

Anita Angelovska Bezhoska: Speech - European Statistics Day

Speech by Ms Anita Angelovska Bezhoska, Governor of the National Bank of the Republic of North Macedonia, at the marking of the European Statistics Day, held at the National Bank, Skopje, 28 October 2019.

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Your Excellency Zhbogar,
Dear Director General Simovski,
Dear Mr. Nymand-Andersen,
Esteemed managers of regulatory institutions,
Former Minister of Finance,
Ladies and Gentlemen,

It is my great pleasure to address you today at the celebration of the European Statistics Day.

Reflecting on the concept of today's event for further affirmation of the importance of statistics, as well as our commitment to compile quality statistics under the latest European and international standards in general, I recall what **Herbert George Wells** said a century ago, "Statistical thinking will one day be as necessary for efficient citizenship as the ability to read and write." And he was right. Today, when information and knowledge are the main building blocks of society, and when neither full information nor thorough knowledge is possible without quality data, there is no doubt that statistics are and will always be necessary, both for the individual and for the society at large. Therefore, the responsibility we all have as part of the statistical puzzle is great – we create a public good whose benefits are felt by every individual, every institution, policy maker ... all this for the benefit of a healthy and prosperous society.

The past decade has witnessed tectonic changes in the global economic and financial landscape. These changes have also affected the central banks. With the onset of the crisis, the so-called conventional policies and instruments were reconsidered, the scope of our functions increased, and the expectations from us enhanced. Macroprudential function, bank resolution, consumer protection, financial inclusion and literacy are just some of the areas requiring from the central bank to play the leading role.

The crisis itself and the subsequent changes to the overall central bank profile and decision-making infrastructure entail modifications in the scope, granularity, and the systematization of the available statistical data. A number of new statistical initiatives (such as the G-20 Data Gaps Initiative) aimed at enriching the statistical spectrum have emerged post crisis. The mere fact that global crisis arose exactly from the financial sector suggests that many of the post-crisis recommendations and needs for changes in the statistical system concern the central banks. The crisis has shown that excessive risk-taking can lead to a collapse of the financial system. Underestimation of the strength of the financial system's links with the real sector and the cross-border exposures has led to inadequate assessment of macro-financial links within some economies, as well as of the global implications of shocks in some countries. This whole new context, as well as the unconventional responses of central banks to this shock had major implications for the requirements for expansion and modification of the regular statistics, as the most important "ingredient" for making appropriate monetary as well as micro and macroprudential policy decisions.

There is no doubt that as a central bank we have been actively following these global trends and updating our statistics to new dimensions for the last ten years. We have **been compiling sectoral financial accounts** as an important tool for better tracking of vulnerabilities in the economy, and the first public release is scheduled for 2020. Aware of the risks that may arise in segments of the **financial system outside banks** we have upgraded the

statistics on deposit-taking institutions, with statistics on other financial institutions (pension funds, insurance companies, investment funds, leasing companies, financial companies). In the context of financial systems and markets, we were particularly focused on securities statistics, ensuring a better analytical infrastructure for timely risk detection. We have developed a broad and diverse database of financial stability indicators, and have been involved in the IMF reporting system on all key financial stability indicators, but also on some of the so-called “recommended” indicators.

Hence, as a central bank, we have been constantly following international initiatives, enriching the statistical framework. Yet we must be aware that the enriched statistical framework also creates many new challenges. The increasing **granularity** of data and their **frequency** create an ecosystem with exponential growth in the volume and availability of data.

The heterogeneity and complexity of the currently available data require a holistic approach to their transformation into official statistics. The main challenges for our as well as many other central banks relate to **technology that processes enriched data volume, data governance, their standardization for statistical purposes**, maintaining the **confidentiality** principle amid increasing number of individual data, as well as the **balance** between the growing need for data and the burden it imposes for the economic reporting agents.

Technology is currently one of the major challenges for almost all statistical institutions. Data alone is not enough if there is no adequate infrastructure to transform it into a form beneficial for decision-making. One such step ahead of us is building a modern data warehouse. The need to adopt, integrate, process, and report large amounts of data to multiple users on a daily basis requires a modern business intelligence-based information system.

Adapting to such a technologically advanced system also requires data governance. Currently, there are several decentralized statistical databases, registries created for specific purposes of statistics and bank activities. **The symbiosis of all these sources opens up a new chapter in the central bank – setup of systematized data governance.** This process should focus on the need to recognize data as a central bank asset that should be governed at a strategic level. Learning from the experience of the European partners, the implementation requires a clear strategy, policy and guidance, as well as the need for standardization of data definitions, standards for data collection and management. In a word, there is a change in the organizational culture.

The project of creating an Integrated Reporting System for statistical and supervisory purposes in the National Bank is such an example. Recognizing the need for unifying and replacing partial reporting systems by banks for statistical and supervisory purposes, we have worked diligently to set up a single multifunctional reporting system. The potential benefits for us and our partners – banks and savings houses, are immense – lower burden on the reporters, and a richer granular data set that can be used for multiple purposes, thus replacing the traditional way of submitting aggregates. As a reminder, one of the lessons learnt from the crisis is that aggregated data is not always sufficient to detect vulnerabilities in the system.

The technological requirements, as well as the need for coordination and standardization are not processes that rest solely with the central bank. In the eve of meeting European statistical standards, communication and coordination among the statistical bodies is crucial. In our case, we are proud of the excellent coordination with our partners, the State Statistical Office and the Ministry of Finance, who are here with us today. A significant step forward will be the introduction of the so-called integrated coordination system for compiling government statistics, with real-time data available to all three institutions. This would ultimately mean more consistent fiscal, financial and macroeconomic statistics.

Despite the gravity of the global crisis, the process of innovation and digitization continued post crisis, widely spread in the financial industry. Such digitalization and innovation of financial services pose new challenges for their statistical monitoring and measurement. At the same time, there is a growing number of initiatives for active use of the so-called “big data” in the statistical world, a new paradigm that changes the profiles of both holders of statistics, statistical processes, and overall economic and financial analysis. Statisticians globally are increasingly experimenting with large structured and unstructured computer-generated data, the sources of which are all of us. The possibility of using this data as an innovative source of official statistics is being increasingly explored. The challenges are surely immense, given the need to assess the accuracy, sustainability and methodological foundations of these data systems, as well as the need to find human resources and appropriate management technologies.

Last but not least, there are investments for improving the dissemination and communication of statistics to the public. It is a recurring cycle in which we are constantly striving for better communication by conducting surveys of reporters and user satisfaction, regular publishing of statistical press releases... A new statistical web portal for external users – NBSat will be launched soon. This web portal will be a modern statistical tool designed for interactive communication with users, which will significantly expand their capabilities for data analysis of our central bank statistics.

Confirmation of our struggles to promote data dissemination is our adherence to the highest statistics dissemination standard of the International Monetary Fund – SDSS Plus early this year that made us one of the nineteen countries in the world whose statistics are harmonized with this highest statistical standard.

Dear guests,

Many of the post-crisis statistics initiatives are completed both globally and in our country, or are underway. It is clear though that the environment is dynamic and requires constant changes in the data architecture of central banks. As Mario Draghi once pointed out, “the well-established ESCB statistics will continue to provide the “big picture” of economic developments. But we should also offer a magnifying glass¹” to help us look at the details regularly and precisely. “Looking at the details enriches our understanding of economic phenomena and at the same time increases our flexibility to respond to unexpected policy needs”.

I am sure that we, the statistical bodies, will always be ready to respond to the new challenges. Compiling and disseminating statistics in accordance with the latest European standards is and I believe will always be our strategic commitment. Today, the message from the father of statistics, **Karl Pearson** that **"Statistics is the grammar of science"** is more than clear. From today's perspective, I would add “it is also a grammar of the language in which policy- and decision-makers need to speak and understand each other”.

Thank you for your attention.

¹ Draghi, M. Welcome address at the Eighth ECB Statistics Conference, Central Bank Statistics: moving beyond the aggregates, Frankfurt am Main, 6 July 2016. Available at the ECB web site: www.ecb.europa.eu/press/key/date/2016/html/sp160706.en.html