

## Robert Heath: 25 years of CMFB, Frankfurt, 27 January 2016

Thank you to Jacques and the Executive Body for inviting me to speak at this prestigious event to celebrate the 25<sup>th</sup> anniversary of the Committee on Monetary, Financial and Balance of Payments Statistics.

As a national statistician in the Bank of England in the early 1990s, I am old enough to recall the creation of this committee and all the controversy that surrounded it. In particular the disagreements between Dr Hanna at the Bundesbank and John Kidgell of the UK CSO as it then was, about the relationship between national statistics offices and central banks in its work. Both had strong conflicting views but as often in such circumstances when there is willingness to debate contrary positions but ultimately compromise for the common good, everyone wins. The rotating chair between central banks and statistics office was one of the compromises that was reached.

The CMFB was created at a turning point in the development of statistics. The relaxation of capital controls in Europe in 1990 and the creation of the single market in 1992 led to more cross-border investment and trade flows, while the adoption of the Maastricht treaty and the start of the work towards the single currency was also a powerful force for change. And there was the impact on European institutions of the changing political environment in Eastern Europe. Through its work the CFMB has been an institutional bulwark that has helped mold the debate within Europe as these powerful forces impacted the continent's statistics.

I have been some distance from the CMFB over recent years, only attending the occasional meeting. But I have witnessed how the committee has helped change the statistical landscape in Europe for the better. I would identify three major advances where the CMFB has played an important role:

- The CFMB has created an environment whereby central bankers and statistical agency staff can discuss statistical issues together. This might seem obvious now but it certainly was not the case 25 years ago. I recall once at the Bank of England we met with colleagues from another central bank to discuss balance of payments, monetary data etc. We invited along the UK CSO staff. After the meeting the other central bankers stayed behind and asked why had we invited the CSO? The senior statisticians in other central bank happily told us that they had not met with senior statisticians from their statistical agency for two years! That attitude the CMFB has help change.

- Implementation of common international standards allowing greater comparability of data across countries. Of course the CMFB is not the only body in Europe that has advanced the implementation of common international standards. Clearly the aforementioned needs of the euro have been a powerful driving force, along with the adoption of ESA standards. But the CFMB has been an important player in this process. Again, 25 years ago data such as balance of payments data were compiled on different bases with all national statisticians defending their own approach.
- Integration of accounts. There was lack of integration of accounts across the statistical domains. Indeed I recall arguing in favor of such integration at Eurostat meetings in the early 1990s. Then integration appeared a novel idea, now it is not. Indeed, Europe has made astonishing progress which would have been hard to imagine 25 years ago. The CMFB is not the only body in Europe that has advanced this process, but it has helped set the environment for a shift in attitudes so that today integration of accounts is the natural default.

Looking from the perspective of the IMF, these developments have made Europe a global leader in economic and financial statistics, again not the case 25 years ago. European developments have had an important impact on, and have mirrored, trends evident globally.

To put this in context, it is now clear that the liberalization of capital flows and more broadly the forces of globalization have caused fundamental changes in the world of economic and financial statistics. Among the consequences have been a trend towards increased transparency and greater adoption of international standards, not least as investors demand greater comparability and clarity of data; greater focus on interconnectedness as investor choices widen and on the financial sector as the risk of spillovers increase from individual institutions and systems; and growing independence of statistical agencies to support the credibility of data disseminated. Those countries that attempt to resist these trends tend to find that they are the wrong side of history and can suffer adverse market consequences.

The IMF role has been to support member countries in adjusting to the new realities through its products and services. In the statistical field these include the introduction of data dissemination standards to promote transparency; the production of guides and manuals to set global statistical standards to support comparability of data; initiatives such as the G-20 Data Gaps Initiative, in cooperation with the FSB and other agencies in the IAG including Eurostat and ECB, to promote datasets that monitor risk in the financial sector and support interconnectedness analysis, and agree common mutually beneficial statistical

goals among G-20 economies; while we encourage closer cooperation between central bank and statistical agencies in our technical assistance work.

In this context, I must pay tribute to the support of European countries and institutions for which we are very appreciative. As an example, of the eight countries adhering to the SDDS Plus, seven are from Europe.

Of course the world does not stand still. New challenges continually emerge that statisticians need to address. For instance it is becoming increasingly clear that there is a need to assess the impact of technology and the growth of the internet/digital economy on economic statistics, the challenge of value-added trade, and how best to accommodate the arrival of big data. These are challenges to address and as the statistical minds tackle these questions, as we have seen over the past 25 years, I am sure a consensus will emerge.

So on behalf of the IMF Statistics Department let me congratulate the CMFB and its member agencies on its achievements over the past 25 years. I am confident that you will continue to take up the important challenges facing statisticians in Europe. And I look to the 50<sup>th</sup> anniversary.

Thank you

Robert Heath