

The contents of this document are preliminary and subject to change.

GRAY/08/3918

December 9, 2008

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

1. We thank staff for the informative paper outlining in detail the developments in the Data Standards Initiatives since the Sixth Review and suggesting measures for strengthening the SDDS and enhancing the GDDS. The section of the staff paper that reviews resource implications of the on going activities and proposed improvements draws our attention on the costs involved in the process and we agree that increased pressure on staff resources may be mitigated by further automation of the processes involved. We also agree with staff on the issues that are presented in Section VI of the paper and support the course of action suggested in addressing these issues. We, however wish to make a few comments and seek clarifications from staff.
2. The Data Standards Initiatives have got their roots connected with Standards and Codes that were developed since the mid 1990s consequent to some country related financial crises. No doubt, a significant progress has been made in many respects with regard to Standards and Codes since then. However, at the same time, greater instability in the global financial system was evident during the past decade and in this context it may be worthwhile examining how useful the data dissemination standards in maintaining global financial stability. We appreciate views of staff on the usefulness of data dissemination as an instrument of crisis prevention based on recent experience.
3. We believe that the data quality be maintained at any cost. We wish to underscore the importance of adopting and implementing the internationally accepted statistical methodologies for the categories covered by the SDDS. This is of particular significance as the SDDS necessarily entails a reputational risk for the Fund. Therefore, any deviation from the internationally accepted statistical methodologies can only be allowed at a risk, the management of which requires further involvement of the Fund staff and resources.
4. The Staff proposal to broaden the coverage of SDDS and to include financial soundness indicators (FSIs) is encouraging. Though this proposal was not supported by the Board last year on the ground that it was quite premature to include FSIs in the SDDS, based

on the results of the coordinated compilation exercise (CCE), it is now timely to think of a strategy. Our concerns are on the practicability of this initiative. We wish to point out the challenges that may be faced in compiling comparable data on FSIs because of different regulatory frameworks, legal systems, accounting standards and prudential definitions adopted by member countries that eventually influence the data in a significant way. *We appreciate if staff could clarify this and explain how practical it would be to return to the Board with a work programme within a matter of one year.*

5. We support the progressive proposal of staff to recast the GDDS to emphasize data dissemination and facilitating its graduation to the SDSS in closer conformity to SDSS specifications. We agree with staff that Data Templates for International Reserves and Foreign Currency Liquidity be revised to cover exchange traded futures settled in domestic currency and the “tidying up” revisions. We also agree with the proposed timing for the Eight Review of the Fund’s Data Standards Initiative.