



Data and the Crisis: The G-20 Data Gaps Initiative

Presented by
Alfredo M. Leone
Deputy Director
Statistics Department
International Monetary Fund

US Federal Economic Statistics Advisory Committee
~~US Bureau of Labor Statistics~~
Washington, D.C.
June 17, 2011



The views expressed herein are those of the author and should not necessarily be attributed to the IMF, its Executive Board, or its management

Plan of the Presentation

- I.** Why do we have a Data Gaps Initiative?
- II.** The international response
- III.** Progress to date
- IV.** The work ahead
- V.** Concluding Remarks

I. Why do we have a Data Gaps Initiative?

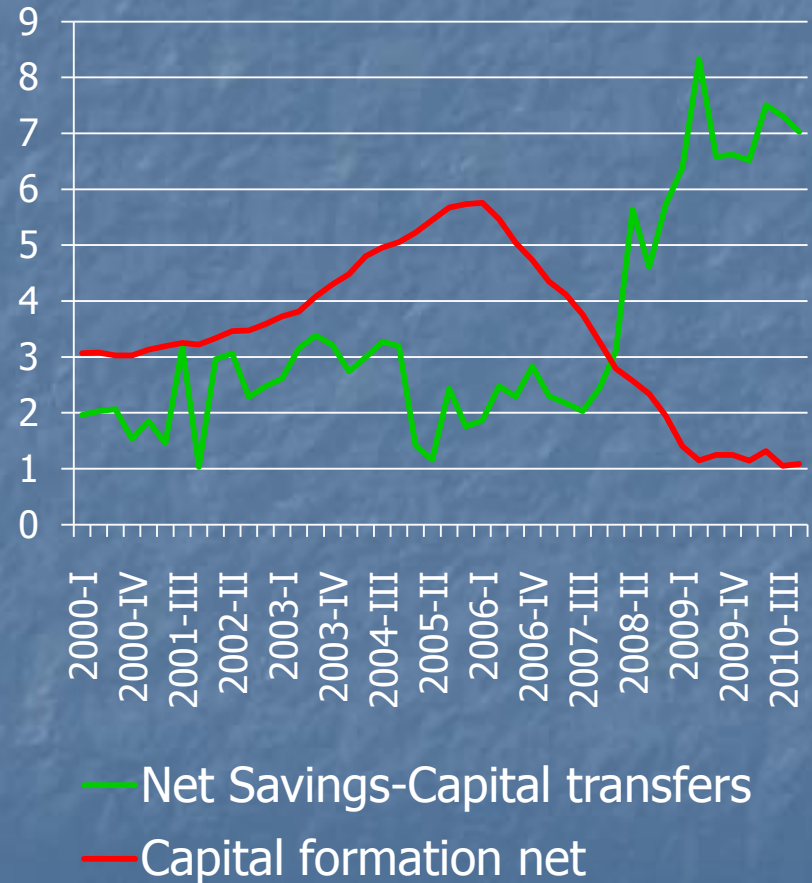
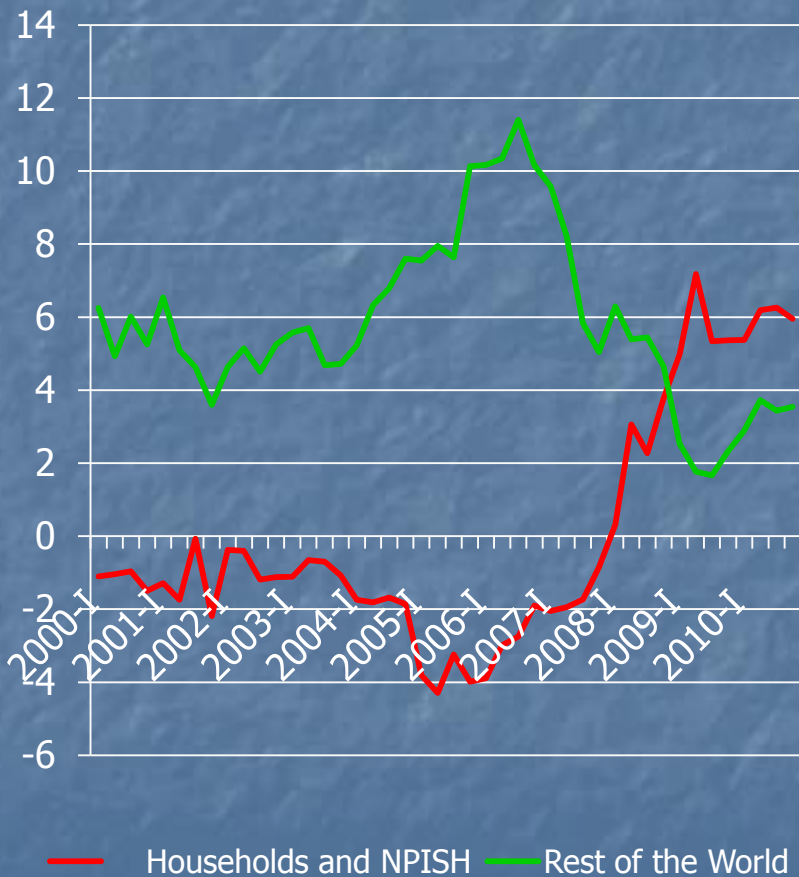
1. A crisis happened with severe manifestations

- Notably **severe** in terms of lost output and high unemployment.
- **Affected all the industrialized countries, and a large number of emerging and developing economies**
- Had a **high speed of propagation** worldwide revealing the interconnections across economies and markets.
- Involved **global systemically important financial institutions (G-SIFIs)**, with operations spreading across many instruments, markets, and sectors **worldwide**.

I. Why do we have a Data Gaps Initiative?

There were some early signs from official statistics

In the period leading to the crisis, household sector leverage in the US (in terms of GDP) increased rapidly, mainly because of a higher rate of net capital formation and largely financed by the rest of the world.

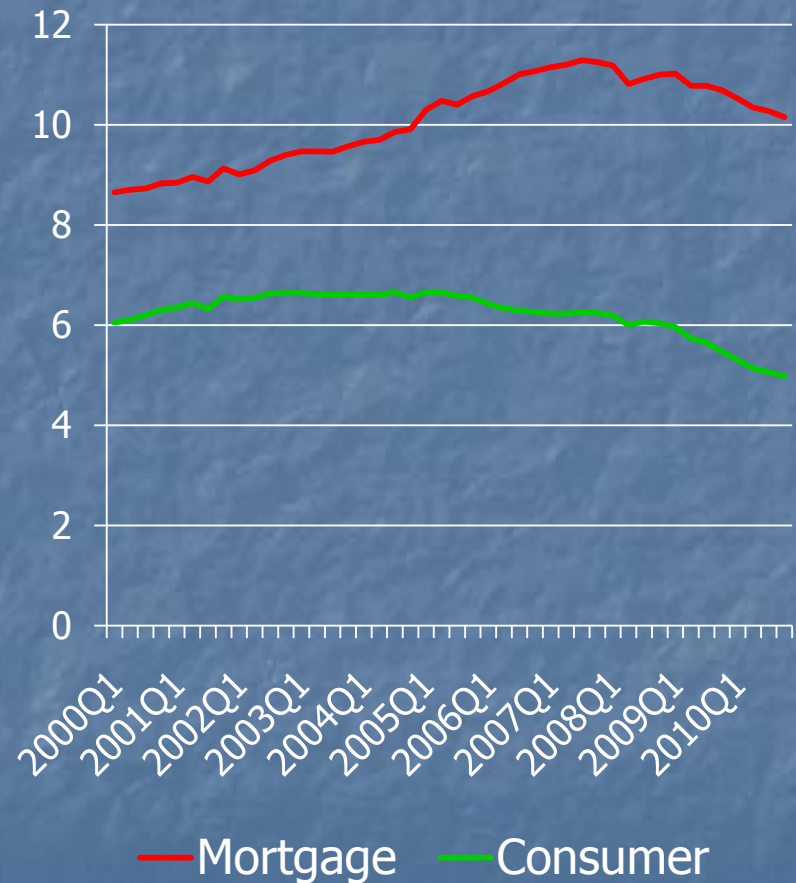
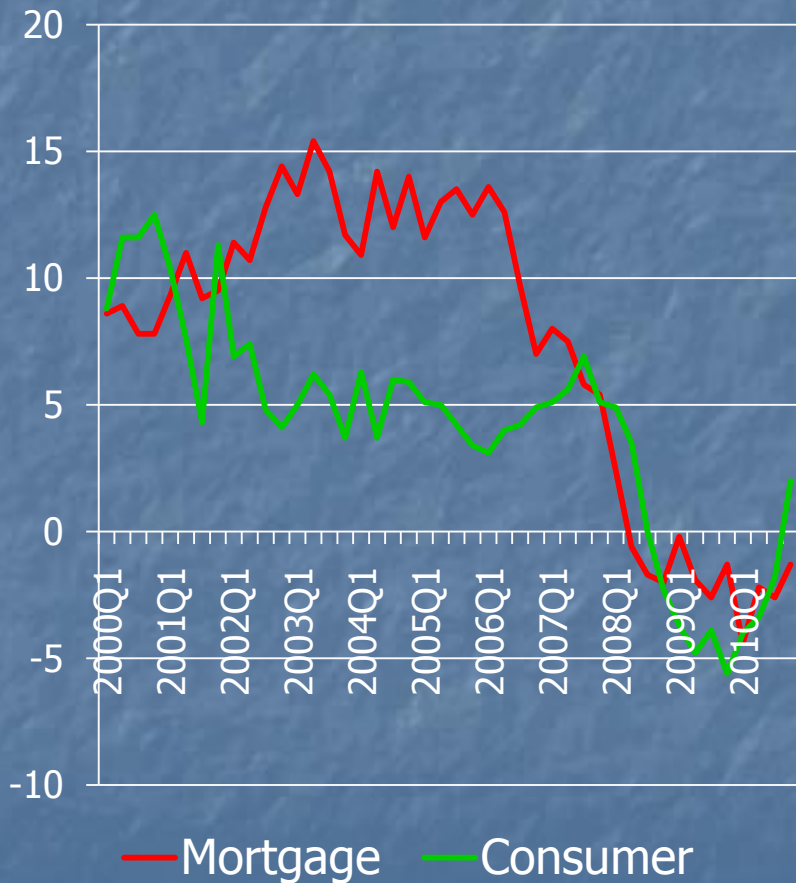


Source: US BEA, Integrated Macroeconomic Accounts for the United States

I. Why do we have a Data Gaps Initiative?

There were some early signs from official statistics

Mortgage credit increased at a high annual rate (left-panel) contributing to an increase in the ratio of debt service to disposable income (right-panel)



Source: Board of Governors of the Federal Reserve System

I. Why do we have a Data Gaps Initiative?

But, there were gaps

- **Identifying build up of risk in the financial sector:**
 - Increase in the underlying credit risk
 - Growth of maturity mismatches (funding gaps) outside the traditional banking system (shadow banking)
- **Understanding interconnectedness:**
 - Across sectors within an economy
 - Cross border
 - Among G-SIFIs
- **Communicating official statistics**

DATA GAPS

There Exist Conceptual/
Statistical Frameworks
and Ongoing Collection

Conceptual Statistical
Framework Needs Further
Development

Build-up of Risk in
the Financial
Sector

2 Financial Soundness
Indicators (FSIs)
#5 Credit Default Swaps
#7 Securities

3 Tail Risk in the Financial System
#4 Aggregate Leverage and Maturity
Mismatches;
#6 Structured Products

Cross-border
Financial Linkages

10, #11, #12 Coordinated
Portfolio Investment Survey,
International Banking Statistics,
International Investment
Positions

#8 and # 9 Global Network
Connections and Systemically
Important Global Institutions
13 and #14 Financial and
Nonfinancial Corporations' Cross
Border Exposures

Vulnerability of
Domestic
Economies to
Shocks

#15 Institutional Sector Accounts
17 Government Finance
Statistics
18 Public Sector Debt
#19 Real Estate Prices

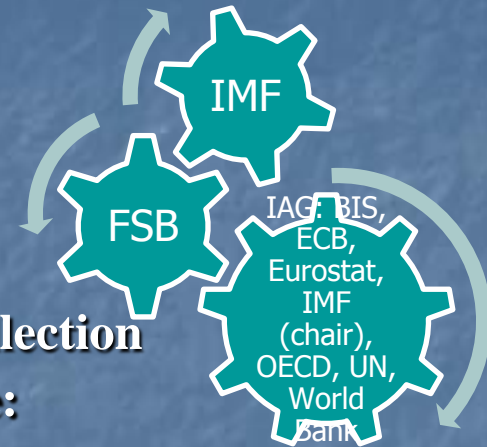
#16 Distributional Information

Improving
Communication of
Official Statistics

#20 Principal Global Indicators
(PGIs)

II. The International Response

- **Establishment of the Inter-Agency Group on Economic and Financial Statistics, IAG (2008)**
 - BIS, ECB, Eurostat, IMF (Chair), OECD, UN, WB
 - Coordinate work on data gaps and strengthen data collection
 - Established Principal Global Indicators (PGI) Website:
<http://www.principalglobalindicators.org/default.aspx>
- **G-20 requested the IMF and the Financial Stability Board (FSB) to explore gaps and provide proposals to address them to the G-20 Ministers of Finance and Central Bank Governors.**
 - Reports provided in November 2009 and June 2010; endorsed by the G-20 Ministers of Finance and Central Bank Governors and the IMFC.
 - Data gaps identified and work plans and timetables established.
 - Follow up report requested by June 2011.



II. The International Response

There is a consultation process including:

- **IMF/FSB G-20 Senior Officials Conferences:**
 - **July 2009 , Washington, D.C., USA**
 - **April 2010, Basel, Switzerland**
 - **March 2011, Washington, D.C., USA**

- **IMF staff consultations with individual G-20 economies:**
 - **Visits to and consultations with G-20 officials, including at Central Banks, Ministries of Finance, National Statistics Institutes, and supervisors/prudential regulators.**

III. Progress to Date: Enhancing Existing Conceptual/ Statistical Frameworks and Ongoing Collection (1)

Recommendation	Achievements
# 2 Financial Soundness Indicators (FSIs)	<p>IMF Executive Board has added seven FSIs to the encouraged category of the Special Data Dissemination Standard (SDDS).</p> <p>Expert Reference Group meeting towards the end of 2011 to discuss the list of FSIs and related questions.</p>
# 5 Credit Default Swaps (CDS)	<p>Agreements have already been reached by the BIS for the reporting central banks to provide more detail on the CDS data, with regard to counterparties, starting with data reported for June 2010, and with regard to geography of counterparties and underlying instruments, starting with data reported for June 2011.</p>
#7 Securities	<p>BIS-ECB-IMF have developed a <i>Handbook on Securities Statistics (HSS)</i> in consultation with member countries. After the completion of Part 1 on debt security issues 2009, Part 2 of the <i>HSS</i>, on debt securities holdings, was released in September 2010. Work is starting on Part 3 of the <i>HSS</i> covering issues and holdings of equity securities.</p> <p>BIS is working with member central banks to improve its quarterly securities data collection, including from G-20 economies based on the high-level template in the <i>HSS</i>.</p>

III. Progress to Date: Enhancing Existing Conceptual/ Statistical Frameworks and Ongoing Collection (2)

Recommendation	Achievements
# 10, and #11 Coordinated Portfolio Investment Survey (CPIS)	Virtually all G-20 countries now participate in the CPIS. BOPCOM supported proposed enhancements to the frequency and timeliness of the CPIS at its October 2010 meeting.
# 10, and #11 International Banking Statistics (IBS)	<p>Similar to the CPIS, work is underway to encourage all G-20 countries to participate in the BIS's IBS data exercise.</p> <p>The Committee of Global Financial Systems has approved a first set of enhancements to the BIS's IBS (expansion of locational statistics by nationality: foreign currency breakdown, vis-à-vis country dimension) and it is considering a second set of enhancements (further enhancements to the locational and consolidated banking statistics in terms of sector, instrument, and other breakdowns) for approval during 2011.</p>

III. Progress to Date: Enhancing Existing Conceptual/ Statistical Frameworks and Ongoing Collection (3)

Recommendation	Achievements
# 12 International Investment Position (IIP)	<p>IMF Executive Board agreed in March 2010 to prescribe IIP on a quarterly frequency in the SDDS from 2014.</p> <p>The number of reporters of IIP data continues to increase and is now over 120. Over 60 countries compile quarterly IIP data.</p>
#15 Institutional Sector Accounts	<p>A conference was organized in Washington, DC in February 2011 primarily with G-20 economies on the stock-take work on the availability of sectoral balance sheets and accumulation accounts.</p> <p>One of the outcomes of the conference was agreement with countries on a possible minimum set of sectoral and balance sheet data that should be disseminated.</p>

III. Progress to Date: Enhancing Existing Conceptual/ Statistical Frameworks and Ongoing Collection (4)

Recommendation	Achievements
# 17 Government Finance Statistics (GFS)	<p>In March 2010, the IMF Executive Board decided to adopt a standardized presentation of GFS following the <i>Government Finance Statistics Manual, 2001 (GFSM 2001)</i>, with staff reports to use this format by May 2011.</p> <p>More work is needed to harmonize reporting practices—some countries embargo quarterly data until all quarters for the year are available.</p>
# 18 Public Sector Debt	<p>The World Bank and IMF launched a new public debt database, primarily for emerging and developing economies. The <i>Public Sector Debt Statistics Guide</i> was published.</p>
#19 Real Estate Prices	<p>BIS, Eurostat and ECB are working in this area. Data on real estate prices are now available on the BIS website (http://www.bis.org/statistics/pp.htm).</p> <p>The third draft of the <i>Handbook on Residential Property Price Indices (RRPIs)</i> was released by Eurostat in January 2011; the final version is expected by end-year. Once this work is completed, discussions will begin on a <i>Handbook on Commercial Property Price Indexes</i>.</p>

III. Progress to Date: Communicating Official Statistics, #20 Principal Global Indicators (PGI)

<http://www.principalglobalindicators.org/default.aspx>

➤ Recent Enhancements/additions (March 2011):

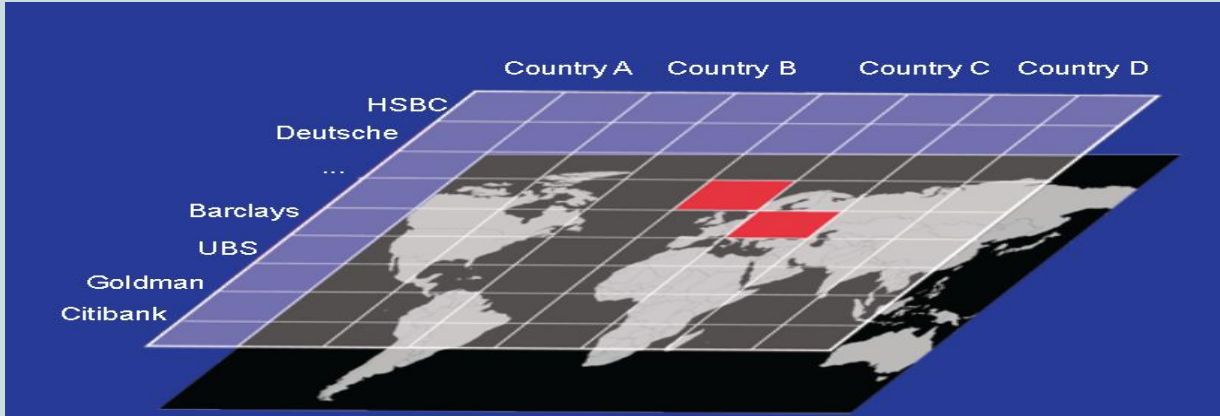
- Five non-G-20 countries members of the FSB
- Cross-country government finance data
- Iphone/Ipad applications
- SDMX web service

The screenshot shows the 'PGI DATA EXPLORER' website. At the top left is the PGI logo. The main heading is 'PGI DATA EXPLORER'. Below this is a paragraph of text describing the service: 'PGI Data Explorer provides internationally comparable data for the Group of 20 economies (G-20) and the five members of the Financial Stability Board that are not part of the G-20 to facilitate the monitoring of economic and financial developments for these jurisdictions. The data set is a joint undertaking of the Inter-Agency Group on Economic and Financial Statistics (IAG), comprising of the Bank for International Settlements (BIS), the European Central Bank (ECB), Eurostat, the International Monetary Fund (IMF, Chair), the Organisation for Economic Co-operation and Development (OECD), the United Nations (UN), and the World Bank (WB)'. To the right of the text are logos for the European Central Bank, Eurostat, BIS, IMF, OECD, UN, and WB. Below the text are three blue buttons: '» Data Query', '» Canned Reports', and '» Data Sources'. At the bottom right is the 'POWERED by sdmx' logo with the tagline 'Statistical Data and Metadata Exchange'.

III. Progress to Date: Developing New Conceptual/ Statistical Frameworks (1)

Recommendation	Achievements
<p># 3 Tail Risk in the Financial System</p> <p>#4 Aggregate Leverage and Maturity Mismatches</p>	<p>These recommendations are among the most important in understanding developments in the financial system but also among the most conceptually challenging.</p> <p>The IMF's Monetary and Capital Markets Department held a conference in May 2010 on these topics, and is working with BIS to produce conceptual guidance by mid-2011: http://www.imf.org/external/np/seminars/eng/2010/mcm/index.htm.</p>
<p>#6 Structured Products</p>	<p>In April 2010, IOSCO published a report on Asset Backed Securities (ABS) Disclosure Principles providing guidance to securities regulators who are developing or reviewing their regulatory disclosure regimes for public offerings and listings of ABS (http://www.iosco.org/news).</p> <p>In April 2011, IOSCO held the first meeting of a new Standing Committee on Risk and Research aiming at assisting securities regulators undertaking research on systemic risk.</p>

III. Progress to Date: Developing New Conceptual/ Statistical Frameworks (1)

Recommendation	Achievements
<p>#8 and # 9 Global Network Connections and Global Systemically Important Institutions (G-SIFIs)</p>	<p>Progress is being made in developing a draft template for reporting data on G-SIFIs. The FSB Plenary approved proposals to progress work on a common template for improving the collection and sharing among relevant authorities of data on G-SIFIs. Key challenges include:</p> <ul style="list-style-type: none"> ➤ how much data to collect (and breakdowns such as currency, maturity, and country), ➤ who to collect it from—just banks or a broader set of institutions, and ➤ overcoming confidentiality issues relating to data access. 

III. Progress to Date: Developing New Conceptual/ Statistical Frameworks (2)

Recommendation	Achievements
<p data-bbox="142 391 421 725"># 13 and #14 Financial and Nonfinancial Corporations' Cross Border Exposures</p>	<p data-bbox="562 391 1750 609">Work is ongoing in developing key concepts and definitions relating to data consolidation (# 13) and bringing together available data on cross-border activity of nonbank financial institutions (# 14).</p> <p data-bbox="562 679 1696 725">Specific issues that need discussion/clarification include:</p> <ul data-bbox="562 736 1823 1013" style="list-style-type: none"><li data-bbox="562 736 1823 843">➤ existing concepts of consolidation (national accounts and BIS concepts);<li data-bbox="562 848 1823 951">➤ definition of a group (accounting view and supervisors view); and<li data-bbox="562 967 1576 1013">➤ definition of control and definition of exposures. <p data-bbox="562 1084 1846 1244">The BIS, under the auspices of the Irving Fisher Committee on Central Bank Statistics, arranged a workshop in January 2011 to discuss the issues with statistical experts.</p>

III. Progress to Date: Developing New Conceptual/ Statistical Frameworks (3)

Recommendation	Achievements
#16 Distributional Information	<p data-bbox="562 391 1818 609">Lack of information on how income, consumption, wealth, and indebtedness are distributed within sectors, particularly households, hampered the identification of vulnerabilities developing in the domestic economy.</p> <p data-bbox="562 682 1302 725">Two expert groups have been set up:</p> <ul data-bbox="562 736 1846 1071" style="list-style-type: none"><li data-bbox="562 736 1846 897">➤ A joint <i>OECD/Eurostat</i> expert group to consider how existing micro data could be used to produce estimates of disparities between groups of households.<li data-bbox="562 910 1846 1071">➤ An <i>OECD Expert group</i> to start methodological and conceptual work on the joint distribution of household income, wealth, and consumption from a micro viewpoint.

IV. The Work Ahead

Setting immediate objectives (2011-12)

- We need to move to further improving actual data collection and dissemination
 - Make better use of existing data
 - Enhance existing frameworks for data collection and dissemination and harmonize data reporting templates
 - Further enhance the PGI
- We need to coordinate data work with upcoming proposals and parallel exercises
 - Indicators being defined for the G-20 Mutual Assessment Process
 - Upcoming enhancements to the IMF's Data Standards

IV. The Work Ahead

Setting medium-term objectives (2012-14)

- **Complete enhancements to existing statistical frameworks and data collection/dissemination**
 - **Make use of the implementation of recently updated methodologies (SNA2008, BPM6)**
- **Finalize development of new statistical frameworks and start collection and dissemination of new data**

IV. The Work Ahead

Be aware of constraints

- Work needs to be done (it will be bad if a new crisis highlights the same data gaps we are addressing), but there are constraints:
 - Set priorities:
 - Cross-border interconnections (from whom-to-whom data)
 - Sectoral interconnections data
 - Leverage, maturity mismatches and shadow banking
 - General government operations and positions data
 - Coordinate better:
 - Among international institutions (strengthen coordination in the IAG)
 - Among agencies within countries

IV. The Work Ahead

Be aware of risks

- **Momentum could be lost in addressing data gaps**
 - **Continue consultative approach with G-20 economies to monitor implementation progress and discuss challenges**
 - **Continue periodic reporting to G-20 Ministers of Finance and Central Bank Governors**
 - **Maintain close coordination among international institutions**

V. Concluding Remarks

- Firm progress is being made in addressing data gaps:
 - G-20 economies are already addressing data gaps
 - Individual IAG agencies allocated to lead specific **recommendations**
 - Communication of official statistics is improving (the PGI).
- Data Dissemination Standards (GDDS and SDDS) have been strengthened (and further enhancements are under consideration).
- But challenges remain ahead:
 - Implementation plans and timetables will need to be firmed up
 - Development of new data frameworks will need to be completed
 - Adequate resources need to be identified and allocated to statistical work
 - Coordination and collaboration—not only among IAG agencies, but also with and within national statistical agencies will need to be strengthened.