



Master direction - Reserve Bank of India (filing of supervisory returns) directions – 2024[#]

RBI/DoS.DSG/2023-24/110

DoS.DSG.No.10/33.01.001/2023-24



The new master direction – Reserve Bank of India (filing of supervisory returns) directions -2024 (hereafter referred to as directions) outlines the revised framework for filing supervisory returns. To create a single reference for all supervisory returns and to harmonise the timelines for filing of returns, all the relevant instructions have been rationalised and consolidated into a single master direction.

Benefits of the new direction

- **Enhanced transparency:** Standardised reporting formats to ensure consistent and clear information across all regulated entities
- **Higher accountability of reporting data:** Clear assignment of roles and responsibility for regulatory filing with clearly defined data taxonomies, lineage and mapping
- **Streamlined reporting:** Streamline the reporting process to reducing the burden on regulated entities.

Who is impacted?

- All Commercial Banks excluding Regional Rural Banks
- All primary (Urban) Cooperative Banks
- Select All India Financial Institutions (Exim Bank, NABARD, NHB, SIDBI and NABFID)
- All Non-Banking Financial Companies (excluding Housing Finance Companies)
- All Asset Reconstruction Companies.

Key changes introduced

- **Standardised reporting formats:** The Directions may introduce new standardised reporting formats for various types of supervisory returns
- **Filing frequency:** The frequency of filing certain returns may be revised
- **Electronic filing:** Directions may emphasise the mandatory use of electronic filing systems for submitting returns
- **Data accuracy and completeness:** The directions will likely emphasise the importance of accurate and complete data submission.

What you need to do?



- **Understand the impact of the new directions and the governance process around regulatory reporting**
- **Ensure your internal processes are aligned with the revised filing requirements**
- **Implement robust data management practices to ensure data accuracy and timely reporting.**

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Responsibilities of board and senior management:

Risk data validation

- The risk data aggregation capabilities and risk reporting practices should be fully documented and subject to high standards of validation that are aligned with bank's other independent risk management reviews
- Board and senior management should ensure that these activities shall be conducted using staff with specific IT, data and reporting expertise.

Management of data quality risk

- The board and senior management shall include the identification, assessment, and management of data quality risks as part of its overall risk management framework
- The framework should include standards for both outsourced and in-house risk data-related processes, policies on data confidentiality, integrity and availability, as well as risk management policies.

Due diligence

- While considering any acquisition / divestiture, new product development, IT change initiatives etc, the due diligence process should consider the impact of such activities on the data aggregation and reporting
- It should be ensured that data aggregation and reporting facilities are integrated within the existing reporting framework within a timeframe.

Organisational level data

- The board and senior management shall ensure that ability of the SE to aggregate and report data at a consolidated level or at any relevant level within the organisation is not hindered by its group structure
- Data aggregation and reporting should be independent from the choices a SE makes regarding its legal organisation and geographical presence, subjective to the statutory limitations.

Data architecture and IT infrastructure

- 01**• An SE shall design, build and maintain the data architecture and supporting IT infrastructure for accurate, complete and timely data aggregation and reporting not only in normal times but also during times of stress or crisis
- 02**• The data aggregation and reporting practices should be considered an essential part of the SE's business continuity planning process and subject to a business impact analysis
- 03**• Roles and responsibilities should be established among business owners and IT team so as to ensure that the data is kept current and aligned with the data definitions and with the SEs data reporting policies
- 04**• SEs should ensure that resources and IT infrastructure is adequate to meet a broad range of on-demand, ad hoc reporting requests, including requests during stress / crises situation and to meet supervisory queries. Supervisors expects the SEs to be able to generate subsets of data based on requested scenarios.

Accuracy and integrity

- All returns / risk reports should be reconciled with SEs own sources, including accounting data where appropriate, to ensure accuracy and completeness of the same
- SEs should strive to achieve a higher degree of automation in generation of data for filing of returns
- SEs shall maintain proper records of sources and aggregation rules for generating returns' data
- SEs are expected to measure and monitor the accuracy of data and to develop appropriate escalation channels and action plans to rectify any deterioration in data quality



Note

Commercial banks and NBFCs shall be required to report data on their domestic and overseas operations, including the operations of IFSC Banking Units (IBUs) and Overseas Banking Units (OBUs), wherever applicable.

How to submit returns ?

- The list of applicable Returns to be filed by all the SEs (commercial banks, select AIFs, NBFCs and UCBs) through designated online portal(s) (unless specified otherwise) to RBI as per prescribed frequency and timelines
- Returns submitted in hard copy format through hand delivery/ post/ courier, or in soft copy format through e-mails, shall not be accepted
- As a contingency measure, in case of non-availability of on-line portals, SEs may be advised to submit the returns through email. However, SEs shall re-submit the return through online mode soon after its availability.

Penalties

All the SEs shall furnish the correct and true information in the returns prescribed in the directions within the stipulated timelines. In case any SE is found in violation of these directions, the Reserve Bank may take necessary action including imposition of a penalty / fine under the extant provisions of the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934 or the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

How can KPMG in India help ?

**Ready to deploy
automated reporting engine**

Strong data governance knowledge

**Robust data model to support
report generation and data auditing**

**Data quality and reconciliation
framework**

Need of the hour

An automated platform which can:

1. Automate the report generation

- Allow user to generate report from user interface. This includes a pre-loaded library of all the reports directed by the regulator.

2. Support workflow

- Allow workflow for maker-checker to comply with 4-eye principle.

3. Data quality and validation

- Automated data quality checks and data validation as per regulatory requirements.

4. Data reconciliation and traceability

- Maintain granular level data and allow the SE to reconcile with the source data.

5. Reporting data audit trail and manual override

- Provides data audit trail of the changes in the data. For exceptional cases, the tool allows user to override the data and create a ticket for the user to update the source data.

6. One-click submission

- Automated online report submission to the regulator using RPA.

7. Dashboard for compliance monitoring

- Smart dashboard to monitor the reports submission and enhance compliance with the regulator.

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