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Three targets for making statistics easier to understand¹

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¹ This contribution was prepared for the workshop. The views expressed are those of the authors and do not necessarily reflect the views of the Banco de Portugal, the BIS, the IFC or the other central banks and institutions represented at the event.



Three Targets for Making Statistics Easier to Understand

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Overview – Three Targets



- Motivate people to be willing to listen and learn
- Make statistical language plain and easy to understand
- Practice plain statistical language

Target 1: Motivate People to be Willing to Listen and Learn



- We show empathy toward our collaborators when they have to deal with the statistical models that they don't have direct experience with
- We state our readiness to help people understand the statistical models and how our efforts could make their work easier
- We seek for people's feedbacks on which sections of our reports are too quantitative to understand

Target 2:

Make Statistical Language Plain and Easy to Understand



Example 1 – Explaining Regression Models:

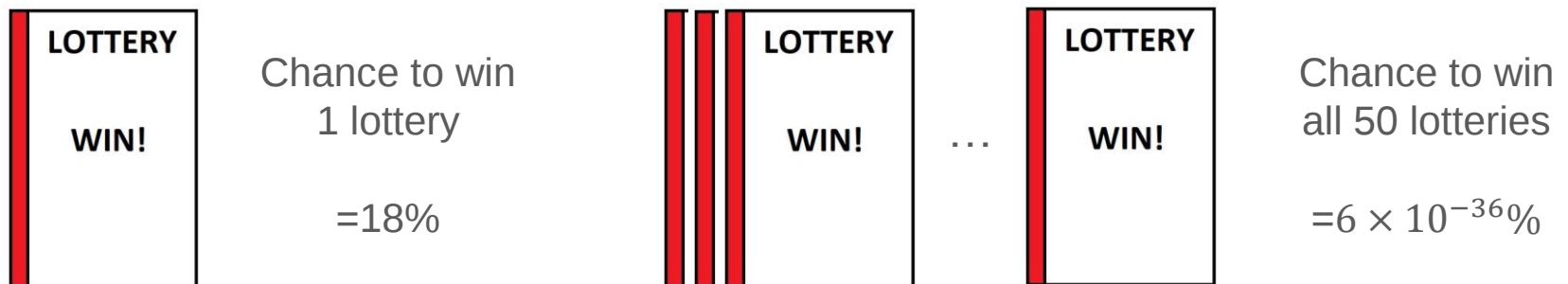
- Formal but less easy to understand language
 - Predictor and Response
 - Independent Variable and Dependent Variable
 - Exogenous Variable and Endogenous Variable
- Plain language
 - X and Y
 - Right of the Equation and Left of the Equation

Example 2 – Explaining Probability:

- Formal but less easy to understand language
 - Assume there are 50 samples selected from the population, and the chance of each sample to pass the test is 18 percent, then the probability that all the samples passing the test is as low as

$$18\%^{50} = 6 \times 10^{-36}\%.$$

- Plain language



To achieve this we are co-authoring an academic paper with college freshmen

**LOESS Smoothing for Weight of Evidence Transformation:
An Application on Credit Rating Models**

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We deem this as an experiment to test whether the statistical language is plain enough

Thank You!