

Institutional cooperation in statistics: the case of EU Central Banks

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Introduction

In his closing speech at the Third European Central Bank (ECB) Conference on Statistics,^[1] ECB President Trichet noted that "...euro area statistics lie at the heart of the ECB's monetary policy-making. At the same time, these statistics are embedded in and affected by a globalising world. The key to meeting the challenges this poses lies with further enhanced international cooperation among statistics compilers."

Enhanced international cooperation is also instrumental in tackling other current challenges, such as the need to (i) cope with financial innovation; (ii) enhance communication with the users and the public at large; and (iii) rein in the administrative burden for respondents and the resources allocated to the statistical function, while at the same time meeting growing demands.

The first section of this paper deals with cooperation among EU national central bank (NCB) statisticians. The second section addresses cooperation among EU NCB statisticians and those in national statistical institutes (NSIs). The last section elaborates on some possible avenues to promote further cooperation among European statisticians.

Cooperation among EU NCB statisticians

The wide range of high-quality euro area statistics available today for policy-makers, market participants and the public at large have been developed in as little as roughly one decade.^[2] This would not have been possible without the successful cooperation between the ECB (and its predecessor, the European Monetary Institute) and the NCBs, mainly via their work within the European System of Central Banks (ESCB) Statistics Committee (STC). Typically, new statistics and new ECB legal acts concerning its statistical requirements (regulations, guidelines and recommendations) are developed and agreed upon after substantial discussions and a formal STC assessment of merits and costs, with the technical assistance of its Working Groups and Task Forces. Traditionally, the STC has dealt with output harmonisation and the production of euro area statistics as an aggregation of national results. In this respect, the traditional division of labour has been for NCBs to identify resident reporting agents and to collect (national) data from them, using national collection systems adapted to accommodate ECB requirements. They then submit harmonised datasets to the ECB in standard formats. The ECB checks the quality and aggregates and consolidates national data to produce euro area statistics.

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Over the last few years, this cooperation has developed further in a number of areas, going beyond the above division of labour. The most notable examples of this enhanced cooperation are:

- (i) The development of a *Centralised Securities Database (CSDB)*, an ESCB-wide single database with benchmark information on all individual securities relevant to the statistical objectives of the ESCB. This is intended to be used as a tool to compile and enhance the quality of a wide range of ESCB financial statistics (eg statistics on cross-border portfolio investment and on securities issues). It is also expected to bring important savings to reporting agents because it allows the NCBs to carry out compilation work that otherwise would have been done by the reporting agents. Setting up this database has also required that certain confidential information be shared within the ESCB and with some NSIs.
- (ii) The *joint dissemination framework* of the euro area NCBs, which allows for simultaneously releasing euro area statistics and the national contributions to these aggregates on the websites of the ECB and of the euro area NCBs.³ With this initiative, the ESCB has provided a valuable service to the users, by avoiding the need for them to search different national websites – with different presentations (including languages differences) – whenever they search for information on euro area statistics and the respective national contributions. Indeed, this common dissemination provides exactly the same tables in the particular language of the NCBs concerned, while the consistency of the data is ensured by using a single (ECB) data bank.
- (iii) The launch of the *Statistical Data Warehouse (SDW)* on the ECB website,⁴ which provides policy-makers, economists, researchers and other users with a more user-friendly and comprehensive online data delivery service for ESCB statistics. This features easy-to-use interfaces that allow users to quickly find, display and download euro area data, including, in some cases, national breakdowns. This has further enhanced ECB communication with users, market participants and the general public. Several NCBs have announced their intention to rely on the SDW for their work, provided that it also includes additional local data. Ultimately, they may rely solely on this and discontinue use of their own internal statistical output databases. This demonstrates their interest in enhancing cooperation in the use of databases within the ESCB, recognising that storing the same data in multiple ESCB databases is clearly inefficient.
- (iv) The *ESCB's RIAD (Registers for Institutions and Assets Database)*, containing three datasets that NCBs report to the ECB – exhaustive data on EU monetary financial institutions and on eligible assets and counterparties. The first set is used for statistical purposes, while the other two are used for monetary policy-making. Upon receipt and verification of the data by the ECB, the RIAD system automatically publishes the output on the ECB website, which can be downloaded and used by reporting agents (limited to use of the data on monetary financial institutions) and NCBs.⁵ Anticipated improvements include the incorporation of new datasets (eg data on investment funds and financial vehicle corporations) and making the user interface available to all NCBs in order to obviate the need to maintain local databases.

³ <http://www.ecb.int/stats/services/escb/html/index.en.html>

⁴ <http://sdw.ecb.int/>

⁵ <http://www.ecb.int/stats/money/mfi/general/html/index.en.html> and <http://www.ecb.int/mopo/assets/assets/html/index.en.html>

Cooperation among statisticians in NCBs and NSIs

The ECB (Directorate-General Statistics) and the Commission (primarily Eurostat) cooperate intensively, through bilateral contacts and participation in each other's Committees and Working Groups, thus ensuring a close liaison at all levels. Both institutions also participate in the Economic and Financial Committee's Sub-Committee on Statistics. Among the major joint projects in recent years has been the preparation and annual monitoring of the Action Plan on EMU Statistical Requirements. In this context, the two institutions have cooperated closely in the preparation of a list of monthly and quarterly Principal European Economic Indicators (with a view to increasing the availability and timeliness of the most important economic indicators at the euro area level^[3]), as well as in addressing the statistical requirements for structural policies and the need for an appropriate communication policy on the Harmonised Index of Consumer Prices.^[4] Another major project, with crucial involvement on the part of NCBs, as well as NSIs, is the joint compilation of a system of quarterly financial and non financial accounts for the euro area. These accounts provide a comprehensive and coherent description of economic and financial developments and can be considered full-fledged "national accounts" for the euro area. The ECB's Directorate-General Statistics compiles the quarterly financial accounts for the euro area, while the responsibility for the euro area non-financial accounts is shared with Eurostat. These accounts are released jointly by Eurostat and the ECB as of June 2007. The general cooperation between the ECB's Directorate-General Statistics and Eurostat is based on a division of labour set forth in a Memorandum of Understanding, thus avoiding overlaps and gaps in the European statistics.^[5]

Particularly important in achieving good cooperation among statisticians in NCBs and NSIs is the joint coordination work that the ECB and Eurostat carry out through the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB).⁶ This Committee also plays an important role in advising Eurostat on its decisions concerning complex statistical issues related to the Excessive Deficit Procedure. Other joint work covers issues such as balance-of-payments, the measurement of assets and (implicit) liabilities of (unfunded) pension schemes, revisions, and seasonal and working day adjustments.

Intensive, formalised coordination between different statistical authorities, which contributes to enhancing the quality of statistics, economising on resources and avoiding the collection of similar – or even identical – information from reporting agents, also exists at the national level. Ideally, this cooperation should also involve supervisory reporting, so that the same data and metadata (concepts, classifications) are used, with data being shared whenever possible and beneficial. In the euro area, this objective has been achieved, at least to a large extent, in Austria, Belgium, Finland, Ireland, the Netherlands, Portugal and Spain.

A possible way forward

In view of the need to continue compiling high-quality, relevant statistics in an era of globalisation, financial integration and rapid financial innovation, while at the same time limiting response burden and compilation costs, further enhanced collaboration in the EU is indispensable. This could encompass:

- Using more common market data services, IT infrastructures and tools.

⁶ www.cmfb.org

- Implementing more online and fully automated statistical reporting, possibly using a common tool, with subsequent sharing of relevant information.
- Gradually developing a European business register and a unique business identifier. Preferably, this would then be jointly maintained by EU NSI and NCB statisticians (and potentially, where appropriate, also by other national authorities), according to a well-defined governance (including tasks distribution) and quality management network structure set forth in a Memorandum of Understanding between the different systems. (Here, the above-mentioned ESCB experience with RIAD could serve as a useful reference model.)
- Sharing more data and metadata (eg on units, concepts and classifications) among statistical (and possibly other) authorities, with strict confidentiality protections, in order to avoid multiple requests for the same information.⁷
- Reducing the reporting burden of (large) multinationals through more uniform reporting of (financial) data.
- In due time, European sampling, supplemented by national samples, when considered necessary, could reduce the number of respondents and increase the timeliness of some European statistics without undermining other quality features.
- Assessing ramifications of the finding that significant economies of scale are associated with the collection and compilation of statistics.
- Finally, all of this could be supported by common training for European statisticians and by a jointly developed communication campaign to increase the financial literacy and numeracy of the public at large.

References

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- [3] ECB: Review of the Requirements in the Field of General Economic Statistics, 17 December 2004.
- [4] “2006 EFC Status Report on Information Requirements in EMU” and “ECOFIN Council Conclusions on Statistics”, November 2006.
- [5] “Memorandum of Understanding on Economic and Financial Statistics Between the ECB (DG-Statistics) and the Statistical Office of the European Communities (Eurostat)”, March 2003.

⁷ Because of confidentiality concerns, statistical data usually cannot be shared for non-statistical purposes with other authorities.