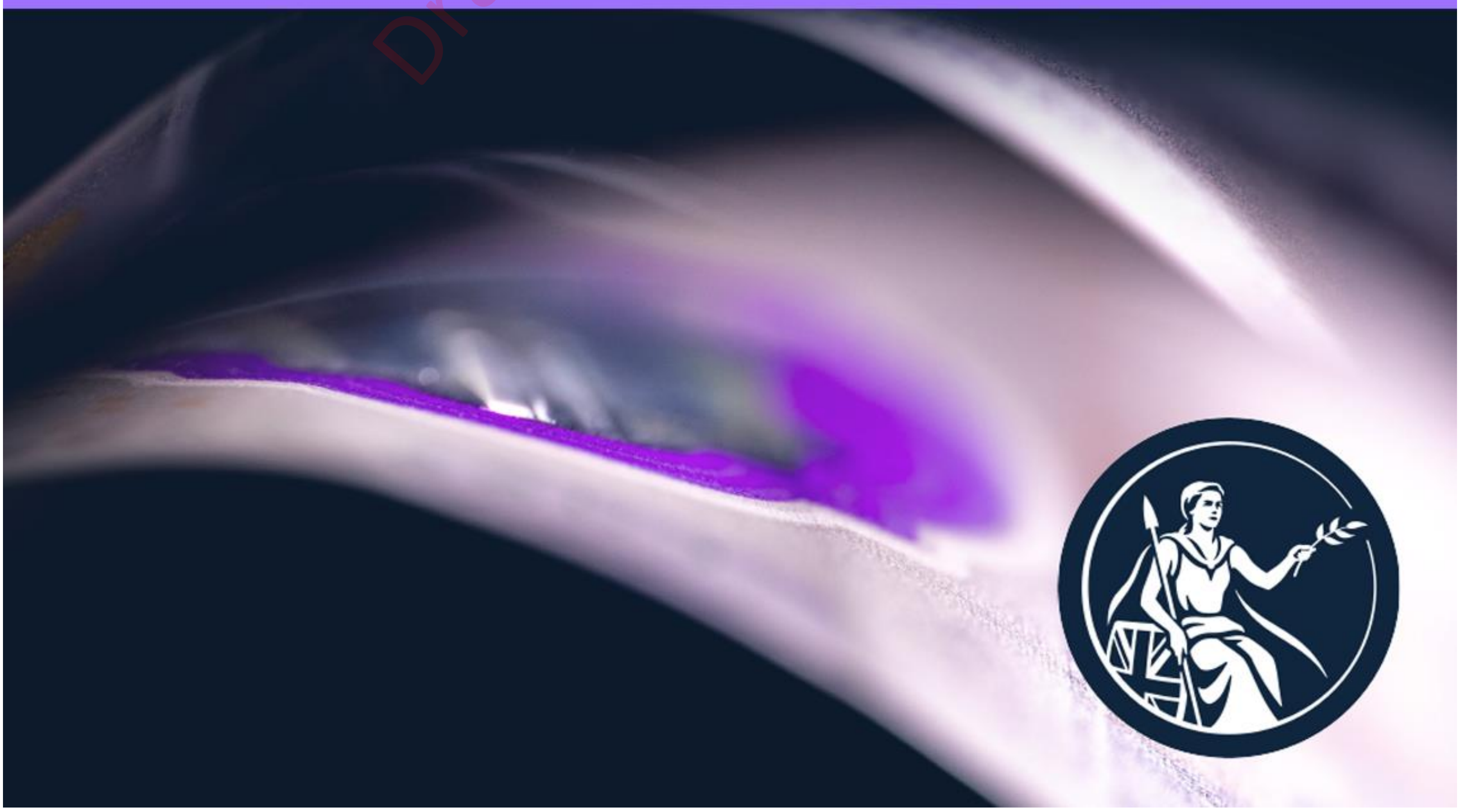
Bank of England PRA

Appendix 4 – Cost benefit analysis

Consultation paper | CP17/24



Contents

Prudential Regulation Authority | 20 Moorgate | London EC2R 6DA

1: Introduction

1. The Financial Services and Markets Act 2000 (FSMA), as amended, requires the PRA to publish a cost benefit analysis (CBA) of proposed rules. Specifically, section 138J requires the PRA to publish a CBA of proposed rules, defined as 'an analysis of the costs, together with an analysis of the benefits that will arise if the proposed rules are made'.

2. FSMA 2000 requires regulators to provide an estimate of the costs and benefits of the proposals, unless, if in the opinion of the regulators, the costs and benefits cannot reasonably be estimated or it is not reasonably practicable to do so. Where estimates cannot be ascribed a monetary value, other estimates of outcomes are provided.

3. The analysis has been conducted with regard to the PRA primary objectives, and the PRA's secondary objectives of competition and competitiveness and growth.

4. The PRA is consulting on proposals for Operational Incident and Outsourcing and Third Party Reporting. It consists of three main proposals relating to operational incident reporting, material third party (MTP) notifications, and the MTP register. The proposals have been developed jointly with the Bank and the FCA. In this CBA, for dual-regulated firms, these costs are aligned with those presented in the FCA's CBA and do not reflect additional costs on top of the FCA's costs. Rather, these solely reflect the costs of the PRA's proposals.

5. The PRA consulted the CBA Panel ('the Panel') on the preparation of this CBA. The PRA submitted a draft CBA for the Panel to review prior to a meeting to discuss its feedback and advice. The Panel provided feedback on the way the draft CBA addressed the analysis of the proposals' counterfactual; the average ongoing costs of some proposals; and the analysis of the proposals' positive benefits. In summary:

a. the Panel advised further detail be provided on the benefits of the policy. The Panel recommended to more explicitly express that a key benefit of the proposals would be to better identify concentration risks within the sector, and add further detail on the proposed actions with the data to realise these benefits. Paragraphs 54 to 57 have been amended to add that information collected could help the PRA to better identify concentration risk, and use the data to work with firms to prioritise the mitigation of operational incident impacts and potential key vulnerabilities. The PRA has also added in Footnote 7 on the potential costs of operational incidents, which are occurrences the PRA seeks to limit through using the data it is proposing to collect.

b. the Panel recommended the PRA to further clarify the analysis of the proposals' counterfactual, for example how limiting existing data collections to material outsourcing arrangements could limit the PRA's oversight of sector-wide risk. Paragraph 14 has been amended to develop this analysis.

c. the Panel queried about the average ongoing cost per firm to maintain the material third party register annually. Paragraph 46 confirms that these estimations are derived as a simple average across the population of in-scope firms, and Paragraph 3.25 of the main Consultation Paper clarifies the proposed requirements for maintaining the material third party register.

Case for regulatory intervention

6. The full case for regulatory intervention is set out in Chapter 1 of the consultation paper.

7. A key priority for the PRA is to improve the operational resilience of firms and protect the wider financial sector from the impact of operational disruptions. As the financial sector becomes increasingly interconnected, complex and dynamic, strengthening operational resilience enables firms and the financial sector to more effectively deal with risks to prevent, adapt, respond to, recover, and learn from operational disruptions.

8. As part of that framework, the PRA has previously publicly committed to consider regulatory reporting requirements for operational incidents[1] and consult on proposals for an online portal[2] that all firms would populate with information about their outsourcing and third party arrangements.

9. In 2019, the Treasury Select Committee (TSC) published a **report examining the 2018 IT failures in the financial services sector**. This report made a number of recommendations for UK regulators, including that the Bank, PRA and FCA (collectively, the 'supervisory authorities') should assess the accuracy and consistency of operational incident reporting data, clarify standards, guidance and definitions for industry and consider the need to expand current reporting requirements. The PRA **responded** to the TSC report by publicly committing to review its regulatory reporting requirements for operational resilience.

10. Following the publication of policy statement (PS)6/21 – **Operational Resilience policy** and SS2/21 – **Outsourcing and third-party risk management**, in March 2021, the PRA publicly committed to consult on proposals for an online portal[3] that all firms would populate with information about their OATP arrangements.

11. In November 2024, the PRA, jointly with the Bank and FCA, published its regulatory regime for the supervision of Critical Third Parties (CTPs) to the financial sector in PS16/24

[1] CP29/19 PRA Operational Resilience
[2] PS7/21 'Outsourcing and Third Party Risk Management'
[3] PS7/21 – Outsourcing and Third-party Risk Management.

– **Operational resilience: Critical third parties to the UK financial sector**. PS16/24 recognises the risk that severe disruption arising from certain third parties could pose to the safety and soundness of firms, policyholder protection and the financial stability of the UK. To support the identification of CTPs and assess where critical nodes of failure could arise, the PRA needs to collect adequate data on firms' material third-party arrangements.[4]

12. The PRA currently faces challenges in assessing risks to its objectives and, where appropriate, acting when operational disruption occurs The PRA collects data on operational incidents and MTP arrangements in an unstructured manner under existing requirements and expectations. The PRA additionally finds that of its regulated firms (c. 1,500), only c.150 firms notified the PRA of an operational incident between 2018 to 2023, which could suggest that there may be some underreporting, although it is not possible to quantify the scale of this. This could limit the PRA's ability to identify sector-wide vulnerabilities.

13. The proposals in the CP aim to ensure that firms submit consistent and good quality reporting of operational incidents and material third-party arrangements by:

a. **Prioritising the most significant risks to operational resilience:** by setting out clear requirements which enable firms to report those operational incidents and material third-party arrangements which pose risks to the safety and soundness of the firm, and for insurers, an appropriate degree of policy protection, and/or for systemically important firms,[5] to the resilience of the UK financial sector.[6]

b. Setting out standardised reporting requirements: to enhance the quality and comparability of information submitted to the PRA on operational incidents and material third-party arrangements. This would allow the PRA to understand potential risks and vulnerabilities within the financial sector more effectively and efficiently and better identify firms' reliance on material third parties.

14. The counterfactual of the proposals is that the PRA continues to collect information under existing requirements and expectations. This includes continuing to limit data collections to material outsourcing arrangements, as opposed to broader MTP arrangements. This may mean that the PRA continues to collect a limited set of data in an unstructured manner, which could lead to the PRA inefficiently and incompletely monitoring

[4] The PRA sets out its approach to identifying potential CTPs and recommending them to HMT for designation in PS16/24 – Operational resilience: Critical third parties to the UK financial sector.
[5] These being other systemically important institutions (O-SIIs) and relevant Solvency II Firms as defined in the PRA Rulebook.
[6] In additional to these risks, firms are required to consider how MTP arrangements could cast serious doubt upon the firm's ability to satisfy Threshold Conditions, Fundamental Rules, or its ability to comply with the Operational Resilience Part or the Operational Continuity Part of the PRA Rulebook.

firms' and the financial sector's operational resilience and systemic concentration risk arising from firms' use of third parties.

Baseline and key assumptions

Baseline

15. The PRA has estimated the additional costs above the baseline, reflecting the incremental changes that firms would not otherwise have undertaken in the absence of the regulations. The estimations in this CBA therefore exclude the following baseline considerations.

16. **Firms already incur information gathering costs in respect of operational incidents and third parties**. In complying with the requirements set out in Fundamental Rule 7, the Notifications Part, the Operational Resilience Part, and expectations in **SS2/21 Outsourcing and third party risk management**, the PRA considers that firms already hold and collect data on operational incidents and MTP arrangements. Firms additionally would have been submitting information on many of these details to the PRA. The proposals would create new additional requirements to submit this information in a standardised template.

17. **Some firms may be preparing to comply with similar reporting requirements** in other jurisdictions, such as the EU's Digital Operational Resilience Act (DORA). These firms may therefore only incur small but positive costs to meet the proposed requirements associated with the proposals.

18. **There is a general trend of increasing reporting volumes**. Historical data suggests operational incidents have become more frequent in recent years, and firms have been increasingly reliant on third party providers to support the delivery of functions and services that are vital to their safety and soundness; for insurers, ensuring an appropriate degree of policyholder protection; or the stability of the UK financial system. It is possible that following the introduction of these proposals that reporting volumes increase further, but it is not possible to accurately predict this.

Key assumptions

19. The estimates in this CBA are indicative and rely on key assumptions based on available historical data.

20. **Firms report in different frequencies due to individual firm differences**. Historical reporting data suggests that not all firms in scope would experience an operational incident or change or enter into a MTP arrangement which meets the PRA's proposed reporting materiality thresholds in a given year. As a result, some firms may be submitting reports more than other firms under the proposed requirements.

21. Estimating this frequency enables the PRA to calculate costs proportionately. For example, historical notification data shows that larger size firms are more likely to experience operational incidents and therefore submit information to the PRA more than smaller firms. The PRA considered these firm differences in estimating costs.

Summary of benefits and costs

22. The sections below assess the one-off and ongoing (annual) costs and benefits arising from the proposals. Based on the analysis of costs and benefits of the proposals that are set out below, the PRA expects that the proposals would bring net benefits to the UK financial sector.

23. The costs include compliance costs to firms directly arising from the proposals, which are additional above the baseline as outlined above. Table 1 summarises the estimated upper bound of average costs across all firms in scope of the proposals.

Table 1. Estimated upper bound of average one-off and ongoing (annual) aggregate costs to all firms in scope (£)

Cost type	Estimated cost (£)
Total one-off costs	11,514,000
Total ongoing costs	859,000
Total Present Value of all costs	18,904,000

Table notes: A Present Value is the sum of all one-off and ongoing costs over 10 years, discounted to today using a discount rate of 3.5% in line with the approach set out in the **HMT Green Book (2022)**.

24. The benefits from the proposals are expected to arise through enhanced visibility of individual firms' and broader financial sector operational resilience and systemic concentration risk arising from firms' use of third parties. Where appropriate, the PRA can use the data to work with firms to prioritise the mitigation of operational incident impacts and potential key vulnerabilities; and identify third parties that could be designated as critical to the financial sector. The introduction of standardised reporting guidance could also provide ongoing efficiency gains for firms.

25. The indirect benefits of the proposals could include the maintenance of trust in the PRA's prudential framework; increased international competitiveness arising from alignment with international reporting frameworks, such as the EU's DORA and the Financial Stability Board's (FSB) Format for Incident Reporting Exchange (FIRE); and the potential realisation

of benefits from bringing critical third parties into scope of the PRA's new supervisory oversight regime.

26. The PRA has concluded that the proposals are likely to bring net benefits to the financial sector. While there are costs associated with the implementation and ongoing compliance with the proposals, the PRA considers that improved oversight of risks to firms' operational resilience can lead to the maintenance of confidence in the financial sector and trust in the PRA's prudential framework.

Affected firm population

27. Each proposal affects different groups of firms. For Operational Incident Reporting, the number of affected firms is 661, consisting of 47 large firms, 106 medium firms, and 508 small firms. For MTP notifications, the number of affected firms is 1082, consisting of 47 large firms, 107 medium firms and 928 small firms. For the MTP register, the number of affected firms is 684, consisting of 47 large firms, 106 medium firms and 531 small firms. This is based on the number of firms calculated at time of publication. The number of firms is calculated on an unconsolidated basis.

28. The PRA determined the above firm groupings using the PRA's potential impact scores. Category 1 firms have been classified as 'large' firms, Category 2 firms have been classified as 'medium' firms, and Categories 3 to 4 firms have been classified as 'small' firms.

2: Costs of the proposals

Costs to firms

29. The PRA is proposing to introduce new reporting requirements to collect structured information on firms' operational incidents and MTP arrangements. The proposals are summarised in Table 2 below, and details can be found in the main paper.

Table 2. Summary of the Proposals

Proposal	Operational incident reporting	MTP notifications	MTP register
Proposed requirements	Submit structured information on operational incidents	Submit structured information on new or changes to	Submit database of aggregated MTP arrangements

		existing individual MTP arrangements	
Submission method	FCA Platforms	Electronically to supervisors	FCA Platforms
Materiality thresholds	Operational incidents which pose a risk to firms' safety and soundness, (for insurers) an appropriate degree of policyholder protection, or (for O-SIIs) UK financial stability	MTP arrangements whose disruption pose a risk to firms' safety and soundness, (for insurers) an appropriate degree of policyholder protection, or (for O-SIIs) UK financial stability AND/OR Cast serious doubt on firms' ability to satisfy threshold conditions, the Fundamental Rules, the Operational Resilience Part, or Operational Continuity Part AND Necessitates a high degree of due diligence, risk management or governance controls.	MTP arrangements whose disruption pose a risk to firms' safety and soundness, (for insurers) an appropriate degree of policyholder protection, or (for O-SIIs) UK financial stability AND/OR Cast serious doubt on firms' ability to satisfy threshold conditions, the Fundamental Rules, the Operational Resilience Part, or Operational Continuity Part
New or amendments to existing requirements?	New requirements (Additional to existing requirements)	Amendments to existing requirements	New requirements (Formalising existing expectations)

30. The PRA expects that there would be one-off costs to firms to familiarise themselves with the proposals and set-up costs associated specifically with the creation of a MTP register. There would also be annual ongoing costs to firms to comply with the proposed requirements, which would arise when a firm experiences an operational incident or enters into or changes a MTP arrangement that meets the reporting materiality thresholds.

31. As outlined in Section 1, the estimations of annual ongoing costs are underpinned by the key assumption that firms would submit reports or make changes to MTP registers in different frequencies.

32. The data sources used to estimate these costs are set out below, followed by the analysis of the estimated costs of each of the three proposals to firms.

Data

33. The PRA used a range of sources to estimate the likely costs to firms from the proposals. This includes responses to the PRA's request for information, historical reporting data, and outputs from **the FCA's Standardised Cost Model (SCM)**.

34. The PRA estimated the incremental costs to firms primarily using firms' responses to a request for information. The PRA selected a random sample of firms that could come into scope of the proposals which have historically notified the PRA of an operational incident, a material outsourcing arrangement, and/or submitted a material outsourcing register under existing requirements and expectations. Firms were asked to estimate the average full-time equivalent (FTE) effort to comply with existing processes, which are used as a proxy to estimate the potential costs of the proposals. This includes the estimated average FTE effort costs of completing an operational incident report or MTP notification template each time an operational incident occurs or a firm enters into or changes a MTP arrangement.

35. The estimates firms provided are based on each individual instance of a firm needing to submit an operational incident report or MTP notification, or amend its MTP register. To calculate the annual ongoing cost, the PRA applied a probability that a firm would submit a report as informed by historical reporting data. This reflects the key assumption outlined above that not all firms would incur compliance costs associated with all proposals each year.

36. The PRA translated the estimated the average annual ongoing FTE effort costs into monetary values by making use of compensation figures available from the Robert Walters (2023) survey data.

37. The PRA also leveraged outputs from the FCA SCM to estimate one-off compliance costs relating to familiarisation and gap analysis associated with the proposals. The model

calculates the one-off familiarisation and gap analysis costs for firms based on the length of publications, such as consultation papers, and the length of legal instruments respectively. The model assumes that costs accrue to firms according to their size in the SCM, as defined using FCA fee-block data. The FCA's firm size definition translates to the PRA's as: FCA large firms are equivalent to PRA large and medium firms, and FCA medium firms are equivalent to PRA small firms.

Uncertainties in the data

38. The CBA estimates are subject to several uncertainties. For example, in its request for information, the PRA asked firms to estimate a range of costs based on compliance with existing requirements and their own internal processes, which may not map exactly to the proposed requirements.

39. The use of PRA historical reporting data to estimate reporting volumes is also subject to some caveats:

a. Due to the unstructured nature of the data collected, particularly under the Notification Rules, the estimated reporting volumes should be treated as a rough estimation of actual volumes.

b. In relation to the existing material outsourcing notifications data, some firms submit a single notification which covers multiple arrangements in meeting its obligations under Notification 2.3(1)(e).

c. In relation to the estimation of potential MTP notifications volumes, the PRA used data collected from firms' outsourcing registers relating to the number of individual arrangements that can be difficult to substitute. This is done to proxy the number of MTP arrangement which necessitate a high degree of due diligence, risk management or governance. This may not map exactly to the proposed requirements as firms could use other additional criteria to determine which arrangements necessitate high degree of due diligence, risk management or governance by firms.

One-off costs

40. Firms are expected to incur one-off costs to familiarise themselves with the proposals and conduct a gap analysis of the new requirements against current practices to understand the changes they would need to implement to meet the requirements. The amount of time required for each firm would depend on the nature, scale and complexity of the firm.

41. Firms in scope of MTP register proposals would also incur additional costs of setting up and submitting a MTP register for the first time. While the proposals would not require firms to build technology infrastructure to submit the MTP register, the PRA recognises that some

firms have reported incurring significant cost to automate their register submissions. The proposals also include an expansion of the register to include material third parties in addition to material outsourcing arrangements. The total estimated one-off FTE effort therefore includes both staff time and technology build cost to complete the MTP register, adjusted for the potential expansion of scope in the data collection. The average one-off FTE effort to set up the MTP register for an individual firm is c.31 FTE days.

42. The PRA's estimates of the MTP register set-up costs should be considered an upper bound estimate, as it calculated these under the assumption that all firms will need to create a new MTP register having not completed one previously. However, the PRA recognises that some firms in scope (c.30% of the population), including most large firms, already have at least a register of material outsourcing arrangements and associated technology builds in place, therefore would only incur incremental adjustment costs to adapt to the new proposed requirements.

43. The PRA used outputs from the FCA's SCM to estimate the cost to firms to familiarise themselves with the proposals and complete gap analysis. To estimate the one-off costs to comply with the MTP register requirements, the PRA added these familiarisation costs to the estimations of set-up costs provided by firms in their response to its request for information.

44. Table 3 summarises the estimated operational one-off compliance costs to industry associated with each of the proposals. The FCA's SCM produces structured outputs as central estimates, whereas the data derived from the PRA's request for information was largely unstructured and has therefore been presented as a range to reflect the variation.

Table 3. Estimated one-off compliance costs associated with the proposals, by type of firm (£ '000, FTE days)

Firm type / Proposal	Small		Medium		Large		Industry total	
	Central estimate							
Operational Incident Reporting	430		160		70		660	
MTP notifications	250		60		30		340	
	Lower bound	Upper bound	Lower bound	Upper bound	Lower bound	Upper bound	Lower bound	Upper bound
MTP register	2,770	4,780	400	1,710	400	4,020	3,570	10,510

Ongoing compliance costs

45. An individual firm in scope is expected to incur ongoing compliance costs each time it needs to submit an operational incident report, MTP notification, or to update its MTP

register. The (annual) frequency of reporting would depend on its individual business model as assumed above. Therefore, the PRA does not expect that all firms in scope would submit an operational incident report or MTP notification, or update its MTP register, each year.

46. Using historical reporting data and firms' responses to the PRA's request for information, the PRA estimated the average probability of a firm submitting a report or updating its MTP register in a given year, alongside the average FTE effort days to undertake this. As a summary, across the population of in-scope firms, the PRA estimates that an individual firm on average:

a. faces a probability of 44% that it would experience a reportable operational incident, and would take c.2.5 FTE days to complete an individual report;

b. faces a probability of 41% that it would need to notify the PRA of a new or change to a MTP arrangement, and would take c.0.8 FTE days to complete an individual MTP notification; and

c. faces a MTP register update frequency of c.4 per year, and would take 0.5 FTE days to undertake the update.

47. The ongoing costs primarily arise from firms completing a template for operational incident reporting or MTP notifications, or updating the MTP register. Table 4 summarises the ongoing (annual) costs of compliance, considering the estimated probability of reporting and frequency of changing a MTP register.

Table 4. Average ongoing (annual) operational compliance costs associated with the proposals, by type of firm (£ '000)

Firm type / Proposal	**Small**		**Medium**		**Large**		**Industry total**	
	Lower bound	**Upper bound**	**Lower bound**	**Upper bound**	**Lower bound**	**Upper bound**	**Lower bound**	**Upper bound**
Operational incident reporting	30	130	30	150	110	290	170	570
MTP notifications	10	60	10	15	40	90	60	165
MTP register	10	20	10	30	10	70	30	120

Costs to the PRA

Operational incident reporting and material third party register

48. There would be additional costs to the PRA for supervising against the proposed rules and expectations on operational incident reporting and the MTP register, however the PRA considers these costs to be minimal. Supervisory time and technology resource will be required to review and analyse the data received from operational incident reports and the MTP register, but the standardisation of templates and the use of a reporting solution is expected to limit these costs.

Material third party notifications

49. The data used in this part of the analysis is sourced from the PRA's internal estimates.

50. There would be additional costs to the PRA for supervising against the proposed rules and expectations on the MTP notifications, including processing and triaging increased firm submissions. The existing triage process for material outsourcing notifications typically involves a supervisor reviewing a notification submission and responding to a firm to confirm any or no further questions. The process may also involve further specialist reviews if supervisors determine that extra scrutiny is necessary. A standard review typically requires 0.5 to 2 FTE effort days to process, while complex notifications necessitating specialist reviews requires a minimum of 10 FTE days and up to 100 FTE days to triage and process. The PRA estimates that around 80% of existing notifications would require a standard review.

51. The expected increase in notification volumes above existing volumes which the PRA would need to process as a result of the proposals is c.38%. This increase takes into account: the decrease in material outsourcing notification volumes as a result of limiting the collection of MTP notifications to arrangements which necessitate high degree of due diligence, risk management or governance by firms; and the increase in volumes as a result of expanding the notification data collections from material outsourcing to broader material third parties.

52. The PRA therefore estimates that it would incur £120,000 in ongoing annual costs to process additional MTP notifications as a result of the proposals, or a Present Value of £1 million over 10 years. This is based on the projected increase in volumes, the differing FTE levels required to process a standard and complex notification, and the different proportions in what is a standard and complex notification.

3: Benefits of the proposals

53. The PRA expects that several benefits would emerge as a result of the proposals. The key mechanisms through which the benefits are expected to materialise are through improved visibility of operational resilience of firms and the wider financial sector and of systemic concentration risk arising from firms' use of third parties.

Improved oversight of sector-wide operational resilience

54. The PRA considers that the financial sector would benefit from improved oversight of individual firm and sector-wide operational resilience and systemic concentration risk arising from firms' use of third parties. This is facilitated by the collection of structured data, which would improve the quality of the PRA's existing understanding of these risks.

55. The PRA would use this data to efficiently identify third parties who could be critical to the financial sector. The PRA can recommend these third parties to be designated as critical to HM Treasury, and be brought into scope of the PRA's new supervisory oversight regime. This can result in further indirect benefits materialising to the operational resilience of the sector, as outlined in the CBA associated with **CP26/23 Operational resilience: Critical third parties to the UK financial sector**.

56. In collecting standardised data on operational incidents and MTP arrangements, the PRA can better identify emerging trends and vulnerabilities at individual firms and in the sector. For example, where an operational incident originates at a third party used by multiple firms, the PRA could, where appropriate, proactively reach out to firms in instances where other firms may be unaware of the issue. Where appropriate, the PRA could also provide feedback to individual firms or use this data to work collectively with firms in addressing emerging risks. While it is not possible for the policy proposals to completely mitigate the impact of operational incidents, better data can enable the PRA to work with firms to address outstanding vulnerabilities and reduce loss[7] from operational disruption. Having an improved understanding of these sector-wide risks can also support the maintenance of UK financial stability, confidence in the financial sector, and trust in the PRA's prudential framework.

57. The proposals also seek to collect information on firms' compliance with existing operational resilience and outsourcing & third party risk management requirements and expectations. Structured data enables the PRA to improve its assessments of firms'

[7] The FCA previously calculated the average cost per incident at an individual firm as £786,000 (in 2024 terms) in its **CP19/32 – Building operational resilience**.

compliance, better conduct comparative firm analysis, and provide constructive feedback to firms to address potential gaps and strengthen their overall risk management.

Efficiency gains from clearer reporting requirements

58. The proposals could lead to efficiency gains for firms. Clear guidance on reportable operational incidents and MTP arrangements, thresholds and information required for submission to the regulator would improve efficiency of reporting and decrease resourcing and costs to firms over time. The improved reporting clarity could reduce iterative exchanges with the PRA, particularly during time-sensitive disruptions. The formalisation of MTP register expectations into rules additionally would provide greater regulatory clarity for firms.

59. The PRA has also sought to limit costs for firms by targeting the collection of data to the minimum information that the PRA would require to ensure effective oversight of sector-wide operational resilience. This arises through the setting of materiality thresholds for reporting and limiting the proposes data fields featuring in the structured reporting templates.

60. The proposed approach is aligned between the PRA, Bank and FCA. The supervisory authorities are proposing to provide a shared reporting approach and reporting technology solution, which could minimise reporting burden and complexities, particularly for dual-regulated firms.

61. In aligning the proposed templates with parallel international regimes, including the EU's DORA and the FSB FIRE, the PRA considers the proposals would enable firms to adopt a consistent and efficient approach to reporting and ensure a harmonisation of requirements across jurisdictions.

62. Based on high level insights from the **Transforming Data Collection** Industry Cost Survey, factors such as greater clarity and consistency in reporting requirements across collections combined with a technology solution could potentially result in cost savings in the order of 10% of firms' overall ongoing reporting costs. Having considered these insights, the incremental ongoing reporting costs to firms as a result of the IOREP proposals could be limited as the PRA is proposing to introduce clear guidance and a simplified reporting solution for IOREP. The PRA also estimates that the use of standardised templates and the FCA platforms could lead to potential savings of 1 FTE month per year for the PRA to process the MTP register data specifically.