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December 9, 2008

**Statement by Mr. Stein and Mr. Dahlhaus on Seventh Review of the Fund's Data
Standards Initiatives
(Preliminary)
Executive Board Meeting 08/108
December 10, 2008**

We thank the staff for their insightful review and broadly concur with the recommendations. Adequate data provision is indispensable for effective Fund surveillance and we appreciate progress in this regard in recent years.

1. We can agree in principle with the idea, that relevant financial indicators could be integrated in the SDDS on an encouraged basis. However, this exercise should clearly be dove-tailed with the evolving overall future tasks assigned to the Fund following the financial crisis. Specific additional data reporting requirements by member states should only advance once the specificities of this future role of Fund are clear. Keeping this in mind, the provision of a paper within one year with specific proposals for the assessment and decision of the Board is dependent on progress on the more fundamental question of the future role of the IMF.
2. With respect to the observance of financial soundness indicators (FSI), which would be submitted to the IMF from next year onwards in the framework of the FSI project, we would again – as a point of caution - like to emphasize the results of the voluntary coordinated composition exercise (CCE) as outlined in last year's Board document (para 35). In particular, given the persistence of diversity among participating countries with respect to the availability, methodology and compilation practise of individual indicators, a careful assessment is warranted before adopting individual FSI into the SDDS. *Staff's views would be welcome.*
3. We are prepared to document possible national deviations from international standards for existing mandatory reporting in the framework of the SDDS. However, this should not automatically result in the classification “non-observance” of the standard. At this point, we question the indications for deviations for the FSI, if these are adopted in the

SDDS. On the one hand, the calculation of these indicators is based on bank supervisory data, which are not covered by an international standard. On the other hand, the FSI compilation guide emphasizes explicitly the necessity of sufficient flexibility in the compilation of the indicators (FSI compilation guide para 1.4). Furthermore, given the heterogenous data sources, the compilation guide is not always normative with respect to the methodology; often, different alternative procedures are juxtaposed. *Staff's comments are also welcome on this point.*

4. We principally agree to perform frequent data ROSCs or comparable quality assessments every 7 to 10 years on a voluntary basis. However, European standards (legal acts by the EU and/or ECB, Eurostat Code of Conduct) should be observed. These standards encompass some special procedures. Parallel to point 2 above we think that specific provisions for the assessment of data quality of FSI come too early. The first aim should be to increase the number of participants of the FSI countries and the availability of the indicators at hand.

5. An approximation of the GDDS to the SDDS is welcome: thereby, a better comparison of the metadata will be possible. We would also welcome efforts to ensure a more timely publication and submission of data. This should however not come at the expense of quality of the data and megadata.

6. We have no objections against changing the template for international reserves and foreign currency liquidity. Furthermore, as foreseen, a review report every 5 years has our support and is in our view also sufficient.