Eighth Irving Fisher Committee Conference on Central Bank Statistics

Opening Remarks

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Good morning ladies and gentlemen.

It is my pleasure to welcome you all to the eighth biennial conference of the Irving Fisher Committee on Central Bank Statistics.

On behalf of BIS Management, I would like to extend a special welcome to Katherine Hennings and Aurel Schubert, Vice Chairs of the IFC, to Pedro Silva, President of the International Statistical Institute (ISI), to all the members of the IFC Executive Committee and to all the presenters and participants at this conference.

We are very pleased to see how this biennial IFC event continues to go from strength to strength. This time we are welcoming more than 120 participants, and 40 papers will be presented on a variety of statistical issues that are highly topical for the central banking community. I would also like to congratulate the six contestants for the IFC's Best Paper by a Young Statistician Award.

The BIS is very supportive of the IFC regular conferences on central bank statistics. The financial crisis was a wake-up call, showing that good data are a pre-condition for achieving monetary and financial stability. A key response to this crisis has been to consolidate and develop the position of Basel as the centre for international financial statistics. But we also need to think ahead and prepare for the new issues that are emerging. From this perspective, the title of this conference – the statistical implications of the new financial landscape – is extremely topical.

Today I would like to structure my remarks in two parts: (1) the actions undertaken in Basel in the area of statistics in response to the crisis; and (2) some thoughts on addressing upcoming statistical challenges.

Basel statistical initiatives in response to the Great Financial Crisis

In response to the crisis, the BIS, its central bank committees and the financial stability groups hosted in Basel have concentrated their efforts on four major statistical areas:

- The first area of focus is ***the production of new financial statistics***. The crisis underlined the key value of the statistics that had been already collected by the BIS over the past decades: international banking statistics, debt securities issuance, property prices, derivatives etc. At a macro level, we have been taking steps to further improve these statistical collections, especially by collecting new types of macro-financial data. For example, the BIS has started to work on the global aggregation of statistics on repos and securities financing. At the micro level, Basel has also become a major centre for the collection of institution-level data on a global basis. Information on global systemically important banks (G-SIBs) is already regularly collected by the BIS International Data Hub and shared among financial supervisory authorities and international organisations. Another related development has been the setting up of so-called quantitative impact study (QIS) exercises to support BIS-hosted regulatory groups such as the Basel Committee, the IAIS and the FSB. The importance of this initiative is perhaps not fully recognised by observers. Almost all new regulatory initiatives are now based on some kind of data collection initiative, something that hardly existed less than 10 years ago. QIS exercises form a central element to draw the lessons of previous regulations, identify additional areas of weakness, and assess the impact of new policy measures.

- Producing statistics is, however, not sufficient: we need to ***disseminate data effectively***. Obviously, the first step is to make information more widely and easily available: we launched the *BIS Statistical Bulletin* last year, and we have developed new tools so that the data can be accessed in a user-friendly way. But we should go beyond this "simple packaging"; I mean we must present information in a way that facilitates the understanding of economic phenomena. To this end, the BIS has focused on developing "research indicators". The idea here is to leverage existing data collections, either in Basel or elsewhere, to produce more meaningful indicators. Cases in point have been the recent production of BIS global liquidity indicators to better elucidate financial spillovers across countries. We have also constructed debt indicators consistent across both countries and sectors so that post-crisis deleveraging patterns can be better analysed. This month, we will take another major step, by publishing daily effective exchange rates for major countries, as well as credit-to-GDP gaps, long series on inflation etc. The bottom line is that making data available is not enough; these data have to be presented and communicated effectively.
- Yet, we need to ensure that ***statistics are effectively used*** by analysts and researchers, not only in academia, but even more so in public circles to support policymaking. Here the IFC has a key role to play in sharing experience and disseminating good practice among central banks in particular. Your presence today is a sign of vitality, underscoring the decisive contribution you can make to promote the use of statistics as a global public good.
- Of course, the fourth, key, aspect is to **anchor Basel statistical work in international initiatives**. Working closely with the ECB, the BIS is actively supporting the G20 Data Gaps Initiative and seeks to ensure that the global central banking community is closely associated with it. We are also deeply committed to cooperating with other international bodies in this endeavour. The active participation of the ISI and the IMF in today's conference is a clear sign of the vitality and success of this international cooperation.

Addressing the new statistical challenges posed by the current financial landscape

Let me turn to a few thoughts on areas for further work. As today's conference rightly asks, what are the statistical implications of the new financial landscape? For sure, there are very diverse and challenging data requirements! We need to be focused and we should avoid multiplying statistical initiatives in a disorganised way. To this end, I believe we should concentrate on five key areas:

- ***Better macro statistics***. We are still not yet in a comfortable situation here. The Data Gaps Initiative has highlighted the numerous efforts we must all make to enhance our "traditional" statistical apparatus. For this, we need to make a better use of all the data we already collect, or that are easily available because they are a by-product of other specific economic – for instance, internet sales or administrative activities, such as credit registers. In particular, attention is focused on the big data revolution. The recent report produced by this Committee was particularly welcome as it shows that we can expect many benefits from it. Moreover, and as this report rightly argued, we should not limit our focus to internet-based data sets; rather, we should aim to better exploit the richness of the large administrative data sets that already exist but are not yet sufficiently mobilised.
- ***Collect macro-relevant, "pure" micro data***. Collecting institution-level information is a prerequisite for better understanding systemic risk and identifying fragilities in the financial system. Our experience in Basel, especially with the collection of data on G-SIBs, is that micro data can reveal crucial information that is hidden by aggregated numbers.

- ***Be capable of linking relevant macro-financial and micro-financial data.*** In order to examine issues such as the impact of negative interest rates on the profitability of financial institutions or the savings behaviour of households, we need to analyse in detail the balance sheets of firms and households to identify structural changes and properly test whether and how they relate to macro-financial policies.
- ***Get a sense of the distribution of aggregate data***. We need to better measure and understand the inherent heterogeneity in economic information. Many of the new policy tools developed since the crisis – eg macroprudential tools, unconventional monetary actions – have put a premium on accessing distributional information to better assess the effectiveness of such instruments. This is obvious: if you want to impose an effective limit in terms of loan-to-value ratios, you have to better distinguish between the type of loan involved (eg mortgages, car loans) and the type of debtor (eg low-income households, financial investors).
- ***Design and assess policies based on statistical evidence***. We need to ensure that the data we collect are useful for policymakers, in particular to design, conduct, assess and refine public policies.
- ***Expand our knowledge frontier***. With the new data we have at our disposal we can understand economic phenomena in a way that was almost inconceivable a few years ago. Cases in point are the nationality-based data sets developed by the BIS that allow us to complement "traditional" residency-based approaches with nationality-based, group-level consolidated information. Nationality-based, group-level consolidated data facilitate the understanding of who makes underlying economic decisions and who takes on the final risks in today's globalised financial markets. Needless to say, such information is crucial for fiscal, monetary and prudential authorities alike.

These are just some personal and preliminary thoughts I wanted to share as a way of opening the discussion today. I have no doubt that this conference will help us to better understand what needs to be done by the central banking community as we address the statistical implications of the unprecedented circumstances we face.

I wish you every success in your discussions and presentations and I very much hope to see you in Basel again soon.

Thank you for your attention.