Discussant comments on session STCPM29: The relationship with the providers of information for statistical purposes

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The topic for this session, "relationships with data providers", is one that I find very interesting. Having presented on the topic at the 2005 ISI conference, I am pleased to learn of the response that this session received from presenters. My remarks here will begin with some broad observations, followed by specific feedback for each presenter.

Any framework that aims to describe and explain certain phenomena can be regarded as a form of art. As markets and institutions evolve, so too must the statistical programs through which we study them. Hence, the art of gathering statistics is continuously changing to include new reporting requirements and tools. Tools include data delivery and manipulation systems, human resource requirements, and, increasingly, the ability to foster healthy relationships with data providers. Through statistics, we are able to point to interesting economic facts, developments, trends, and configurations. They allow us to tell a story and to make decisions. As major compilers and users of statistics, central banks and international agencies are leaders in this art form.

Four fascinating papers from different parts of the world provide a glimpse of a new tool that is emerging in the data compiler's arsenal. Although markets, institutions, and data practices differ among these countries, the link between building relationships and having high-quality data is evident. Whether through holding face-to-face meetings or by ensuring proper methodological support, these institutions are actively pursuing strategies to enhance their statistics.

The New York Fed paper outlines the many forms of communication that it engages in with banking system participants. As one would expect from the most advanced market in the world, various levels of communication are utilized to gather information on market practices and innovations. More in-depth relationships are required for large and complex organizations, while formal correspondence serves to address common data-related issues. I like the idea of sending thank you letters to senior managers for submitting high-quality data.

Although the New York Fed lacks a formal program to enhance relations with large data suppliers, its use of various modes of active communication is thought to be effective. Indeed, the New York Fed's approach to relationship building and, consequently, high-quality submissions, may contain valuable lessons for others responsible for data collection in large and complex financial markets.

The Bank of New Zealand paper discusses how good relationships can improve the accuracy and timeliness of official statistics. It outlines several initiatives taken to improve relations with banks. One involves meeting with respondents face to face to address issues of mutual concern and to emphasize the benefits of supplying high-quality data. A novel approach presented in the paper is to request users, as well as providers, to attend meetings, thus raising awareness of the value to businesses of providing high-quality submissions.

In the future, it would like to formalize its relationship-management strategy. If it proceeds in this way, I would suggest focusing on the four largest banks, which hold 90 percent of total banking assets. We face a similar situation at the Bank of Canada, and we limit our formal Reporting Managers (RM) Program to seven of the largest banks, of which five are headquartered in Toronto and two in Montreal. In doing so, we reduce costs and optimize outcomes. We also continuously explore ways to deepen our relationships. In September, reporting managers and their staff will be visiting Ottawa to learn first-hand about our data practices.

I found the paper's discussion and illustration of the query process quite useful, but would add a few comments. First, providers often obtain data from multiple systems and, hence, must engage in a certain amount of query activity before delivering the data. Second, in interpreting the statistics, users often make queries regarding certain elements, and that process may lead to another round of queries with the provider.

In its paper, the Bank of Thailand discusses its increasing use of surveys since the Asian crisis. Over the last decade, the central bank has introduced seven new surveys in the areas of balance of payments, non-financial corporations, and household assets and debts. The paper also highlights an international trend to initiate formal agreements with related government agencies. By pursuing such a strategy, the Bank of Thailand is improving certain statistical areas and reducing survey costs. Moreover, these agreements solidify key relationships. Most noteworthy is the support the bank provides to the National Statistical Office for its quarterly wealth survey of 12,000 households.

Mirroring the action taken by the Bank of Thailand, the Bank of Canada signed a Memorandum of Understanding (MOU) with Statistics Canada in 2006 to gain access to its business and household micro data, for research purposes. Indeed, it is interesting to note the Bank of Thailand's longstanding history of surveying non-financial corporations involved in manufacturing, construction, and tourism.

Future work at the Bank of Thailand includes developing a program to build relationships with data providers. If it targets the largest providers, the initiative has great potential. In fact, significant progress has been made in recent years through on-site visits, training sessions, and efforts to change the institution's legal mandate.

The fourth paper, from the Bank of Russia, discusses a valuable experience in the utility of relationships. In particular, it outlines the failure of early attempts to collect data on insurance and pension funds to comply with new IMF guidelines.

The experience began with a pre-test involving 100 of the country's largest insurance companies, more than two-thirds of which failed to respond. As a result, the Bank of Russia worked with the National Statistical Office to establish a data collection procedure. However, Russia's largest insurance association publicly criticized the move. Shortly thereafter, a working group was formed involving all relevant parties. The group provided a forum in which the insurance community could gain a better understanding of the importance of their data in the decision-making process, and through which it could become familiar with the Bank's data collection procedures. In addition, the central bank increased its methodological support to the insurance companies, made certain deadlines more flexible, and decided not to impose sanctions for late reporting. Results have been extremely positive, with its initial survey receiving a 90 percent response rate. When the insurance and pension fund statistics were made public, market participants did indeed appreciate having more information on their respective industries.

The Bank of Russia should be commended not only for taking steps to adhere to international statistical standards, but for sharing its challenging experience, which demonstrates the importance of building relationships with respondents. Moreover, it highlights the need to obtain buy-in and co-operation.

The four papers presented today demonstrate the considerable efforts being made by central banks to communicate with data providers. International organizations and other central banks will learn from their experience.

Future work should continue to explore relationships with government agencies and commercial vendors, particularly in connection with security statistics and household financial data. Through its Financial Soundness Indicator initiative, the IMF is leading the charge in obtaining certain financial system data. In closing, as data compilers we need to remain vigilant and alert to market developments and to the potential for improving our statistical programs. In the end, advances in the art of gathering statistics will have ripple effects in our economies.