IFC Workshop on "Combining micro and macro statistical data for financial stability analysis"
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Closing remarks by Turalay Kenç, IFC Chair and Deputy Governor, Central Bank of the Republic of Turkey

Summary of the sessions

The recent financial crisis emphasised the shortcomings of making financial policy decisions based on micro-level data. The introductory session outlined a general framework for combining micro and macro perspectives and highlighted the importance of this integration for a comprehensive analysis of financial system. The Consolidated Banking Data (CBD) of ECB is a good example that includes detailed information on the profitability, balance sheets, asset quality, solvency ratios and liquidity position of banks.

However, the redesign of financial stability policies to integrate better micro and macro data has its own difficulties. The experiences and main challenges were shared in the second session. Such analysis will certainly contribute to the ongoing development of new macro policy tools.

Timely access to the accurate, standardised, high-quality and comparable granular data is crucial to take precautions against financial risk. This was the main subject of the third session. The G20 Data Gaps Initiative is indeed focusing on this objective as a way to close data gaps within and across countries.

Credit registers can play a central role in supporting the harmonisation of micro data, as highlighted with the country experiences in session four. In particular, they can provide a wealth of information for monitoring the contagion of financial risks and cross-border spillovers.

The first session of the second day was devoted to the experiences of emerging markets in integrating micro and macro data. Indonesia, Chile and Turkey were among those who shared their experiences and faced challenges. The last session put forth the importance of cooperation between national and international institutions for maintaining global financial stability. These practices have also been included in G20 framework, and progress in this area has been remarkable. Having said that, there is no time for complacency: we have a terrific opportunity to complete the work undertaken and promote better data to support financial stability all over the globe. I would like to highlight the recent contribution of Turkey to this endeavour, as Chair of the G20.

G20 statistical agenda and Turkey's presidency

In 2009, the G20 endorsed a set of 20 initial recommendations to close the data gaps revealed by the crisis. The implementation of most of the recommendations has now been completed. This significant progress is thanks to the efforts of the relevant authorities of the G20 economies, policymakers and international organisations. The national, regional and international level data coming from the Data Gaps Initiative is important to support financial stability analysis and macro policy decisions. The initiative has also been a good motivation for the members to improve their statistical systems. It has facilitated dialogue between the national agencies that are responsible for economic and financial statistics and those for analysis and policymaking.

The intention of compiling and disseminating comparable, accurate, increasingly consistent and timely data across the G20 economies will be the focus of the second phase, which will start in 2016. The range of recommendations will be broadly comparable to the first phase of the Data Gaps Initiative, and a five-year horizon is foreseen for the completion of this second phase. The Inter-Agency Group on Economic and Financial Statistics (IAG) has been tasked with coordinating and monitoring the implementation of the new Data Gaps Initiative recommendations. As you know, the IAG includes the BIS, so the central banking community and the IFC will be closely involved in this endeavour.

To say the least, there will be a lot to develop. Country members are expected to report the core and the expanded list of Financial Soundness Indicators (FSIs) with a particular focus on non-financial corporations. Besides the FSIs, member states will ensure the regular collection and appropriate sharing of data on global systemically important banks to support the International Data Hub at the BIS. For monitoring shadow banking, the collection and aggregation of consistent data will be enhanced at the global level. Likewise, over-the-counter derivatives data collection will be a key priority, as well as the reporting of holdings of debt securities and sectoral from-whom-to-whom tables. Moreover, a specific focus will be on vulnerabilities, interconnections and spillovers. Better, more comprehensive data will be collected for the adequate monitoring of cross-border exposures, in the context of the International Banking Statistics (IBS), the Coordinated Portfolio Investment Survey (CPIS), the Coordinated Direct Investment Survey (CDIS) and the International Investment Position (IIP). The second phase of the Data Gaps Initiative also emphasises the importance of international data cooperation and communication. Last but not least, in response to the requests of data users and data compilers on improved data sharing, the exchange of data across and within G20 economies and with international organisations will be strongly encouraged.

Turkey, as the 2015 G20 Chair, has strived to ensure inclusive and robust growth through collective action. We have defined three I's as the key formula: inclusiveness, implementation and investment for growth. Inclusiveness can be thought of as ensuring the benefits of growth and prosperity for all segments of society, with small and medium-sized enterprises being an important example. Inclusiveness is very important for creating quality employment for more people, raising living standards and eliminating inequalities. At the international level, Turkey has also emphasised the need to hear the voice of low-income developing countries. On implementation, 2015 was the year for the completion of most of the initiatives based on targets, and the focus will be now more on implementing them. Turning to investment for growth, the emphasis is to promote investment as a powerful driver of global economic well-being.

Under our presidency, progress has also been made this year in one important area as part of finalising the remaining core elements of the G20 financial regulation agenda. The common international standards on total loss-absorbing capacity

(TLAC) for global systemically important banks and higher loss absorbency (HLA) requirements for global systemically important insurers have been issued. These standards require these institutions to have sufficient loss-absorbing and recapitalisation capacity available in resolution so that authorities can implement an orderly resolution which minimises impacts on financial stability, maintains the continuity of critical functions and avoids exposing public funds to loss.

To conclude my remarks, I would like to thank all participants and their valuable contributions in presenting the micro and macro aspects of financial stability analysis. Thank you very much for your attention.