BANQUE DE FRANCE
EUROSYSTÈME

Towards the banking union :
Opportunities and challenges for statistics

Statistics for multipurpose usage : Synergies between the central banking and the supervisory functions

Foreword

- A detailed knowledge of the situation of the financial system is essential to assess on-going economic and financial developments.

- It should also be an important input to anticipate possible future crises.

What does this intertwined framework imply in terms of data?

1. Most data are multipurpose

2. Micro data are crucial

3. Specialization between business lines lies more on data usage than on data collection

Foreword

Let me then :

- REMIND that central bankers and supervisors have common needs that can be satisfied by statisticians.

- RECALL that we are living in a more and more data rich environment.

- TRY to pencil some possible consequences that could be derived from this evolution.

Plan of the presentation

1. Needs of all statistics users converge, in particular via micro data collection.

2. What does living in a more and more data rich environment imply for central bankers and supervisors?

3. Data sharing is crucial

1.1 The needs of supervisors converge with those of other users of statistics

- As other users, supervisors are asking more and more for fresh, timely and reliable data.

- As supervisors, economists relies more and more on granular and detailed data.

1.2 Micro data have to support macro-prudential surveillance

- As a whole, micro data collected by statisticians may support macro prudential surveillance in the following ways :

  - facilitate the early detection of common exposures to certain economic sectors

  - offer precious information on sector, currencies of denomination, maturities of the transaction etc.

1.3 Three concrete examples of this convergence of needs

1. The central register of loans to non financial corporations: ANACREDIT

2. The money market statistics reporting initiative: MMSR

3. The completion of the Data Gaps Initiative

2. We are living in a more and more data rich environment. What does it imply for central bankers and supervisors ?

- Data are developing at an exponential rate and offer new possibilities to central bankers and supervisors.

- Collecting an increasing set of data is also presenting risks :

  - not reaching the best possible balance between reliability and timelines,
  - being snowed under with a huge number of very detailed data...
  - while not being really capable to analyse them in an efficient way.

- A possible solution for mitigating these risks: develop and leverage on statistical techniques and analytical tools.

3. Data sharing is crucial

- Surveys show that central bankers as supervisors are often reluctant to share data...independently from the local legal framework.

- Still, a silo approach is too costly and too inefficient, both for the respondents and for the authorities.

- Some pre-conditions for data sharing :

- A clear policy signal is needed within the organizations, coming from the highest level

- Legal and technical issues have to be addressed.

3.1 Technical avenues for implementing data sharing 1/4

A possible solution : fully align the reporting framework for supervisors and central bankers, possibly at the micro-data level.

Examples : Italy and Canada.

- Pros :
  when enforced, could be easy to run for credit institutions and for the authorities
- Cons :
  needs technical harmonization (ideally at the EU level at least) and could imply important investments within credit institutions.

Hence seems to be a medium
or long term solution rather than
a ‘quick win’

3.1 Technical avenues for implementing data sharing 2/4

Another option : using Big Data technology (but not Big Data themselves!)

Banque de France, in cooperation with the Prudential Supervision and Resolution Authority, is currently developing the Big Data IT technology for setting up a common data base:

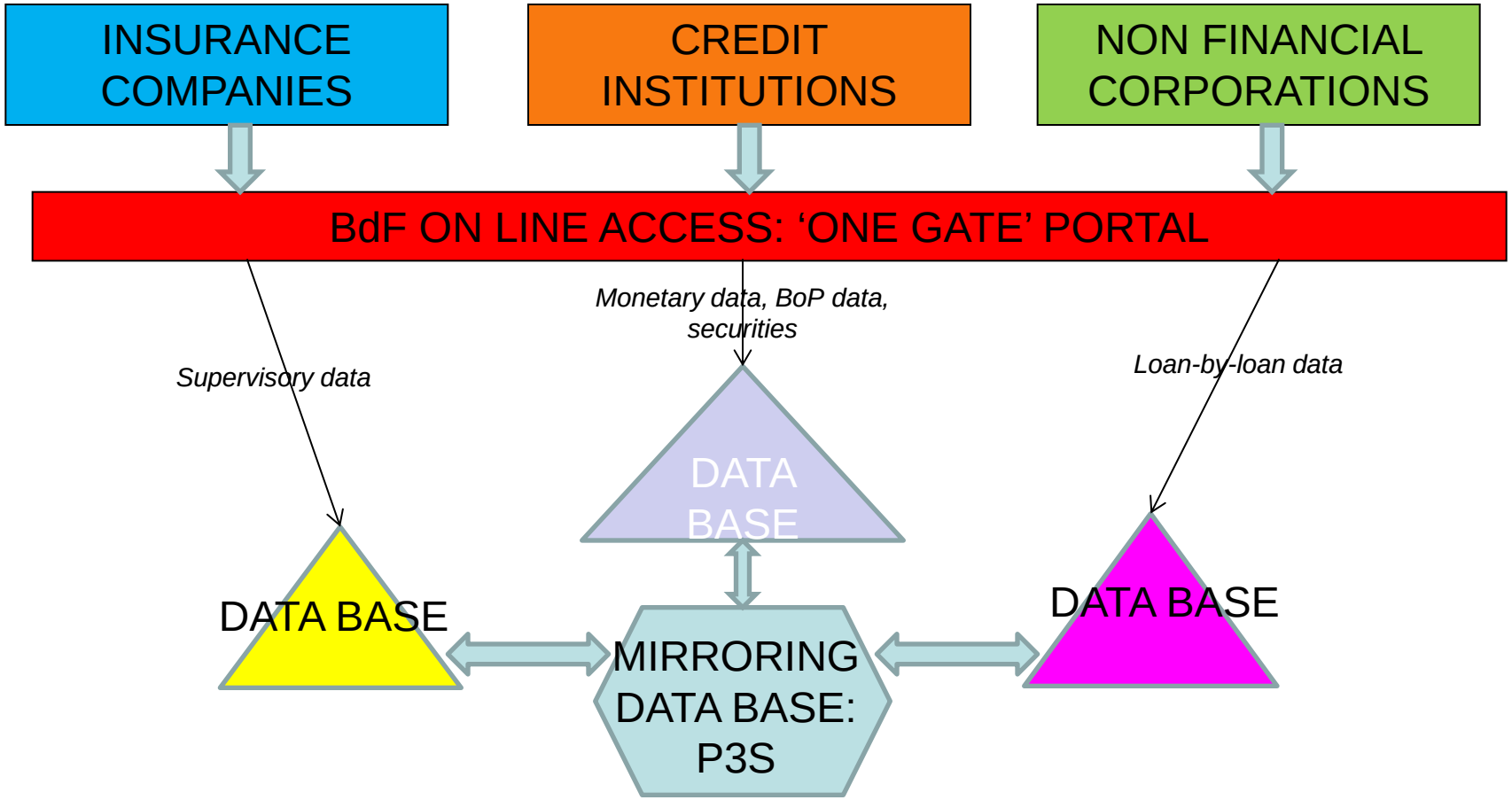
Pooling and Sharing the Statistical Series (P3S)

- Database fed by, and usable by, all data receivers …
- while respecting the confidentiality rules set by the EU law.

- PROS : a quick win, economical for all stakeholders and easy to implement
- CONS : a pragmatic solution rather than an ‘ideal’ reform such as full harmonization and systematic raw data collection.

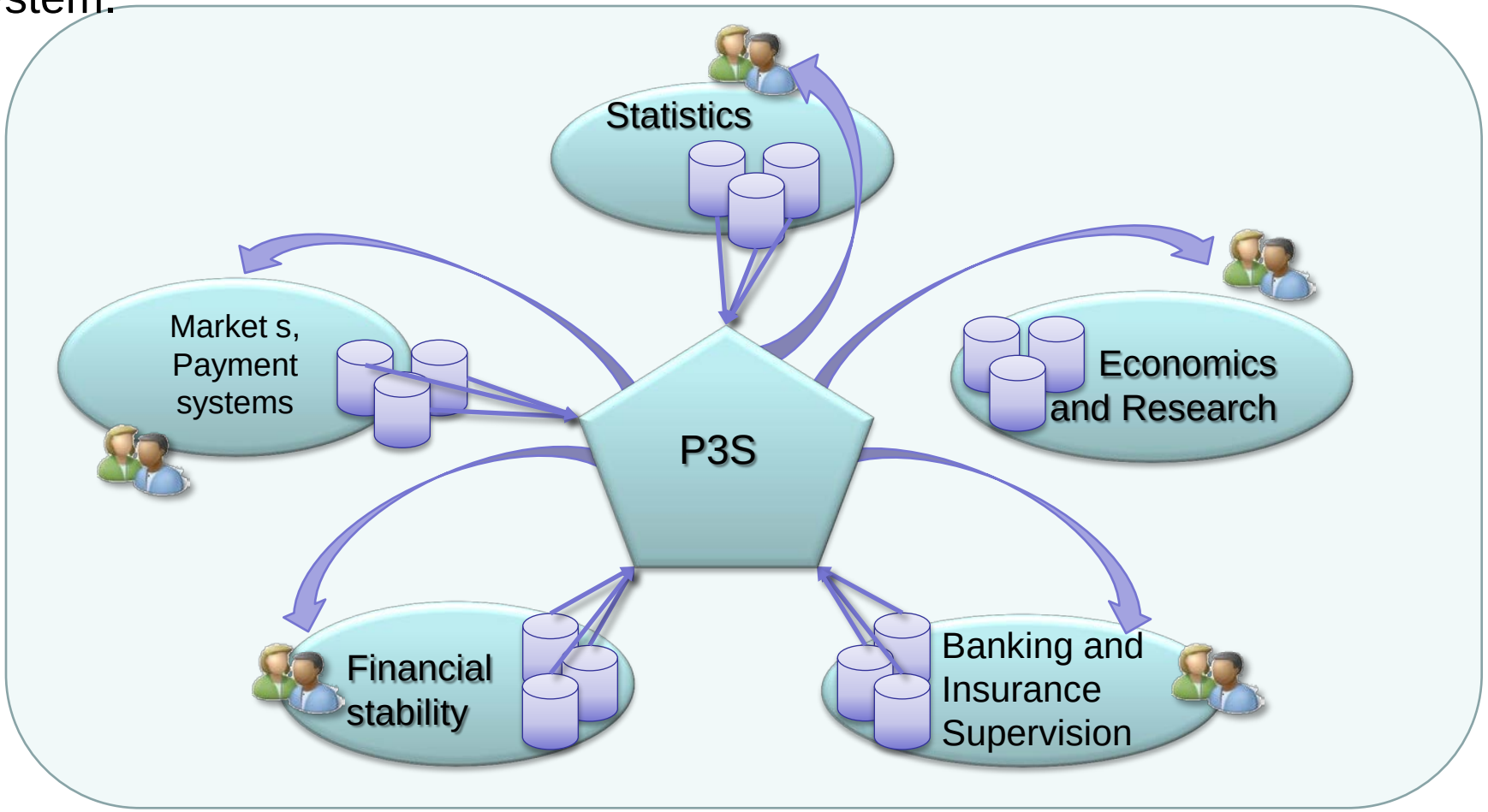
3.1 Technical avenues for implementing data sharing 3/4

Pooling and Sharing the Statistical Series (P3S) at the Banque de France



3.1 Technical avenues for implementing data sharing 4/4
Goal of the new set up

• Key principle: users (Supervisors, Markets, Financial Stability, Payment Systems, Statistics, Research,…) use P3S data in their own Information System.



3.2 Challenges to be addressed

Numerous and very promising opportunities BUT challenges to be addressed :

- First : fully exploit the possibilities offered by the legal framework
- Second : define a need-to-know principle between different functions and responsibilities
- Third : set up precise rules and a specific governance scheme for data sharing.

Statistical departments have a pivotal role to play in a modern Central Bank especially in the ESCB.

Challenges are numerous and demanding but meeting them is absolutely crucial for :

- the smooth implementation of monetary policy,
- the efficient conduct of banking supervision,
- the stability of the financial system.

While the progress made since the start of the crisis and the G20 initiative are impressive, much more has to be done in this area.

Many thanks for your attention.