

Key Messages

FSB/IMF Global Conference on the Second Phase of the G-20 Data Gaps Initiative (DGI-2) Washington D.C., USA

June 14–15, 2017

I. Overview of the First Year of DGI-2

- Substantial progress was made by the participants since the last DGI Global Conference. Participants elaborated on the progress made over the past year and all expressed strong continued commitment. It was emphasized that progress at country level is highly dependent on strong cooperation among the several national statistical agencies responsible for the different recommendations.
- DGI-2 statistical work is a deliverable of the G-20 German Presidency in 2017 and the timely progress during its first year deserved a full recognition of this work. Participants underscored that the achievements of the DGI focus first and foremost on the financial stability analysis and policy needs and this objective need to be widely and more explicitly communicated.
- Some participants emphasized the importance of flexibility while implementing DGI-2 to allow effective response to other evolving users and policy needs; others highlighted the need to maintain the focus on existing recommendations/targets instead of introducing new goals. It was noted that some flexibility is embedded in the current approach where some templates are revisited annually and others are yet to be finalized. This could be one way to partially address emerging users' needs; for example, possible new data needs of the G-20 International Financial Architecture Working Group (IFA WG) could be addressed within the existing DGI framework.
- It is important for participating economies to establish clear prioritization when implementing DGI-2 with the overall goal of responding to the financial stability policy needs both at the national level and for international policy coordination.
- Some participants expressed the view that exchanging more granular/micro/detailed data will contribute to the flexibility in implementing the DGI-2. However, confidentiality issues need to be considered as increased sharing of granular data creates new challenges in respect to confidentiality. It was suggested that the level of data granularity collected and exchanged should take account of users' needs.

- National authorities should invest in improving their statistical infrastructures (e.g., linking registers) and international organizations should support such efforts, which will improve the quality of statistics and reduce duplication.
- The inter-agency cooperation and the use of internationally agreed methodological standards at the national level is key to ensure consistency across recommendations to the extent possible.

II. Outcomes of the 2017 Thematic Workshops

Participants welcomed the outcomes of all four thematic workshops.

1. Data Sharing

- Participants asked for clear(er) definitions of various levels of data granularity (e.g., granular/micro/disaggregated data) based on the terminology proposed at the 2017 Data Sharing workshop.¹
- The importance of a set of global common identifiers (e.g., Legal Entity Identifier (LEI)) to provide consistency of data at the global level was underscored. Synergies with existing well established identifiers, both at a national and regional/international level, should also be sought. Faster progress is desirable and support for the LEI expansion, especially for non-financial corporations, should be considered.
- National authorities and international organizations should aim at building and maintaining trust between all relevant parties, including data users and data producers by striking a balance between making more data available for users while maintaining confidentiality. To significantly improve data sharing, participants should work to overcome, as appropriate, cultural and legal barriers and limitations to data sharing by reviewing whether longstanding working practices remain relevant. Further, there was a call to share examples of innovations and best practices in this area.
- Participants enquired how the progress on data sharing would be monitored. There were suggestions to introduce quantitative indicators to track progress. However, it was agreed that given the qualitative nature of the recommendation, a questionnaire would be more effective in evaluating the usefulness of the seven recommendations concluded at the 2017 Data Sharing Workshop and how they are being implemented, including in relation to other recommendations of the DGI-2.

¹ The 2017 Data Sharing workshop discussed and agreed on terminology for various levels of data granularity. Further details can be found in the February 2017 “Update on the Data Gaps Initiative and the Outcomes of the Workshop on Data Sharing” available at <http://www.principalglobalindicators.org>.

- It was agreed to better communicate the seven recommendations agreed at the Data Sharing workshop, both at the national and international levels.

2. Data Gaps on Systemic Risk in the Insurance Sector

- The workshop focused on a stock-taking of existing and planned work on insurance sector data, gathered preliminary views on sources and data gaps on systemic risk in the sector, and reviewed lessons from other related data collection experiences. The proposal on the way forward in this area will take account of the International Association of Insurance Supervisors workplans.
- It was suggested that before embarking on data collection, conceptual and methodological work should be undertaken to identify if systemic risks exist.

3. Institutional Sector Accounts

- Participants agreed on the importance of this recommendation and expressed commitment in advancing its implementation while acknowledging the challenges.
- A key reason to encourage compilation of the institutional sector accounts is that they are like an “umbrella” covering both financial and nonfinancial accounts of a given economy. In addition, compilation of the institutional sector accounts facilitates better and sounder data sharing arrangements and agreements both at national and international levels.
- Participants welcomed the proposal of leveraging the FSB annual shadow banking monitoring exercise to increase the sub-sectoring of non-bank financial institutions in the context of sectoral accounts, while acknowledging the different purpose of the exercise. Given their closeness to the data, national authorities may take the lead in this analysis (e.g., it was suggested that the members of the DGI Contact Group liaise with their respective members of the FSB Shadow Banking Experts Group).
- Given that the sectoral financial and non-financial accounts cover the whole national economic and financial spectrum and that economic structures are different across economies, some elements (i.e., “cells” in the reporting templates can be more relevant for some countries than for others).
- It is expected that particular efforts will be made, including estimates as necessary, for those parts of the templates that capture features of systemic importance in a country.
- Concerning the degree of integration, data for the main sectors and instruments are expected to be consistent to the extent possible.

4. Financial Soundness Indicators (FSIs)

- Overall, participants endorsed the results of the workshop and the way forward.

- The difficulty of setting reporting thresholds for the compilation of concentration and distribution measures (CDMs) from bank-by-bank FSIs in countries with concentrated banking sectors was noted.
- The IMF was invited to work with other international organizations and national bank supervisors to promote the adoption of standard dissemination formats for Pillar 3 disclosures that will facilitate using the data for statistical purposes.
- As a follow-up to the workshop, the IMF will establish a collaboration site to foster discussion and facilitate the finalization of the proposal on the CDMs and on the FSIs list. These steps will facilitate the CDMs reporting which is intended to start in the second half of 2018. IMF will also work towards the finalization of the revised FSI Guide and of the reporting FSI templates.

III. Progress in Implementing the DGI-2 and Key Challenges Ahead

- During this session, presentations were made by India, Indonesia, Saudi Arabia, and Turkey. All countries' presentations highlighted significant progress, while acknowledging some challenges. In the cases where targets were met, countries expressed commitment to work on the more advanced ambitions.
- Presenters emphasized the benefits of incorporating DGI-2 into their medium-term national statistical strategies. They also stressed the importance of better coordination among compiling agencies and having trained/skilled staff. To improve coordination among compiling agencies, it was suggested that the Inter-Agency Group on Economic and Financial Statistics (IAG) agencies² could help in identifying ways to strengthen the communication channel between the Central Bank, Statistical Office, and the Ministry of Finance in the participating economies.
- Several significant challenges were identified: for instance, national priorities could differ from those of the DGI-2, lack of guidance on Islamic banks for the reporting of derivatives, compilation of the government finance statistics (GFS) data beyond central government, data collection challenges for some sectors (e.g., nonfinancial corporations), measurement of the informal economy, confidentiality issues; and the need for further methodological work on the Commercial Property Price Indices (CPPI).
- Identification of non-resident counterparties (for instance related to securities' holdings by third-party foreign custodians) was highlighted as a common challenge and further guidance from international organizations was requested.

² The IAG was established in 2008 to coordinate international statistical work following the financial crisis. The IAG member agencies are: Bank for International Settlements (BIS), European Central Bank (ECB), Eurostat, IMF (chair), Organisation for Economic Co-operation and Development (OECD), United Nations, and the World Bank.

- The importance of sharing of experiences (e.g., on micro-macro linkages) among countries was stressed. In this context, international organizations could consider how best to create a platform to facilitate such exchanges. Countries are also invited to join existing working groups dealing with these issues.
- Along with a strong commitment to the initiative, countries raised the need for flexibility to reflect differences in national economic and statistical realities while maintaining the key focus of the DGI (serving international and national financial stability policy needs).
- The ECB/BIS informed the participants on progress and the way forward with the Recommendation II.7 on securities statistics and announced the second thematic workshop on securities statistics to be hosted by the IMF in March 2018.

IV. Users' Perspective on the DGI-2

- During this session, presentations were made by France on behalf of the co-chair of the G-20 IFA WG, Brazil, Russia, and the UK. Presentations highlighted the variety of uses and users of the DGI datasets.
- Participants noted the usefulness of the DGI-2 datasets and emphasized the need for raising awareness, enhancing communication with users, and improving data accessibility. Identifying ways to better support data users should be an ultimate goal of the DGI-2.
- The use of visualization techniques should be encouraged as they can be a useful tool to demonstrate the value of various datasets to stakeholders. However, any visualization technique used should be selected on the basis of its effectiveness in conveying relevant information to stakeholders.

V. Monitoring Framework

- Participants welcomed the overall monitoring framework and praised the usefulness of the traffic lights approach, which aims to track progress toward the completion of targets. Clear communication of the progress made by the participating economies is crucial.
- Conciseness and clarity should be sought when communicating with policy makers. In addition to the traffic lights monitoring, a complementary monitoring tool (which takes account of priorities) should be developed for the internal use of the DGI Contact Group.
- Participants underscored the importance of tracking changes from year to year and taking into account the self-commitments made by the participating economies. It was agreed that the IAG should develop a proposal that will be shared with the participating economies for comments.
- Some non-G-20 FSB member economies expressed reservation on being included in the monitoring framework, noting the voluntary nature of the exercise for them; some others supported such inclusion. A proposal on the way forward was prepared by the FSB

secretariat in consultation with the IAG and shared with the non-G-20 FSB member economies.

VI. Way Forward

- There was general consensus that the thematic workshops should be the main form of collaboration next year. It was underscored that these workshops are very useful for technical discussions/facilitating the implementation of the DGI-2 recommendations and for putting forward proposals for further consultation and decision taking.
- Several themes were suggested for the next year's workshops, including sectoral accounts (also covering nonfinancial assets), data sharing, Residential Property Price Indices (RPPI)/CPPI, and GFS. The IAG members will discuss these suggestions and will prepare a proposal for the 2018 thematic workshops (including the planned workshop on securities statistics in March 2018).
- Given the usefulness of thematic workshops, participants suggested that, where possible, their outcomes should be made available on a SharePoint/website along with implementation experiences and lessons learned.
- It was also agreed that a document should be prepared to fully clarify the different types and terminology around the general concept of "granular data" (building up on the agreed terminology during the 2017 Data Sharing workshop). The document could usefully specify the reasons/needs for "granular data" for a given indicator.
- In order to monitor the progress on data sharing, it was proposed that a questionnaire will be developed and circulated to the participating economies well in advance of the 2018 Global Conference.
- Some of the issues (e.g., assessing merits and costs of a currency breakdown in the International Investment Position) will be followed up under the respective statistical committees/groups.
- The way forward should also include finalization of templates for those recommendations that do not have templates yet.
- The IMF has circulated to the participants the final 2017 G-20 IFA WG report.

VII. Other Related Initiatives

- Participants welcomed the presentations on LEI, digital economy, and Statistical Data and Metadata eXchange (SDMX).
- LEI is seen as a very useful infrastructure development supporting the DGI-2 recommendations. Mapping between the LEI and statistical sectoral classifications could be considered.

- The visibility of the SDMX project within the DGI-2 should be enhanced given its significant contribution to the initiative.
- Participants will be kept informed on progress in measurement of the digital economy.

VIII. Concluding Remarks

- The IMF and the FSB Secretariat thanked the participating economies for the significant progress made, strong commitment to the DGI-2, and for the excellent and candid discussions during the conference.