done a study on Retail Financial Services to follow up.*
* *There’s a recent Note from the EU Commission, (DG JUST) see attachment, exposing:*
* *The future information of Consumer Credit may be further regulated.*
* *They have started by revising the definitions of:  consumer Creditworthiness, credit databases, private and public databases, positive and negative data, default, etc…*

*o   It seems that there will be a creation of data bases for Credit and Non-Credit information, pursuing to optimize the usage of all data.*

*o   Also the Excel and the explanatory note for the DG JUST- lead mapping of databases for creditworthiness assessments for consumer credits and mortgage credits. No business credit yet…*

A mapping of the above-mentioned DB per MS is interesting to get the breakdown on existing public and private DB. Such mapping occurred already in 2009 but none (apart from Informa) of the call participants took part of it.

Claire is surprised that DG Just is leading this project as it is not directly under its scope (usually Company Law) but Stephanie is not surprise as it is the usual overlap of responsibilities within the EU. In such case, DG Just is not really leader but brings advice, its scope of expertise being very large.

Luis recommends keeping an eye on it, an extension of the study from Consumers to Business credit could become a future threat.

Stephanie via ACCIS and Luis thanks to a private contact close to Daniel Calleja could try to sort out why DG just is involved.

Then Luis comments the last matrix produced by Silvia Cappelli and Adrian Ashurst on “Areas of interest / Partners” and asks the participants to add any other points of interest (or new partners?). Participants will do it as homework during the next following days. When done, the final matrix will be discussed in the FEBIS Board in order to fine tune the “binomes” and decide about needed management resources.

However it is necessary to concentrate our proposals on very specific points (avoid efforts dilution).

Luis asks if it would be a good idea sharing this matrix also with other organizations (partners) but he group consensus is that it is better to keep this study internal as long as we have not clearly explained to our partners what is the finality of such study (avoid risk of misunderstanding).

Nathalie mentions also FECMA, which seems not approached (since Emma Caister left) and Claire confirms it would be a great idea, FECMA being the first party interested by the on-going Roadmap recently launched. As well FECMA is holding its next meeting in May in Malta… is anyone representing FEBIS?, as it seems that there is a planned panel in the agenda where Febis is involved.

As far as bilateral coordination is concerned, Bernie confirms that Mark volunteers for FECMA and, if no one else is interested, Mark is happy to take forward the ICTF relationship as well. He knows well both organisations as his company holds both memberships.

2.  Next FEBIS meetings, theme within REG COM presentation…

FEBIS sent a questionnaire to all members but Daniel says that no answer has been received yet!

Stephanie suggests drafting a first answer with help of the Reg Co participants as time is running (8 March dead line!). Main objective now is to show that FEBIS wants to be involved. A more documented participation will be possible during the following steps of the study.

Participants are required to send Stephanie only 2 / 3 lines on main issues (access restriction to info, countries disparity..), Claire and Nathalie already did it.

On the second point Luis mentions the invitation sent to the Spanish National PYME representative to participate to the debate on Reg Co issues during FEBIS Spring meeting in Madrid (April). As well the Annual meeting could benefit from the same approach, this time at European Federation level with a representative of UEAPME and (possibly) somebody from DG FISMA.

3. Follow up ICCR

Luis recalls the last exchange with ICCR on:

- the Matrix including the ICCR members comments on the Policy guidance for Alternative data for SME finance, following the meeting held in January 31st (luis mail Feb 5th). He insisted on the (negative) impact for SMEs to access finance if basic data is still missing.

- Febis comments on “ICCR comments on financial consumer protection and new forms of data processing, beyond credit reporting” (Luis mail Feb 26th)

=> Extract from the mail:

*“We agree with Mr. Ritter’s comments to take into account the diverse data protection laws which constrains the usage of this data.*

*In addition, while using big data is a big opportunity to us all and (as Michael mentioned in his comments and other participants in the former contributions) the accuracy of records with alternative data are not well proven yet.*

*Nevertheless, we still believe it is a good chance for the credit reporting industry. These data processed and handled properly may result in good assessments, which may be more and more accurate.*

*We, also, like the fact that you bring up, on discrimination issues.  This brings to our minds the obstacles that we face in many EU countries (in terms of discrimination by legal form). In some EU member states SMEs, specially micro businesses – i.e. sole proprietorships -, don’t have the means to file properly data to make it available, even if they want to (as the mercantile registries are traditionally intended for other legal forms).*

*It happens, in other countries, that sole entrepreneurs may revoke any access to their data in official sources for direct marketing purposes, but this makes the source inaccessible for the rest of uses (including credit assessments). Regulators, should ease the path for sole proprietorships (micro businesses) who want to be visible and opt to get better access to finance because they have nothing to hide.*

*Generally, financial institutions are reluctant to grant credits to sole proprietorships due to these obscure systems.”*

Luis confirms ICCR is very much looking for answers and participation; as ICCR appreciates active members, thus, last year in Washington, ICCR gave the floor to FEBIS to present the SME credit reporting status.

Next 5th and 6th of April, ICCR will hold its meeting in Washington DC. Luis and Bernie will participate and will expand their networking. In the meantime, we need to get prepared and work on the Financial Inclusion theme as the document on SMEs accessibility to finance, will be agreed among ICCR members prior to last GPFI last comments.

Luis and Bernie need the support of the entire group to provide documented comments in time and Luis will soon circulate the new documentation.

As well ICCR shall be looking for more visibility and FEBIS could also be a chance for them; Luis will entertain the Chair Sebastian Molineus about this idea…

4. Free flow of data:

Stephanie sent her draft paper to Reg Co by Feb 15th and will welcome comments from the group.

She confirms her contact with the assistants of 3 Rapporteurs and 2 shadow Rapporteurs all being happy to receive our position paper, specially on Mix data and overlap on Personal and non personal ones.

Comments from the group become urgent, now (before March 2nd).

Hearing on FFD took place last week at the European Parliament with interesting comments from Rapporteur Mrs Corazza Bildt in favour of liberal approach. She seems happy because the Directive will help deregulating instead of regulating.

5. Consultation on public reporting:

As already said, SMEs definition is to be looked at before May 6th and it will be interesting to see if EU wants to change or not?

Our Partner from PYME (Luc) is of the opinion they won’t change (Nathalie says).

Big organization seems in favour extending the criteria to the number of employees but opposition may win and it will remain like this… However we (FEBIS) should demonstrate the importance of linkages (and TO). An SME may employ only 10 persons but belong to a large group and only linkage will give a clear picture of the reality.

Stephanie proposes not entering into the debate of the definition but merely suggest an extension of the parameters…

Stephanie will come back with initial thoughts for the next call, or the call after. It would be good to appreciate how new parameters would impact the current statistical output!

End of the meeting

**Next call on March 13th 3PM CET**