

Enhancing Statistical Co-operation in Ireland

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Abstract

Co-operation between the Central Bank of Ireland and the Central Statistics Office was expanded following two developments in the late 1990s and early 2000s. New data reporting obligations to the European Central Bank on balance of payments statistics led to the signing of a formal agreement between both institutions in 2002. Secondly, a joint review of the financial statistics collected by the Central Statistics Office and the Central Bank was undertaken, as part of an Irish Government initiative to streamline the collection of statistics for policy needs. This highlighted significant duplication in the collection and compilation of financial sector statistics. Following the review, structures were put in place to address the key issues raised. These included establishing a high-level co-ordinating committee, and a series of sub-committees to look at particular statistical areas. This has led to greater levels of co-operation, the elimination of duplication, greater rationalisation of statistical activities, and the creation of technical expert groups to examine conceptual and methodological issues. As part of a drive to minimise the reporting burden, a number of joint surveys have also been established, legal issues on the exchange of data have been addressed, and joint work programmes for development of new statistics adopted. This paper outlines the history of the co-operative work, initiatives undertaken to date, and plans to further enhance collaboration. The joint work has allowed both institutions to concentrate on areas of comparative advantage, share expertise and expand statistical coverage of the financial sector.

Key Words: bop/BOP agreement, confidentiality, data-sharing, joint surveys.

1. Introduction

Co-operation between the Central Bank of Ireland (CBI) and the Central Statistics Office (CSO) has been in existence over many years. However, it was established on a more formal basis following two developments in the early part of the last decade. Firstly, a formal agreement covering balance of payments (bop) and related statistics was signed in 2002, in accordance with the provisions of European Central Bank (ECB) legislation. The second development followed an initiative by the National Statistics Board in 2004 to develop better evidence-based statistics in response to government policy requirements. As part of this project, the CSO undertook an examination of data holdings across various government departments and public agencies. The data holdings of the Central Bank on financial enterprises were identified as a key data source, and a joint project was initiated between the CSO and CBI to review these holdings, and to advise how these could be better streamlined in the national interest. These developments were the starting point for establishing new structures for co-operation across a broad spectrum of financial statistics. This paper provides an overview of the co-operation model and how it developed subsequently. Section 2 provides the background, while Section 3 details the structures established. The joint work undertaken by both institutions is presented in Section 4. Data-sharing arrangements are explored in Section 5, while Section 6 concludes.

2. Background

The CSO was established in 1949 as Ireland's national statistical office. Its status was formalised in legislation with the enactment of the Statistics Act, 1993. The mandate

of the CSO, under the Act, is "The collection, compilation, extraction and dissemination for statistical purposes of information relating to economic, social and general activities and conditions in the State". Meanwhile the CBI's role in statistics, which had historically been confined to a limited number of financial series, expanded as Ireland prepared for monetary union in the late 1990s. This placed an obligation on the CBI (similar to other national central banks in the euro zone) to compile the requisite statistics to support the monetary policy of the ECB and the other tasks of the Eurosystem and the European System of Central Banks (ESCB). Entry to monetary union, therefore, focussed attention on the role of the CSO and the CBI in the compilation of financial statistics.

In Ireland, the CSO has always been the recognised national authority for the compilation of bop statistics¹. These statistics are, however, an essential component of the ECB's statistical requirements which the CBI has a statutory obligation to provide. An accommodation was, therefore, required whereby bop statistics compiled by the CSO could be used to meet the CBI's statutory reporting obligations to the ECB. This need for formal co-operation structures was recognised by both institutions, and was referenced in the ECB legislation underlying bop reporting in the initial stages of monetary union². A formal agreement on all matters concerning the collection and compilation of bop statistics for Ireland, required by the ECB and the ESCB was drawn up and signed by the Governor of the CBI and the Director General of the CSO in February 2002. This is known as the 'Bop Agreement' and it clearly establishes the modalities of statistical co-operation for institutions, including data-sharing, collection and compilation. This agreement has been updated as reporting obligations changed, with the latest version signed in December 2010.

Initial co-operation largely focussed on bop and related statistics. This co-operation was extended to other areas following an initiative by the National Statistics Board (NSB) in 2004. The NSB is responsible to Government for setting priorities for the compilation and development of official statistics in Ireland and guiding the strategic direction of the CSO. The NSB was responding to Government demands to develop better evidence-based statistics for policy making. This involved evaluating administrative and statistical data holdings on enterprises relevant to policy needs in the economic and environment areas. Data holdings in the Central Bank on financial enterprises were identified as an important source of such information, and a joint project was initiated between the CSO and the CBI to review this information.

The review concluded that there was an increasing level of inter-dependence between the CSO and the CBI on statistical matters, but that there was significant overlap and sometimes duplication in aspects of data collection and compilation. This offered significant scope for the rationalisation of data collection and production processes leading to a reduction in the burden on reporters and compilers alike. The report recognised that while good co-operation existed, it could be significantly enhanced by being established on a more formal basis. A Statistics Liaison Group was proposed with a mandate to take account of all relevant financial statistical developments and requirements in both institutions and to ensure that these are addressed in a coherent manner. This proposed group should include senior management representatives from both institutions.

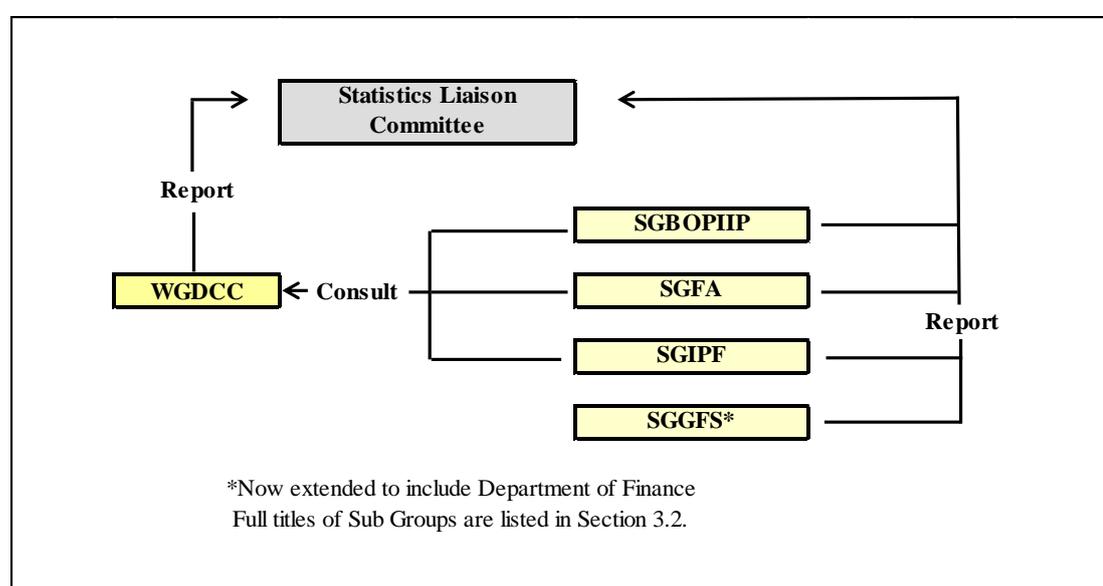
¹ For the purposes of this paper, bop is defined to include international investment position and external debt statistics.

² Article 3 of Recommendation (ECB/2000/5) and Recital 6 of Guideline (ECB/2000/4) of the European Central Bank of 11 May 2000 on the statistical reporting requirements of the European Central Bank in the field of balance of payments statistics, the international reserves template and international investment position statistics.

3. Structures of Co-operation

The high-level group, known as the Statistics Liaison Committee (SLC) was established in 2005 with a mandate to direct strategic co-operation between the CBI and CSO in the field of financial statistics. The SLC was given the authority to make decisions on its own initiative or to establish working groups to examine particular issues, make proposals and refer these back for consideration. A number of working groups were created, covering the main work areas within financial statistics. While some minor changes have been made, the structures have remained largely unchanged in the intervening years. In practice, the SLC meets once a year to review progress and agree work programmes for the sub-groups for the coming year. The SLC can merge sub-groups, abolish sub-groups, or establish new sub-groups according to statistical priorities at any time. The sub-groups currently operating and the broad reporting arrangements are outlined in Figure 1.

Figure 1: Structures of Co-operation



3.1 Working Group on Data Collection and Compilation (WGDCC)

The WGDCC’s role is to examine factors impacting on the rationalisation of financial data collection and compilation and make recommendations. Its mandate has widened to look at new data requirements from financial enterprises, particularly where these straddle a number of work areas. It also discusses topics referred to it by the SLC, including conceptual and methodological issues. The WGDCC reports to the SLC and organises its work according to priorities established by the SLC. It may also consult with the sub-groups listed below on specific technical matters, or as directed by the SLC, but has no managerial role in relation to these sub-groups.

3.2 CSO-CBI Sub-Groups

The following sub-groups were established by the SLC to undertake specific tasks relating to particular statistical domains and to report to the SLC. They can also consult if necessary with the WGDCC. At present the sub-groups in operation are:

- Sub-Group on BOP/IIP (SGBOPIIP)
- Sub-Group on Financial Accounts (SGFA)
- Sub-Group on Insurance/Pension Funds (SGIPF).

- Sub-Group on Government Finance Statistics (SGGFS)

4. Initiatives undertaken

Following the establishment of the formal structures, a number of joint initiatives were undertaken. As outlined above, co-operation was largely focussed on **bop** matters in the early stages as both institutions faced expanded reporting obligations to Eurostat and the ECB. Furthermore, this was an area where duplication of work existed – for instance, there was a significant overlap in the data reported by credit institutions to the CBI for monetary statistics and to the CSO for balance of payments purposes. Secondly, new reporting requirements for investment funds were also being introduced by the ECB³ which overlapped with bop returns submitted by these entities to the CSO. In addition, the pending ECB requirement to report security-by-security information for bop meant that changes to the CSO's bop compilation system would be necessary. In this context, the SLC proposed that any changes should follow the principle that data are collected only once, and made available to both institutions, subject to any legal constraints on the sharing of data. The approach to data sharing is expanded in Section 5. New reporting forms for credit institutions and investment funds were drawn up, covering the statistical requirements of both institutions, and procedures for the collection, compilation and sharing of data were agreed. The initial forms have recently been updated to include requirements of the new statistical manuals and to address data gaps identified in the aftermath of the crisis. Work on these joint initiatives has been primarily undertaken in the SGBOPiIP. This group also oversees the updating and operation of the Bop Agreement. The role of the SGBOPiIP has been further expanded in the past year to include work on financial intermediation services indirectly measured (FISIM) calculations for Ireland.

Financial Accounts is another area where co-operation between the CBI and CSO was driven initially by the respective reporting obligations to the ECB and Eurostat. Currently the CBI produces quarterly financial accounts while annual accounts are compiled by the CSO. Since 2005, co-operation between the two institutions in this area has included: exchanging the raw data required to compile financial accounts results, exchanging metadata on large movements in data and participating in methodological discussions on difficult items. This co-operation has been undertaken by the SGFA which meets on a regular basis and has been helped by the signing of a formal Data Exchange Agreement which is updated annually.

In 2014, the mandatory ECB and Eurostat Guidelines in relation to financial accounts will be updated to reflect the revised national accounts manuals. This will require changes to the compilation systems existing within the CSO and the CBI. Following a review, the SLC decided that a joint compilation system should be the long-term target to meet financial accounts requirements of both institutions, and to facilitate greater integration of annual and quarterly data. Each institution would upload raw data to the compilation system and the financial accounts tables would be balanced in accordance with rules agreed by the CSO and the CBI. Work on this system has started and the system will be housed in the CBI. Over time, this solution will deliver a coherent and comprehensive set of financial accounts for Ireland and will benefit from the shared expertise of both institutions. The future work programme of the SGFA also includes better reconciliation of quarterly financial and non-financial accounts.

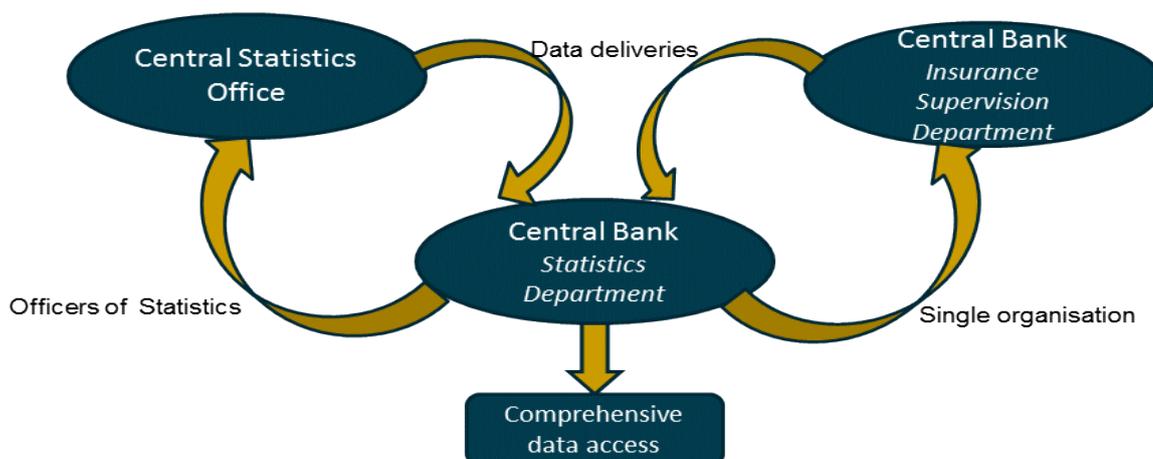
Co-operation on **government finance statistics** has also increased significantly in recent times. In Ireland, Government deficit and debt statistics are compiled by the CSO, but both the CBI and the CSO have mandatory reporting obligations to the ECB

³ Regulation (EC) No 958/2007 of the European Central Bank of 27 July 2007 concerning statistics on the assets and liabilities of investment funds.

and Eurostat, respectively. CSO data are provided to allow the CBI to meet its mandatory obligations. Regular meetings have been held to discuss methodological issues, particularly those relevant to the financial crisis. The statistical treatment of government supports to the banking sector and their impact on Irish debt and deficit has raised complex issues from an accounting and methodological perspective. Work on government finance statistics is undertaken by the SGGFS and facilitated by a Memorandum of Understanding on data exchange. The membership of the SGGFS has expanded in 2012 to include the Department of Finance.

Co-operation on *insurance statistics* undertaken in the SGIPF initially concentrated on examining available data sources. These included data collected by the CSO for national accounts and bop purposes and by the CBI for regulatory purposes. The first task of the SGIPF was to reconcile these data sources to the extent possible, in order to provide a consistent view of the sector for national and financial accounts, and for structural business statistics. However, the remit has broadened over the years to look at insurance and pension fund statistics in general. In this context, new data recently collected by the Irish Pensions Board will be of significant benefit to the CBI and the CSO – the potential use of these data is also being assessed in the sub-group. Figure 2 illustrates the ongoing co-operation between the CBI and the CSO in the area of insurance statistics. Data deliveries occur in both directions. Relevant CBI staff operate as ‘Officers of Statistics’⁴ while access to detailed regulatory reports is granted to CSO staff.

Figure 2: Co-operation between the CBI and the CSO in the area of Insurance Statistics



The future plans of the SGFA are centred around the implementation of a single reporting framework for the insurance industry. Solvency II reporting templates⁵ due to be collected by the CBI for regulatory purposes will be expanded to include the CSO’s requirements for insurance data and CBI’s commitments under the forthcoming ECB Regulation on Insurance Statistics. It is proposed that one data submission to the Central Bank should cater for all statistical and regulatory requirements. This project has been delayed, however, pending necessary changes to the EU legal framework.

Other joint work by both institutions straddles sub-groups and involves the WGDCC. This includes preparations for the introduction of the new statistical manuals BPM6

⁴ See Section 5.

⁵ EU Directive 2009/138/EC on Insurance Regulation.

and ESA 2010. Greater sharing of register information is now possible, as part of wider co-operation at European level between statisticians from Central Banks and National Statistics Institutes. Both institutions also liaise on statistical issues relevant to Ireland as participants in international fora (e.g. ECB and Eurostat working groups). Anonymised CSO data have also been made available to CBI researchers, and joint research has been published by staff from both institutions.

5. Data Sharing

The confidentiality of data collected by both the CBI and the CSO is protected under national and European legislation (Statistics Act 1993, Central Bank Acts and EU Council Regulations Nos. 322/97 and 2533/98), so data collected by either institution cannot be shared with the other, unless the approval of the reporting agent is given. Furthermore, data collected by the CSO under the Statistics Act 1993 can only be used for statistical purposes.⁶ It was, therefore, agreed that joint surveys carried out on behalf of both institutions would be undertaken under Central Bank legislation⁷. Respondents would be asked to sign a legal mandate authorising unrestricted exchange of the information collected with the CSO. Collection under Central Bank legislation allows the data to be used by the CBI in the exercise of all functions conferred on it by law. It is worth noting that all reporting agents signed the legal mandates, and that industry representatives fully endorsed this data sharing approach as the alternative was dual reporting to the CBI and the CSO.

A secure transmission line was installed allowing large volumes of data to be transferred between the CSO and the CBI, as required. Data sharing has also been enhanced by the designation of CBI staff as 'Officers of Statistics' by the CSO. Under the Statistics Act 1993, non-CSO personnel can be granted access for particular statistical analysis to data collected by the CSO under the Act. The CBI personnel have been granted access to specific data for the purposes of meeting statutory reporting obligations to the ECB.

6. Conclusion

The enhanced level of co-operation between the CSO and the CBI has been central to the development of financial statistics in Ireland. In particular, the sharing of expertise offers mutual benefits to both institutions. The rationalisation of activities has allowed both institutions to concentrate on areas of comparative advantage, with the CBI largely concentrating on the collection of data from financial entities, allowing the CSO to focus more on data collection from non-financial entities. The elimination of duplication in data collection and compilation has also delivered efficiencies in both institutions and helped reduce the reporting burden on respondents. Co-operation has also delivered greater consistency between CSO and CBI statistics, as the same source data are now available to both institutions. Previously, significant resources were required to investigate inconsistencies in series.

The structures established ensure that each institution is consulted on any proposal to develop new financial statistics by the other. The over-arching role of the SLC also improves the understanding of the wider implications of any changes on other statistical areas. Overall, the current structures are also seen as important and beneficial to both institutions, as they strive to meet increasing user demands within limited resources.

⁶ Article 32.—All information furnished by a person, undertaking or public authority under this Act shall be used only for statistical compilation and analysis purposes.

⁷ Section 18 of the Central Bank Act 1971.