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International Sharing of Granular Data on Global Systemically Important Banks (G-SIBs)

Workshop on Data Sharing

January 31-February 1, 2017

Deutsche Bundesbank, Frankfurt/Germany

Bruno Tissot (BIS), Matteo Piazza (FSB), Evrim Bese Goksu (IMF)



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Outline

- Need for sharing information on Global Systemically Important Financial Institutions (G-SIFIs)
- Process for identifying Global Systemically Important Banks (G-SIBs)
- G-SIBs' Common Data Template
- G-SIBs and international data sharing
- Key governance aspects
- Future developments
- Challenges in sharing data on G-SIBs
- Arrangements for sharing data on G-SIBs
- Access to data on G-SIBs
- Potential lessons going forward



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Need for sharing information on G-SIFIs

- 2007/2009 Great Financial Crisis: lack of timely and accurate information proved costly.
- Poor understanding of the global financial network, hampering policy responses:
 - Major information gaps on globally active financial institutions that play a key role in the international financial system.
 - In 2009, as part of the Data Gaps Initiative (DGI), the G-20 called on the FSB to improve collection and sharing of data on G-SIFIs, in consultation with the IMF.



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Need for sharing information on G-SIFIs

- Key information gaps were apparent in a number of inter-related risk dimensions: concentration, market, funding, contagion/spill-over and sovereign risks.
- Closing information gaps on G-SIFIs to support risk monitoring & improve financial stability policy development and implementation.
- High-quality, consistent, frequent and timely information on financial linkages and concentrations of exposures to strengthen micro-prudential supervision, facilitate macro-prudential monitoring and oversight, and enhance crisis management planning.



Existing exercises of international sharing of granular data

BIS Consolidated Banking Statistics

- Worldwide consolidated positions of internationally active banking groups headquartered in reporting countries.
- Aggregate (banking system) level, not individual bank level.
- Depending on confidentiality level, **shared publicly or only among data reporting jurisdictions.**

E.g. Country X vis-a-vis Country Y

Senior Supervisors Group (“Top 20” Counterparty project)

- Daily, global counterparty credit data for reporting firms’ largest twenty exposures to each of three distinct types of counterparties: banks, nonbank financial institutions, and nonbank corporate counterparties.
- **Shared among the reporting supervisors on an anonymized manner.**

E.g. Bank X vis-a-vis Counterparty Y

Quantitative Impact Studies/Analyses (QIS/QIA) by Basel-based groups

- Sharing of anonymized/aggregated results among the members of Standard Setting Bodies



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Process for identifying G-SIBs

- Methodology for identifying G-SIBs based on 5 indicators:
 - Size
 - Interconnectedness
 - Degree of substitutability
 - Global activity
 - Complexity
- Review of the largest 75 banks as determined by the Basel III leverage ratio exposure measure (plus those G-SIB before)
- Note: parallel IAIS/FSB process for identifying Global Systemically Important Insurers (G-SIIs)



Existing exercises of international sharing of granular data	Data Sharing on G-SIBs
<p>BIS Consolidated Banking Statistics</p> <ul style="list-style-type: none"> Worldwide consolidated positions. Aggregate level. Shared publicly or only among data reporting jurisdictions. <p>E.g. Country X vis-a-vis Country Y</p>	<p>Common Data Template for Global Systemically Important Banks:</p> <ul style="list-style-type: none"> Includes funding/credit exposures data on a bilateral basis (institution to institution (I-I)) and aggregated on the counterparty level (institution to aggregate (I-A)) Bilateral data shared among data reporting jurisdictions Aggregate data is to be shared more widely, including with IFIs on an anonymized/aggregated level. <p>E.g. Bank X vis-a-vis Counterparty Y (I-I) Bank X vis-a-vis Country Y (I-A)</p>
<p>Senior Supervisors Group (“Top 20” Counterparty project)</p> <ul style="list-style-type: none"> Daily, global counterparty credit data for reporting firms’ largest twenty exposures to each of three distinct types of counterparties Shared among the reporting supervisors on an anonymized manner. <p>E.g. Bank X vis-a-vis Counterparty Y</p>	
<p>QIS / QIA by Basel-based Groups</p> <ul style="list-style-type: none"> Sharing of anonymized/aggregated results among the members of Standard Setting Bodies 	



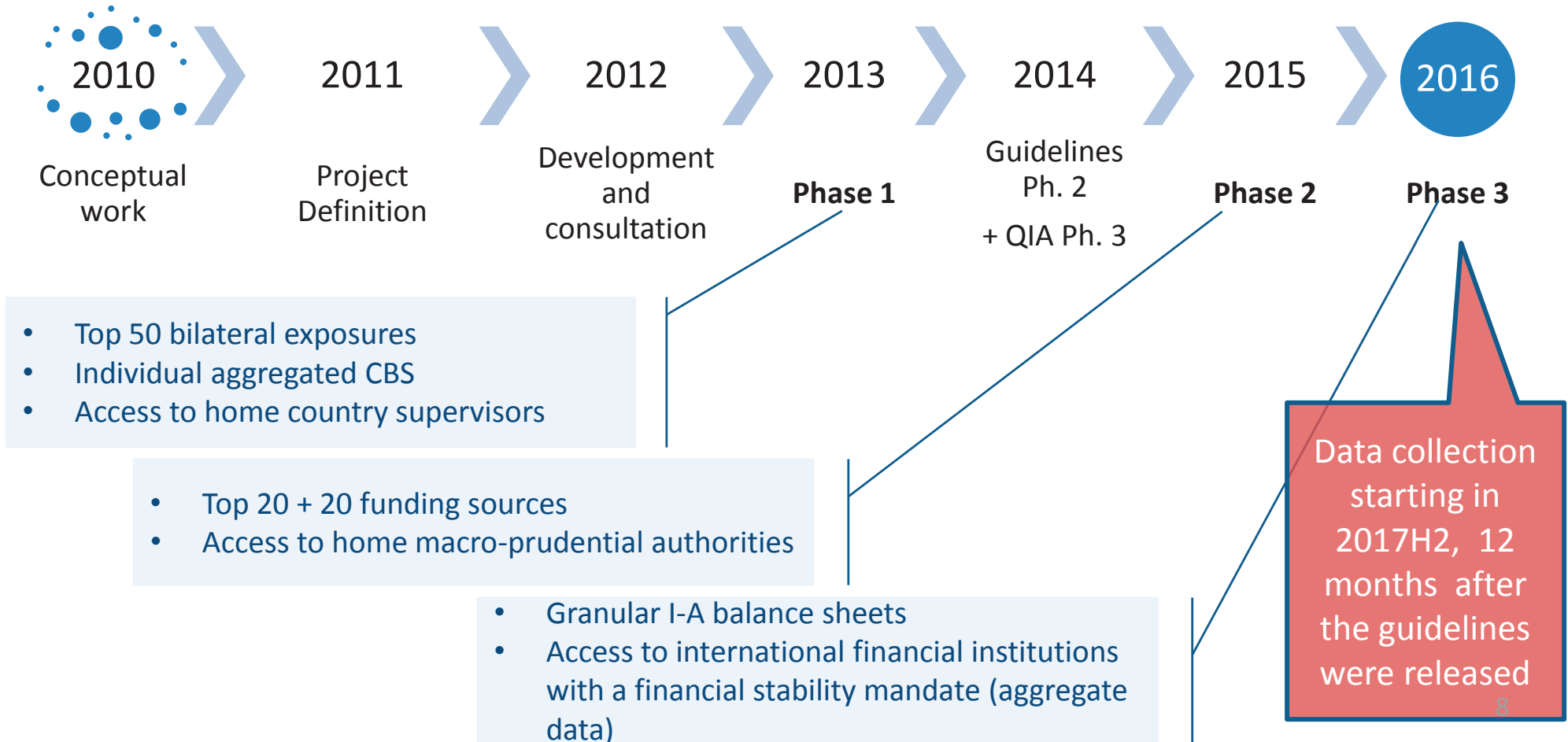
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G-SIBs' Common Data Template





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G-SIBs and international data sharing

- Different goal:
 - Basel III Framework: G-SIBs' additional loss absorbency requirements
 - G-SIBs' data exercise relates to the sharing of supervisory information
- Different coverage:
 - Non-G-SIBs' jurisdictions participating in the exercise (eg Canada)
 - G-SIBs' jurisdictions not participating in the exercise (eg China)
 - G-SIBs' list updated each year



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Key governance aspects

- Harmonised *collection* of data
- *Central hub*: International Data Hub (IDH) hosted by the BIS
- *Multilateral MoU* (collection & sharing arrangements) signed by supervisory authorities and central banks
- *Hub Governance Group* oversees information pooling and sharing
- G-SIBs data collected by *home authorities* (data providers)
- Hub distributes *standard reports* to participating authorities (data receivers)



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Future developments

- Synergies with other international regulatory initiatives
 - Coordination with other groupings
 - Standard monitoring by IFIs with financial stability mandate
 - “Ad-hoc requests” supporting policy work
- Country coverage
- Extension to other G-SIFIs? (DGI second phase)



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Challenges in sharing data on G-SIBs

G-SIBs data collection delivers unique information:

- Individual data with largest bilateral counterparties (I-I data for credit exposures and funding) and a full balance sheets (forthcoming I-A data with breakdowns on currency, instrument, maturity, counterparty jurisdiction and sector). A few D-SIBs also included;

Challenges associated with cross-country sharing of information which may be highly market sensitive given the large size of the reporting entities as well as the granularity and frequency of the data;

Including information on individual counterparties raised specific challenges (as some of them are not supervised by authorities participating to the IDH);

Different confidentiality rules across jurisdictions (e.g. U.S. makes much of the current G-SIBs I-A data publicly available while other jurisdictions have stricter rules).



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Arrangements for sharing data on G-SIBs

These challenges required tailored arrangements. The work is still in progress (e.g. not all G-SIBs are currently reporting).

Importance of well-established rules on confidentiality as well as trust:

Mutual assessment of confidentiality regimes before joining the Multilateral Framework governing the IDH. Importance of establishment of strict controls within institutions with access to information on G-SIBs (e.g. internal procedures for access, relevant IT infrastructure);

Reciprocity in data provision and repeated interactions via members (now via the Hub Governance Group) facilitate a common understanding of the issues at stake and trust building. Use of data is restricted to specific purposes.



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Access to data on G-SIBs

Various interested users for financial stability purposes including supervisors, macro-prudential authorities, IFIs and possible need to define different levels of data access.

- Sharing between supervisors has been the main objective;
- Strong request for using these data for policy purposes (not just crisis prevention, but also policy design and evaluation, impact assessment, etc.). Interconnectedness may demand policy responses that go beyond the national level and data sharing is part of the international cooperation;
- The definition of the access by IFIs with a financial stability mandate is ongoing. Agreement on sharing I-A data with IFIs through tailored reports (for sharing of analytically useful information while not revealing the identity of reporting banks) and ad-hoc requests. There is scope for further clarification of the potential uses of the data by IFIs (e.g. a tiered approach with assigned degrees of confidentiality).



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Potential lessons going forward

- The explicit request by the G20 provided the political support needed. Solutions agreed show that sharing arrangements may be tailored to the specific characteristics of the data;
- Future steps and developments will greatly depend on the actual implementation of this initiative and its proven relevance in contributing to financial stability analysis. As this is a trust-building exercise, the success of each intermediate step is key;
- Moving forward, challenges are expected to be progressively overcome while the benefits of the sharing of the data among relevant users will become increasingly apparent.



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Statistics Canada
www.statcan.gc.ca

Re-examining the approach to data suppression for reasons of confidentiality in the Canadian Macroeconomic Accounts

February 2017



Re-examining our approach – When should Statistics Canada suppress data for reasons of confidentiality?

■ Motivation

- Data users of economic statistics are increasingly demanding access to very detailed aggregate economic statistics, whether they be aggregated statistics by industry or geography or activity. Part of the role of Statistics Canada is to determine ways to maximize the release of its information holdings while respecting the confidentiality provisions of the *Statistics Act*.
- To stay relevant while minimizing response burden, Statistics Canada continuously improves the methods and data sources used in the process of statistical compilation. The approach to data suppression must take into account these latest methods and data sources, hence the need for periodical reviews.
- In 2015, Statistics Canada conducted a review of the approach it uses to determine the information that can be placed in the public domain and the information that needs to be suppressed for reasons of confidentiality. Out of this review, a new approach was developed for the Canadian macroeconomic accounts. This new approach was implemented by selected programs on April 1, 2016.



Re-examining our approach – Why re-examine our approach?

- **Balancing two risks:**

- ***Relevance:** Data suppression reduces the relevance of Statistics Canada and the loss of relevance is a substantial risk to the agency.*
- ***Trust:** Releasing or perceiving to release confidential information breaks the trust relationship between the Statistical Agency and the respondent.*

- ***The basic question we sought to answer was whether we could develop a new approach that substantially reduces the risk to our relevance and has minimal or no impact on the risk to our trust relationship.***



Re-examining our approach – A few key points about ‘Confidentiality Rules’

- Confidentiality Rules are not written in legislation – they are our own constructs / best practices implemented to comply to the legislation.
- While the confidentiality rules may have been systematized and embedded in methods, at their core they reflect our judgement / risk tolerance and are constructed around decisions made in the past
 - *e.g. if a firm contributes more than X% to an aggregate measure the data are suppressed – X is an arbitrary number.*



Re-examining our approach –Canada’s Statistics Act

- The confidentiality provisions that Statistics Canada must adhere to are found in section 17 of Canada’s Statistics Act which states:
 - *“no person who has been sworn under section 6 shall disclose or knowingly cause to be disclosed, by any means, any information obtained under this Act in such a manner that it is possible from the disclosure to **relate the particulars obtained from any individual return to any identifiable individual person, business or organization.**”*



Re-examining our approach – current interpretation

- The foundation of our current interpretation of Section 17 of the Statistics Act dates back to a 1970's memo from the Chief Statistician:
 - X We must suppress an aggregate statistics if there is only a single firm that reported results or if there is a dominate firm among a group of firms (even if there are thousands of firms that could have reported the information).
 - X We must suppress an aggregate statistic if the aggregate statistic can be related to a firm even if the data is not the particulars obtained from the firm or if the data represents a statistical construct rather than a reported observation.



Towards a new interpretation: **Can/Should I release this information?**

Integrated Business Statistics Program (IBSP)

2013 Annual Retail Trade Survey

➤ *“no person who has been sworn under section 6 shall disclose or knowingly cause to be disclosed, by any means, any information obtained under this Act in such a manner that it is possible from the disclosure to relate the particulars obtained from any individual return to any identifiable individual person, business or organization.”*

CONFIDENTIAL once completed.

Selon nos dossiers votre langue de préférence est l'anglais, si vous préférez recevoir ce document en français, veuillez nous appeler au numéro sans frais suivant : 1-800-858-7921.

Please verify the information for this business's contact person and correct where needed.

B00101	Legal name	ABC Inc
B00102	Operating name	ABC Inc
B00109	First name	John
B00111	Last name	Smith
B00112	Title	President
B00103	Address (number and street)	123 Hockey Stick Lane
B00104	City	Ottawa
B00105	Province, territory or state	Ontario
B00106	Postal code or zip code	K1K0Z6
B00107	Country	Canada

What was this business's revenue from each of the following sources?

- Sales of products and services
Exclude: GST/HST, PST and QST

'000 CAN\$

F43008

\$,000

F45801



Towards a new interpretation: **Can/Should I release this information?**

Integrated Business Statistics Program (IBSP)

2013 Annual Retail Trade Survey

➤ *“no person who has been sworn under section 6 shall disclose or knowingly cause to be disclosed, by any means, any information obtained under this Act in such a manner that it is possible from the disclosure to relate the particulars obtained from any individual return to any identifiable individual person, business or organization.”*

1. Statistics Canada uses the **North American Industrial Classification System** to classify the activities of each business. According to our records, this business's **main activity** is classified as:

Sporting Goods Retailing

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Please verify the information for this business's contact person and correct where needed.

B00101 Legal name

B00102 Operating name

B00109 First name

B00111 Last name

B00112 Title

B00103 Address (number and street)

B00104 City

B00105 Province, territory or state

B00106 Postal code or zip code

B00107 Country

What was this business's revenue from each of the following sources?

1. Sales of products and services
Exclude: GST/HST, PST and QST

'000 CAN\$

F43008

\$ **500** ,000

F45801



Towards a new interpretation: **Can/Should I release this information?**

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1. Statistics Canada uses the **North American Industrial Classification System** to classify the activities of each business. According to our records, this business's **main activity** is classified as:

Sporting Goods Retailing

What was this business's revenue from each of the following sources?

1. ~~Sales of products and services~~
Exclude: GST/HST, PST and QST

Gross Value Added

'000 CAN\$
F43008
\$ **316** ,000
F45801

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Please verify the information for this business's contact person and correct where needed.

B00101 Legal name

B00102 Operating name

B00109 First name

B00111 Last name

B00112 Title

B00103 Address (number and street)

B00104 City

B00105 Province, territory or state | B00106 Postal code or zip code

Country

✓ The decision as to whether we release this information depends, in part on how we interpret the word **particulars**.



Towards a new interpretation: **Can/Should I release this information?**

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Please verify the business or organization name, contact person and address for this questionnaire and correct where needed.

Legal name **ABC Manufacturing**

Operating name **Hockey Stick Inc**

First name **Jim**

Last name **Tebrake**

1. Statistics Canada uses the **North American Industrial Classification System** to classify the activities of each business. According to our records, this business's **main activity** is classified as:

Manufacturing

MACHINERY AND EQUIPMENT		
Asset code	New Assets including financial leases (include used fixed assets if imported)	Purchase Used Ca Ass
Columns (1)	(2)	(3)
a) Computers	50 ,000	
b) Radar System	,000	
c)	,000	
d)	,000	

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Please verify the business or organization name, contact person and address for this questionnaire and correct where needed.

Legal name **ONP Wholesaling**

Operating name **Hockey Stick Wholesaling**

First name **Tim**

Last name **Tebrake**

1. Statistics Canada uses the **North American Industrial Classification System** to classify the activities of each business. According to our records, this business's **main activity** is classified as:

Wholesaling

MACHINERY AND EQUIPMENT		
Asset code	New Assets including financial leases (include used fixed assets if imported)	Purchase Used Ca Ass
Columns (1)	(2)	(3)
a) Computers	,000	
b) Radar System	,000	
c)	,000	
d)	,000	

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Please verify the business or organization name, contact person and address for this questionnaire and correct where needed.

Legal name **XYZ Retailing**

Operating name **Slap Shot Sales**

First name **Kim**

Last name **Tebrake**

1. Statistics Canada uses the **North American Industrial Classification System** to classify the activities of each business. According to our records, this business's **main activity** is classified as:

Retailing

MACHINERY AND EQUIPMENT		
Asset code	New Assets including financial leases (include used fixed assets if imported)	Purchase Used Ca Ass
Columns (1)	(2)	(3)
a) Computers	,000	
b) Radar System	25 ,000	
c)	,000	
d)	,000	



Towards a new interpretation: **Can/Should I release this information?**

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Please verify the business or organization name, contact person and address for this questionnaire and correct where needed.

Legal name

Operating name

First name

Last name

1. Statistics Canada uses the **North American Industrial Classification System** to classify the activities of each business. According to our records, this business's **main activity** is classified as:

Manufacturing

MACHINERY AND EQUIPMENT		
Asset code	New Assets including financial leases (include used fixed assets if imported)	Purchase Used Capital Assets
Columns (1)	(2)	(3)
a) Computers	50 ,000	
b) Radar System	,000	
c)	,000	
d)	,000	

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Legal name

Operating name

First name

Last name

1. Statistics Canada uses the **North American Industrial Classification System** to classify the activities of each business. According to our records, this business's **main activity** is classified as:

Wholesaling

MACHINERY AND EQUIPMENT		
Asset code	New Assets including financial leases (include used fixed assets if imported)	Purchase Used Capital Assets
Columns (1)	(2)	(3)
a) Computers	,000	
b) Radar System	,000	
c)	,000	
d)	,000	

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Please verify the business or organization name, contact person and address for this questionnaire and correct where needed.

Legal name

Operating name

First name

Last name

1. Statistics Canada uses the **North American Industrial Classification System** to classify the activities of each business. According to our records, this business's **main activity** is classified as:

Retailing

MACHINERY AND EQUIPMENT		
Asset code	New Assets including financial leases (include used fixed assets if imported)	Purchase Used Capital Assets
Columns (1)	(2)	(3)
a) Computers	,000	
b) Radar System	25 ,000	
c)	,000	
d)	,000	



Towards a new interpretation: **Can/Should I release this information?**

CONFIDENTIAL once completed.

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Please verify the business or organization name, contact person and address for this questionnaire and correct where needed.

Legal name

Operating name

First name

Last name

1. Statistics Canada uses the North American Industrial Classification System to classify the activities of each business. According to our records, this business's main activity is classified as:

All Industries

MACHINERY AND EQUIPMENT		
Asset code Columns (1)	New Assets including financial leases (include used fixed assets if imported) (2)	Purchase Used Capital Assets (3)
a) Computers	50 ,000	
b) Radar System	25 ,000	
c)	,000	
d)	,000	

- ✓ Under the old approach these data would be suppressed because only one firm reported data for each asset.
- ✓ A new approach could be to consider the likelihood of firms that could report the data. In this case all three firms could have reported the investment – publishing this detail does not disclose who invested in the particular asset.

Re-examining our approach – an updated interpretation of the Statistics Act

- An updated Interpretation of Section 17 for the macroeconomic accounts
 - *“no person who has been sworn under section 6 shall disclose or knowingly cause to be disclosed, by any means, any information obtained under this Act in such a manner that it is **possible from the disclosure to relate the particulars obtained from any individual return to any identifiable individual person, business or organization.**”*
 - ✓ We can release data that could be related to a business provided it is not the particulars we obtained from any individual return (*i.e. we can release GDP but not revenue*)
 - ✓ We can release the particulars we obtained from any individual return provided there is no way, through the release of the information, to relate the particulars to any identifiable business (*i.e. we can release the particulars provided by a firm provided there is no way to trace those particulars back to the firm – many other firms can engage in the activity*).

Re-examining our approach – An decision making process rather than rules

- At Statistics Canada a data release decision tree has been developed that encapsulates this new approach. This decision tree can be used by programs to determine which cells can be released and which cells need to be suppressed for reasons of confidentiality.

- Key Principles of the Data Release Decision Tree
 - Adhere to Section 17 of the Statistics Act
 - Clear
 - Comprehensive
 - Consistently applied (through time and across programs)
 - Efficient and Gated
 - Based on an assessment of risk



The new approach in practice

Foreign Direct Investment Statistics



Foreign Direct Investment - Product

CANSIM Table	Title	Geography	Industry	Counter-party Geography	Variables	Frequency
376-0051	International investment position, Canadian direct investment abroad and foreign direct investment in Canada, by country, annual (Dollars)	Canada	N/A	177 Countries or regions	2 items: Foreign Direct Investment, Canadian direct investment abroad	Annual (Latest year 2015)
376-0052	International investment position, Canadian direct investment abroad and foreign direct investment in Canada, by North American Industry Classification System (NAICS) and region, annual (Dollars)	Canada	41 NAICS industry groups	6 countries or regions	2 items: Foreign Direct Investment, Canadian direct investment abroad	Annual (Latest year 2015)



Previous data suppression – FDI (CANSIM Table 376-0051)

Selected items [[Add/Remove data](#)]

Geography = Canada

Canadian and foreign direct investment	Countries or regions	2010	2011	2012	2013	2014
Canadian direct investment abroad ¹	All countries	637,285	675,020	704,335	761,550	828,812 ^P
	Bahamas	14,511	x	x	x	x
	Cayman Islands	23,970	32,996	28,735	32,288	36,598 ^P
	Haiti	x	x	x	x	x
	Russian Federation	588	3,451	x	x	2,080 ^P
Foreign direct investment in Canada ²	All countries	592,406	603,455	633,778	691,942	732,263 ^P
	Bahamas	214	x	x	x	x
	Cayman Islands	x	338	598	1,115	2,692 ^P
	Haiti
	Russian Federation	1,249	x	x	1,220	x

[Back to original table](#)

Symbol legend:

- ^P Preliminary
- x Suppressed to meet the confidentiality requirements of the Statistics Act
- .. Not available



Previous data suppression – FDI (CANSIM Table 376-0052)

Selected items [\[Add/Remove data\]](#)

Geography = Canada

North American Industry Classification System (NAICS)¹ = Mining and oil and gas extraction [21]

Canadian and foreign direct investment = Foreign direct investment in Canada

Countries or regions	2010	2011	2012	2013	2014
Total, all countries	111,955	118,214	116,872	141,171	152,071 ^P
United States	63,060	69,241	57,389	70,099	68,311 ^P
Other America	x	x	x	x	x
Asia and Oceania ¹⁰	x	27,055	24,158	24,368	x
Europe ¹¹	3,707	x	12,813	24,737	27,466 ^P
Other countries ¹²	x	x	x	x	x

[Back to original table](#)

Symbol legend:

- ^P Preliminary
- x Suppressed to meet the confidentiality requirements of the Statistics Act



New data suppression – Canadian FDI Abroad by region (CANSIM Table 376-0051)

- Data were released in May 2016 with the following suppression applied

	2012	2013	2014	2015
FDI Flow	704,335	778,371	825,303	1,0005,227
Number of Data Cells	171	171	171	171
Previously Suppressed Cells	65	71	77	77
Current Suppression	11	13	23	23
New information	54	58	54	54



New data suppression – FDI in Canada by region (CANSIM Table 376-0051)

- Data were released in May 2016 with the following suppression applied

	2012	2013	2014	2015
FDI Flow	633,778	688,873	719,574	767,675
Number of Data Cells	171	171	171	171
Previously Suppressed Cells	74	44	44	44
Current Suppression	0	2	4	4
New information	74	42	40	40



New data suppression – Canadian FDI Abroad by Industry and Region (CANSIM Table 376-0052)

- Data were released in May 2016 with the following suppression applied

	2012	2013	2014	2015
FDI Flow	704,335	778,371	825,303	1,0005,227
Number of Data Cells	241	241	241	241
Previously Suppressed Cells	99	84	90	90
Current Suppression	4	10	6	6
New information	95	74	84	84



New data suppression – FDI in Canada by Industry and Region (CANSIM Table 376-0051)

- Data were released in May 2016 with the following suppression applied

	2012	2013	2014	2015
FDI Flow	633,778	688,873	719,574	767,675
Number of Data Cells	241	241	241	241
Previously Suppressed Cells	107	91	99	99
Current Suppression	9	4	11	11
New information	98	87	88	88

Programs reviewed to date and next steps

- The Canadian macroeconomic accounts are continuing to apply this new approach on a program by program basis when the timing makes sense and after a complete evaluation has taken place.
- Programs reviewed to date and due for review include:
 - ✓ Canadian National, Provincial and Territorial Supply and Use Tables (November 2016)
 - ✓ Canadian Capital Stock consumption of fixed capital (November 2016)
 - ✓ Outward Foreign Affiliate Statistics Program (September 2016)
 - ✓ Inward Foreign Affiliate Statistics Program (December 2016)
 - ✓ Trade by Exporter Characteristics (October 2016)
 - ✓ Trade by Importer Characteristics (Summer 2017)

Communication Plan and Feedback

■ Communication

- Developed media lines and a backgrounder with the following messages:
 - New approach
 - Will be implemented gradually
 - The new approach continues to respect the confidentiality provisions of the *Statistics Act*.
 - The approach responds to users' demands to increase the amount of data in the public domain while ensuring continued respect for the confidentiality requirements of the *Statistics Act*.

- Reviewed and updated messaging to respondents (e.g. reviewed messaging on the FDI questionnaire to respondents) to make sure it was consistent with our new approach to data suppression.

■ Feedback

- Up to this point feedback has been positive from data users.
- We have not received any feedback from respondents

Enhancing Data Availability: Recent U.S. Experience with Banking Data

Ruth Judson
Division of International Finance
Federal Reserve Board
G20 Data Sharing Workshop
Frankfurt
January 31, 2017

Overview

- The U.S. has expanded or is pursuing expansion of availability of banking data using three approaches
 - Proposing and then implementing expanded disclosure after public proposal
 - Recent: Country exposure data for bank holding companies (FFIEC 009/009a)
 - Longstanding: Bank balance sheet data (Call reports)
 - Applying “potential reporter” standard to locational data provided to BIS
 - Provide more data in established reports: aggregate FFIEC 009 data
- For each item above, I will review
 - Subject
 - Mechanism
 - Challenges
 - Current status
 - Lessons
- Major lesson: in current conditions, direct public disclosure can often be easier than regulators and compilers might expect
- Note: in this presentation, “micro” refers to institution-level reporting

Institution-level (micro) disclosure: Call Reports

- Call reports collect data on bank balance sheets and income
 - Data have long been disclosed (available electronically online back to 2001)
 - So mechanisms for negotiating disclosure and any challenges are forgotten.
 - Nearly all items disclosed
 - A few exceptions--mainly past due loans

Institution-level (micro) disclosure: International exposures

- Background
 - Data on banks' country exposures collected on the FFIEC 009 / 009a
 - FFIEC 009a is disclosed publicly at the institution level.
 - Institutions report on consolidated basis.
 - FFIEC 009
 - About 60 items covering claims by immediate and ultimate counterparty, foreign-office liabilities, off-balance-sheet items, and derivatives
 - Reportable for all countries
 - FFIEC 009a
 - 24 items covering claims, collateral, commitments, and derivatives transactions
 - Only reportable for countries where the institution's exposure is significant (currently defined as >1% of total assets or >20% of capital)

Disclosure process and experience: International exposures

- Standard procedure for US supervisory agencies when they decide that disclosure of new or additional items would be appropriate
- Steps are as follows
 - Publication of a formal proposal of the change.
 - Comment period of 60 days for the public, including reporting institutions
 - Final proposal must present and respond to the comments received.
- Example: FFIEC 009a
 - In 2013, U.S. bank supervisory agencies proposed expanding from 9 to 24 number of items that reporters disclose on the Country Exposure Information Report (FFIEC 009a)
 - Few comments received
 - Most comments favorable; no significant negative comments
 - In the future, US agencies may consider proposing disclosure of more items or of data for a larger set of countries

Rethinking confidentiality standards: BIS locational data

- Another dimension: confidentiality standards for US BIS locational banking submissions
- Background
 - US locational banking data submissions to the BIS are collected under Treasury authority, not Federal Reserve authority, and Treasury requires confidentiality
 - Confidentiality has traditionally been measured as three non-zero observations for each number shown
 - But BIS locational data are quite granular, so this standard is difficult to monitor and results in a sharp reduction in the amount of data that can be reported.
- Alternatives
 - Consider number of **potential** reporters rather than **actual** reporters.
 - Considered whether data has been significantly transformed relative to the data actually submitted by the reporter.
- Lessons so far
 - Either change can substantially expand reporting
- Status: We do not currently have legal approval to take this flexible approach, but it is being pursued.

Another option: Publish more, or more comparable, aggregate data

- Another way the Federal Reserve (and other U.S. bank supervisory agencies) facilitate data sharing is by publishing aggregate data and by making aggregate data comparable to other sources
 - More data: expanding country coverage for Country Exposures in Lending
 - The U.S. bank supervisory agencies publish, on the Country Exposure Lending Survey (also at <https://www.ffiec.gov/E16.htm>), aggregate data on country exposures of U.S. bank holding companies for the largest counterparty countries.
 - Currently, the data are published for roughly 75 countries.
 - Data aggregated across all US reporters
 - Thus, we could explore whether more counterparty countries should be included in the published aggregates.
 - More comparable data
 - The published data are currently aggregated across all reporting institutions, including U.S. subsidiaries of foreign banks.
 - In the future, we could explore whether we should also publish aggregate data for U.S.-headquartered institutions
 - This approach would make our published data consistent with the consolidated statistics published by the BIS.

Other remarks

- The U.S. has problems similar to those of other countries with regard to sharing data across agencies and countries.
 - Several agencies are involved in the collection and publication of banking data
- Another possible avenue of data sharing might be sharing of **qualitative** data, such as names of reporters or security identification details, without sharing actual positions or other reported data.
 - Such information would ensure that large reporters are not being missed or double-counted.
 - But US experience is that coordination problems can be substantial even along this dimension, and even within a single country.

Conclusions

- Main findings from US recent experience
 - [Surprisingly] lack of resistance to most recent expansion of disclosure (country exposure report-FFIEC 009a)
 - More careful thinking about what makes data identifiable can produce more flexible standards (“potential reporter” counts) and can improve amount of data provided

G-20 Workshop on Data Sharing

January 31 – February 1

Frankfurt

indec

Instituto Nacional de Estadística y Censos

National Institute of Statistics and Censuses, Argentina

Considerations: main barriers

- ▶ **Cultural**
- ▶ **Legal framework on statistical data**
- ▶ **Legal framework on administrative and supervisory data**
- ▶ **Technical issues**

Cultural barriers

Silo Mentality: Type of mentality present in many public and private entities, which fear to share detailed data because of :



Lack of awareness of the confidentiality rules



Sense of ownership of the data and the power it gives to them



Misinterpretation or misuse of the data

Legal framework on statistical data

Law 17.622 creates the National Institute of Statistics and Census of Argentina (INDEC) and pursuant to Article 14 of its regulatory decree (3.110/70) sets a permanent confidentiality rule on statistical data.

individual information can not be disclosed to third parties, disseminated or published in a way that allows the identification of any legal or natural person that has answered any survey conducted by INDEC. In consequence, there is no possibility to sharing granular data of survey results (only anonymized records in sampling units bigger than 50)

Legal framework on statistical data

Argentina statistical legal frameworks poses very restrictive and permanent confidentiality rules. Confidentiality rules cover all types of information of statistical units and do not distinguish between sensitive and non-sensitive data .

The statistical legal framework does not give any space for principles such as “passive confidentially” and “time dependant confidentially”

Legal framework on statistical data

INDEC places confidentiality at the heart of its ability to compile robust, high quality and trusted official statistics. Any loss of engagement or trust among respondents would harm to its ability to compile key economic indicators for Argentina.

Maintaining respondents' trust is vital, and losing it has a high price and impact on the accuracy of the data collected.

Legal framework on administrative and supervisory data

Law 25.236 sets a comprehensive protection of personal data recorded in files, records, databases, databanks or other technical means of data treatment.

Article 5 states that data cannot be shared with third parties unless with the consent of data owner, which must be given in writing. This consent is revocable, so it can be withdrawn at any time

Article 11 states that consent is not required when data sharing data takes place directly between governmental agencies, to the extent of their corresponding competencies.

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Technical Issues

Lack of information security architecture and framework that guarantee confidentiality of individual information.

Lack of common identifiers, concepts, and classifications.

Lack of protocols and standards for data exchange.

Big amount of unstructured data sets.

Exchanging large data sets requires enormous technical capacity, infrastructure, and skilled staff to transmit, process, store and protect data.

Examples of national data sharing

Memorandum of Understanding (MoU) between Central Bank (BCRA) and INDEC

The MoU has enabled data sharing of supervision data at granular level (balance sheets and market transactions) for statistical purposes .

- ▶ **Centralized Information Requirement System (SISCEN)**
- ▶ **Free and Single Foreign Exchange Market (MULC)**

Memorandum of Understanding (MoU) between Central Bank (BCRA) and INDEC

Dealing with confidentiality issues

Data owner consent is not required since data sharing data takes place directly between governmental agencies, to the extent of their corresponding competencies (law 25.236)

-Employees with access to granular data are asked to sign confidentiality agreements. Any breach will result in disciplinary action (decree 176/99 regulatory provision of law 17.622)

Memorandum of Understanding (MoU) between Central Bank (BCRA) and INDEC

Dealing with confidentiality issues

-Statistical Disclosure Control, data shall be published so as not to make it possible to infer the number value of a given statistical unit (decree 176/99 regulatory provision of law 17.622)

- Special IT data exchange protocols were put in place to ensure confidentiality.

Second Example of national data sharing

Social and Fiscal National Identification System (SINTYS)

SINTyS as an independent national entity responsible for coordinating and setting standards governing the exchange of information within Argentina's public sector.

SINTyS ensures a common framework for a effective interconnection of information and communication technologies (ICT) to exchange of data.

Second example of national data sharing

Social and Fiscal National Identification System (SINTYS)

SINTyS coordinates the exchange of fiscal and social information of legal and natural persons amongst federal agencies (around 393), ensuring the pertinent privacy and confidentiality, as pursuant to Personal Data Protection Law (Nº 25.326).

The management of data exchange is based on the need-to-know principle, which is that access to covered data must be necessary for the conduct of the users' job/agency functions

SINTYS

Social and Fiscal National Identification System (SINTYS)

SINTyS' goal is not to deliver complete databases but to enhance the agencies' databases with attributes and promotes the use of common identifiers and common classifications.

In order to inquire about an individual, on a particular subject, different agencies have to be consulted. So, MoUs have to be established with each one of them.

SINTYS

Social and Fiscal National Identification System (SINTYS)

SINTyS has developed and implemented tools and methodologies to protect the ICT system from unauthorized intrusion, and also fostered awareness on the importance of security within the user communities of the participating agencies.

Lessons from the experience

Legal, IT, and confidentiality constraints can hamper sharing data forward

Given the constant evolution in technology, it is critical that technology intensive projects, such as data sharing, evaluate constantly how changes impact in the confidentiality principles.

The challenge is to streamline and review the statistical legal and regulatory framework to reduce the constraints for exchanging micro-data, and to have the infrastructure in place for ensuring strict confidentiality of the data and maintaining the trust of the data owners.

Thank you

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National Institute
of Statistics
and Censuses,
Argentina

Instituto Nacional
de Estadística
y Censos **indec**
República Argentina