Muhammad bin Ibrahim: Challenges in compiling and communicating statistics in Malaysia

Opening remarks by Mr Muhammad bin Ibrahim, Deputy Governor of the Central Bank of Malaysia, at the National Statistics Conference (MyStats 2012), Kuala Lumpur, 9 November 2012.

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Saya berbesar hati untuk mengalu-alukan kepada semua yang hadir pada persidangan yang julung-julung kali diadakan ini, MyStats 2012, yang memperlihatkan sekali lagi kejayaan dalam usaha kerjasama di antara Jabatan Perangkaan Malaysia dengan Bank Negara Malaysia. Saya juga amat gembira dan berbangga dengan sokongan yang ditunjukkan oleh para peserta yang mengambil bahagian hari ini, yang terdiri daripada sektor swasta dan sektor awam, pengguna dan perangkawan statistik, di samping rakan-rakan saya daripada Irving Fisher Committee on Central Bank Statistics (IFC). Dengan kehadiran kumpulan yang mempunyai pelbagai kepentingan ini, saya yakin forum ini akan menjadi platform yang amat sesuai untuk kita berkongsi pandangan, bertukar-tukar pengetahuan dan pengalaman tentang statistik, dan akhirnya memperoleh manfaat besar daripada persidangan ini.

I am pleased to welcome all of you to this inaugural conference, MyStats 2012, a collaborative effort between Department of Statistics Malaysia and Bank Negara Malaysia. I am also very encouraged by the strong support from all of you present here today, representing both the private and public sectors, users and compilers of statistics, and Executives members from the Irving Fisher Committee on Central Bank Statistics (IFC). With such a diversified interest group, I believe this forum will be an important platform for us to share views, exchange statistical knowledge and experiences.

The objective of MyStats is to provide a platform for our statisticians, analysts, economists, policy makers, academicians and media to share, discuss and highlight insights and issues in statistical analysis and policy formulation as well as challenges in the compilation and communication of statistics. MyStats will not only discuss economic and financial data, but will also encompass other socio-economic statistics such as poverty measurement and indicators, labour and employment statistics, just to name a few.

I hope that this collaborative effort will one day turn into an annual THE statistics event in Malaysia and MyStats will evolve into a regional conference, similar to the well-established statistical conferences organised by the International Statistics Institute (ISI), European Central Bank (ECB) and IFC. I must acknowledge that this conference was inspired by the efforts of the ECB and IFC, which the Bank and I, as the Chairman of IFC, have been actively engaging with on statistical initiatives, in particular over the last one year.

For those who are new to the IFC, allow me to mention a few words on the Committee. The IFC is a forum of central bank economists and statisticians as well as others who wish to participate in discussing statistical issues of interest to central banks. It is established and governed by the international central banking community and operates under the auspices of the Bank for International Settlements (BIS). Currently, the IFC has about 80 central bank members and is actively organising statistical initiatives, particularly conferences, seminars and workshops. These initiatives discuss the burning statistical issues confronting the central banking community and the issues discussed reflect contemporary concerns of central bankers themselves. More details on IFC and its activities can be found on the BIS website.

The theme of MyStats 2012, "Enhancing National Statistics to Meet Public and Private Sectors Needs during a Period of Transformation". This theme is most appropriate given that Malaysia is embarking on an economic transformation programme (ETP) to achieve a high income high value-added economy.

The transformation process would demand richer, more reliable and timely data to assess the progress of various change program being taken and ensure initiatives implemented are effective in achieving the transformation agenda. This is critical given the transformation is taking place amidst a more challenging global economic environment. Downside risks to global growth are now more elevated, with heightened uncertainties surrounding the European sovereign debt crisis and fiscal issues in the US that would have impact on global growth prospects. In this environment, it is of utmost importance that relevant and credible statistics are available to policymakers and analysts on a timely basis, to allow for an accurate and comprehensive diagnosis of the economy, so that appropriate and pre-emptive policy actions can be taken.

To my mind, there are three perennial issues facing statisticians and authorities; the extent of data coverage, granularity and timeliness. Indeed, it has been often noted that the surprise element at the onset of economic and financial crisis is often due to the lack of high quality, comprehensive and timely data. For example, the Asian Financial Crisis revealed major gaps in statistical coverage, especially on detailed cross border exposures and indicators for financial soundness, which had permitted serious vulnerabilities to go undetected and unresolved for a long time.

Another key lesson learnt, was from the global financial crisis, where the lack of data and monitoring of financial innovation that had allowed the build up of financial risks to go undetected until it was too late. Another good example was the existent of a large shadow banking system that is unregulated and unsupervised. At the same time, insufficient coverage and depth of information can potentially place policymakers at the risk of deriving at the wrong conclusion and thus, prescribing the wrong policy measures or prescriptions.

The decisions that we make are only as good as the data on which it is based. In this respect, I would highlight two areas in particular that requires further data compilation.

First, in the area of labour market statistics, there are notable gaps in terms of data collection on the economy-wide wages, hours worked per labour, productivity index, unit labour cost and duration of employment. We also do not have data and enough information on the kind of jobs that the economy is producing, either by sector, wage level, type of jobs and for whom the jobs are created.

The data gaps would complicate the assessment on key issues such as the sustainability of household indebtedness, whether we are creating the right type of jobs or whether our policies are providing long term or temporary employment.

Second, there are significant gaps in terms of balance sheet data, especially for households and corporates. This deficiency in data complicates detection of vulnerabilities, build up of risks and propagation of shocks from one sector to another. I hope the discussion today would provide insights into dealing with some of these issues I earlier mentioned.

At this conference, we will have the opportunity to examine areas which we can improve so that our statistics are credible, relevant and timely, would facilitate informed policy formulation and decision making by the authorities, and enable informed decision makings by economic agents such as investors, financial institutions and the general public at large.

In the first three sessions today, our distinguished speakers and discussants will share insights and experiences in many areas; the adoption of statistical best practices in data management, ways to promote data sharing and communication of statistics, identification of statistical gaps and limitations faced by analysts or authorities in the usage of data. The session would also explore and provide possible resolution to challenges confronted by compilers and users of statistics.

In the concluding panel discussion, the panellists will deliberate on new data requirements, the need for more forward looking and pre-emptive data collection and compilation, identify best practices to enhance data integrity and communication of statistics, and the role the private sector can play in contributing better data collation.

Your views today is important as it would provide insights and assistance to statistical compilers, policymakers and regulatory authorities to facilitate planning and enhancement of existing data measurement or implementation of new statistical initiatives. The end game is to facilitate effective analysis, monitoring and surveillance of the economic and financial activities and provide accurate assessment of risks and the effectiveness of policy initiatives and the state of the economy. This forum will also provide analyst an opportunity to share their views on the type of data that would be useful to them.

While debating on the statistical needs of the public and private sectors, there are many areas that could be considered, amongst them:

1.   Does the private sector benefit given the significant resources that have been invested by the national statistics office, regulatory authorities and government agencies to compile more comprehensive, timely and granular data?

2.   What type of data that the private analysts require that would improve their analytical capability to provide analysis for informed decision making to their client?

3.   Based on past experiences, data compilation always lags behind financial innovations and economic developments. Based on this premise, what should be the strategy, from the perspective of statisticians and users, to ensure the availability of new and appropriate data on a timely basis to meet future needs of users?

4.   How can data compilers and users play a greater role inidentifying new data needs of a high income and high value added economy?

5.   How can statisticians play a more proactive role in advising or communicating with users on the availability of appropriate data for analysis and surveillance to avoid the redundancy of data collection?

These questions are by no means exhaustive but I hope our distinguished speakers and discussants today will address some of them. The speakers and discussants today represent a wide spectrum of group of compilers and users of statistics, who have vast experience in conducting significant research in many areas that uses national and international statistics. Through their presentations and discussions, we hope to learn from their knowledge and thinking on relevant issues in the field of statistics.

We are also honoured to have two international speakers from the IFC who will talk about the international best practices in data management and country experiences in data sharing and communication of statistics. I would also like to take this opportunity to thank them in advance. I would also like to record our appreciation to the representatives from various national organisations for chairing the sessions and sharing their views on the topic that we had identified.

Before I end my remarks, I thought it worth emphasising again the importance of greater collaboration between statisticians, compilers and end users of statistics in improving data compilation, communication and its usage. In this respect, I believe that MyStats will be a strong foundation to facilitate and enhance this collaborative effort.

On that note, I wish you a productive and engaging conference.