

Anita Angelovska Bezhoska: New statistical requirements in the post-crises era

Speech by Ms Anita Angelovska Bezhoska, Governor of the National Bank of the Republic of Macedonia, at the event on the occasion of the European Statistics Day, Skopje, 17 October 2018.

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*Dear Prime Minister of the Republic of Macedonia, Zoran Zaev
Dear Eurostat Director General, Mariana Koceva
Dear Ambassador of the European Union, Samuel Zbogar,
Dear Finance Minister, Dragan Tevdovski
Dear President of MANU, Taki Fiti
Dear Rector, Nikola Jankulovski
Dear Dean of the Faculty of Economics in Skopje, Ljubomir Drakulevski
Dear Director of the SSO, Apostol Simovski
Distinguished guests,*

This year we are marking the European Statistics Day, exactly ten years after the outbreak of the global crisis. Its intensity and duration were so pronounced that in the last ten years it has become usual to make almost all reviews and insights through the prism of the “pre-and post-crisis period”, and this is probably not surprising given that the great shocks inevitably lead to reassessment of the conventional paradigms. The statistics as well is no exception in this respect. As the great depression highlighted the need for development of the national accounts statistics, while the Asian crisis the need to better perceive the links between the domestic financial system and capital inflows, leading to the development of several new statistical standards, the global crisis of 2008 once again brought the financial system into focus.

The crisis has clearly shown how inadequate regulation and excessive risk taking in the financial sector in developed economies can lead to unpredictable consequences in the real sector, both nationally and globally, stressing the need for a better understanding of the links between the financial and the real sector, such as and cross-border ties in the context of rising globalization. The fact that the roots of the global crisis were precisely in the financial sector suggests that most of the post-crisis needs for statistical changes touch exactly the central banks.

Although the outbreak of the global crisis can not be attributed to the lack of statistical data, however, significant statistical gaps became evident and they are best reflected through the G-20 Data Gaps initiative for identifying recommendations to fill in these statistical gaps. The recommendations are mainly located in the following key segments:

- ♦ The first segment is better recognition of the increase in the financial sector risks. It was found that timely detection is extremely important for protection against crises. In this domain, emphasis is placed on developing a broader base of financial stability indicators, which we prepare on a regular basis. In fact, in the post-crisis period, this recommendation led to a dramatically increased number of central banks that prepare these indicators. Also, in the context of financial systems and markets, a focus was placed on detailed data on securities, in order to obtain a better analytical infrastructure to detect the risks of individual exposures and cross-sectoral spillover. The National Bank started such activities in 2014 when it created foreign investment securities statistics, which was then supplemented with data on domestic securities. In addition, the crisis has shown that the risks can increase largely not only in the banking system, but also in shadow banking. Therefore, there is a need for upgrading the statistics with data not only for depository institutions, but also for all other financial institutions. Following these trends in 2012, we started with the preparation of the statistics of the most important non-bank financial institutions, which enabled us to

constantly monitor their activities and the potential risks. We recently fully complied this statistics with the latest IMF's Guide on monetary and financial statistics.

- ♦ The second segment is the improvement of databases on cross-border financial systems. The consequences of the global crisis have clearly emphasized the risk of international financial integration, in particular the global connection of systemically important institutions. Such a context has had major consequences on the requirements for increasing the volume and structure of statistical data that will give a better picture of these global connections with a special emphasis on international investment position statistics, as well as more detailed portfolio investment and direct investment statistics. The National Bank already prepares all these surveys on a regular basis, although there is room for further improvement in the area of international position.
- ♦ The third segment is better detection of economy sensitivity to shocks, which is achieved by establishing sector accounts, and in their frames financial accounts, which will disclose the links between all sectors in an economy, and therefore, the possibilities for shock spillover from one sector to another. In 2017, for the first time, the National Bank prepared financial accounts for all sectors of the economy, which were submitted to Eurostat in an experimental format.
- ♦ The fourth segment is the improvement of the statistical communication process. In this context, on a regular basis, we are making efforts to improve communication with the public, also by conducting surveys for the satisfaction of the reporters and users, creating the possibility for direct electronic communication on all issues related to statistics and undertaking financial education activities. In 2016, we started with a regular publication of press releases on statistics, as well as a project, which is in the final phase, for establishing a statistical internet portal for external data users.

In doing so, in the basis of all these new statistical requirements, lies the need for providing granular, rather than aggregate data. The crisis has not called into question the traditional aggregate economic statistics, but has shown that it is not enough. For example, in order to understand why the huge liquidity that the ECB brought into the banking system did not lead to stronger credit growth, granular data were needed, which will enable to better understand what drives the aggregates, and thus enabling the monetary policy to be more effective.

All the statistical points indicated so far in one way or another are links within the G-20 statistical initiative, which, although not a formal framework for us, is a guideline we adhere to. In addition, this initiative is in synergy with other important international statistical standards, as well as European statistical requirements, which we, as a central bank, strive to follow. One such initiative is SDDS plus, as the third and highest pillar of the IMF's statistical standards. I can proudly say that we, as a state, have shown a willingness to join this initiative, which is currently involving only 14 countries, actively working together with the SSO and the MoF to prepare all the requested data, thus preparing for accession to this highest standard are in the final stage.

An additional aspect that brings new challenges to statisticians is the digitization process, which is also gaining momentum in the financial industry. Digitization and innovation of financial services imposes new challenges for their statistical monitoring and measurement. At the same time, in the statistical world, the number of initiatives for active use of the so-called "Big data" is rising, a new paradigm that changes profiles and statistics makers, statistical processes, as well as the overall economic and financial analysis.

Ladies and gentlemen,

Finally, we, like other statistics makers in RM, in recent years have made great step forward in improving the existing statistical surveys and introducing new one for the purpose of filling in the identified statistical gaps in global terms. However, statistics is not an aim by itself. By providing rich, high-quality, timely and internationally harmonized set of statistics, we contribute to higher

social goals, that is making decisions based on facts in order to increase social welfare. Bearing in mind the dynamic world we live in and the changes it brings, a key challenge for statisticians will be to keep pace with these changes and to develop credible statistics as a public good that enables a better understanding of reality and taking appropriate policies from all factors of social life.

Thank you.