Working Party on Financial Statistics

GERMAN G-20 PRESIDENCY IN 2017: BUNDES BANK’S FOCAL TOPIC IN STATISTICS – PROMOTION OF DATA SHARING

To be held on 24-25 October 2016
OECD Conference Centre
Beginning at 9:00 am on the first day

This document has been prepared by Robert Kirchner - Bundesbank and will be presented under item 16 of the draft agenda

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German G-20 presidency in 2017: Bundesbank‘s focal topic in statistics – Promotion of data sharing

Robert Kirchner, Deputy Director General Statistics
Germany fully supports the second phase of the G-20 Data Gaps Initiative (DGI-II).

DGI-II
- is on a promising way forward (good cooperation between international agencies and G-20 economies, thematic workshops, concrete timetables)
- develops statistical results important for economic and financial stability analysis

For the German G-20 presidency in 2017 the Bundesbank identifies DGI-II recommendation 20 on the promotion of data sharing as a focal topic in statistics.
“The Inter-Agency Group on Economic and Financial Statistics (IAG) and G-20 economies [are called upon] to promote and encourage the exchange of data and metadata among and within G-20 economies, and with international agencies, to improve the quality (e.g., consistency) of data, and availability for policy use.

The G-20 economies are also encouraged to increase the sharing and accessibility of granular data, if needed by revisiting existing confidentiality constraints.”

Source: G-20 DGI-2 First Progress Report (2016)
Why does the Bundesbank see a high potential for this topic?

1. Reasons for selecting this topic

2. Ongoing initiatives on the national and regional level

3. Statistical initiative in the G-20: Status quo and next steps
1. Reasons for selecting this topic

• Individually aggregated datasets provide limited information on drivers and effects of changing patterns in the data.

• Take the decline in cross-border banking activities as an example.
  - Which banks have withdrawn from foreign markets?
  - Has the withdrawal been driven by regulation, by macroeconomic factors, or by bank-specific factors?
  - Are these patterns similar across countries?
  - What have been the effects on bank risk and lending?

• Answering these questions is not possible without combining (“sharing”) datasets from different sources:
  - Bank income statements and balance sheets
  - Reports on external positions
  - International data
1. Reasons for selecting this topic (continued)

- In general, **micro data** open up new possibilities for analysing (financial) markets, and they provide **new insights into the effects of policies**.
  - What are channels of transmission of monetary policy across different institutions?
  - What are sectoral and firm-level drivers of productivity?
  - How do risks to financial stability build up?
  - What are causal impacts of regulatory and monetary policies?

- Monitoring systemic risks requires analyzing **distress events**, the **distribution** of risks in the financial system, and **linkages** between markets and institutions.

- Macroprudential instruments internalize systemic risk externalities.
  - Evaluating the effects of these instruments requires a structured **process of policy evaluation**.
  - The **availability** and flexible use of **granular data** early on is an integral part of this policy process.
1. Reasons for selecting this topic (continued)

- Because of the difficulty to anticipate new policy measures we need a **high flexibility** in statistics to provide the data needed to **allow more tailored cause-effect analyses to simulate economic policy and regulatory measures ex ante and evaluate them ex post**.

- We need a **paradigm shift** in statistics: From the single use mentality of traditionally aggregate statistics towards the flexible use of standardised micro data.

- **Micro data are collected only once and can be used for multiple purposes:** The statistical reporting burden of the micro data approach is lower compared to the sum of individual traditional statistics covering the same topics.
Many different stakeholders:

<table>
<thead>
<tr>
<th>Reporting agent</th>
<th>General Public</th>
<th>Central Bank</th>
<th>National or international organisation</th>
<th>Academics</th>
<th>Politics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Statistics</td>
<td>Banking supervision</td>
<td>Economic Analysis</td>
<td>Financial Stability</td>
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Results of the IFC membership questionnaire on sharing of banking data (IFC report on data sharing, 2015):
- Full data sharing between central bank departments takes place in 57% of the cases
- Obstacles to data-sharing are legal constraints (31%) and inconsistencies in data requirements (31%).
- The biggest hurdle to international data sharing are legal constraints (74%).
Key challenges in statistics:

1. **Shortening** the **time span** between **first conceptual thoughts** and their practical implementation

2. **Higher flexibility** in compilation of statistics in order to provide answers to „**moving targets“** (from banks, over shadow banking, to private household indebtedness…)

3. **Data protection**

   ➔ **Agreed G-20 Principles on data sharing** could help to find adequate statistical answers at the national, regional and international level.
Recent milestone in Germany:

Amendment of the Federal Statistics Law (June 2016), which enables the Bundesbank to access the statistical business register of the Federal Statistical Office (Destatis) and allow for the sharing of micro data with Destatis for the compilation of European statistics.

The common use of one register will improve the quality of statistics of both institutions.
• Research data centers can be an effective institutional structure to improve accessibility to (granular) data.

• The Bundesbank’s Research Data and Service Centre (RDSC) was founded in 2014 and aims at better use of existing data – both internally and externally
  – Encourage cooperation with (external) researchers
  – Promote evidence-based policy-making: Accountability to the public!
  – Support policymaking processes

• Key principles:
  – Data as a public good
  – Democratic data access
  – Data protection
Regional initiatives – Chosen examples from the ESCB (Eurosystem): Statistical and supervisory data

• **Banks’ Integrated Reporting Dictionary (BIRD)**
  – Precise description of the input data to be extracted from banks’ internal IT systems
  – Data transformations needed to derive the reports requested by authorities
  – Voluntary adoption by the banks
  – **Advantages**: Higher data quality, more efficient production of reports, more consistent data, a univocal interpretation, clarity of regulations

• **European Reporting Framework (ERF) [Vision]**
  – Collecting data from banks for different purposes only once, basis for harmonised production of secondary statistics
  – Covering most reporting requirements of the ECB and possibly of the European Banking Authority (EBA)
3. The G-20‘s statistical Initiative: Status quo and next steps

• **Establishment** of an **informal G-20 group on data sharing** in July 2016 (chaired by Eurostat and IMF, in cooperation with the Deutsche Bundesbank)

• The **mandate** of the informal group:

  – **Share experiences** and **ideas** on (i) a **common terminology for granular**, including **micro data**; (ii) **practical experience of the exchange of granular data** both **within countries** and **between countries/regions**, and at the **international level**. This could include potential technical solutions to efficiently exchange granular data and ways to apply confidentiality rules/arrangements in a manner that would allow for sharing of, or accessibility to, granular data in order to fulfil well justified needs.
3. The G-20’s statistical Initiative: Status quo and next steps (continued)

- Preparing papers on challenges, **ideas to tackle these challenges**, lessons learned, and experiences gained

- **Identification of good practices** that could be recommended and developing ideas on the way forward

- **Presenting selected papers** at the Workshop in January 2017.

- **Agreement on the informal group report → International Agencies** to forward the report and the results of the conference to the German Presidency asking to be reflected in the March 2017 communiqué of the G-20 FMCBG with a reference to the DGI-II Progress Report of September 2016
We hope that this process will allow **going the way towards** G-20 **recommendations** or standards **promoting further progress** on the national, regional and international level.
Claudia C. Buch, Key Note Speech at the Irving Fisher Committee on Central Bank Statistics, 8th conference 2016.


Irving Fisher Committee on Central Bank Statistics, Data-sharing: issues and good practices, Report to BIS Governors prepared by the Task Force on Data Sharing, January 2015.