

Box 3

A MODERNISED LEGAL FRAMEWORK FOR THE COLLECTION OF STATISTICAL INFORMATION BY THE ECB

Article 5 of the Statute of the ESCB and of the ECB assigns to the ECB, assisted by the NCBs, the competence to collect statistical information necessary to fulfil the tasks of the ESCB. Moreover, it allocates to the Council of the European Union the competence to “define the natural and legal persons subject to reporting requirements, the confidentiality regime and the appropriate provisions for enforcement”. Accordingly, in 1998, the Council adopted the Regulation (EC) No 2533/98 on the collection of statistical information by the ECB. This Regulation has been a key legal instrument for the collection of statistical information by the ECB since the start of European Monetary Union. However, the developments in financial markets over the past decade, as well as the trend in statistical production processes towards more integrated data

collection systems, triggered the need to amend the legal act. In addition, the close cooperation between the ESCB and the European Statistical System (ESS), which comprises Eurostat and the national statistical institutes, merited an explicit acknowledgment. Hence, following an ECB Recommendation of 3 October 2008, the Council adopted, on 9 October 2009, the Regulation (EC) No 951/09 amending the Council Regulation of 1998.

This framework Regulation does not automatically impose statistical reporting obligations on the reporting agents, but instead: (i) defines the potential reporting population (called the “reference reporting population”) to which the ECB can address mandatory reporting requirements; (ii) provides the scope of information that the ESCB can collect by means of these reporting requirements; (iii) defines the confidentiality regime; and (iv) outlines the broad governance for the development, production and dissemination of European statistics by the ESCB.

The main amendments introduced by this amending Regulation are the following:

1) *Reporting population and purposes for which data are collected:* The amendment has widened the reference reporting population to cover the entire financial corporations’ sector. Until now, the ECB did not have the legal power to address mandatory reporting requirements to insurance corporations and pension funds, although these represent a large part of the euro area financial sector in terms of total assets, and their importance as financial market players has increased substantially in the last decade. Growing interlinkages among different types of financial intermediaries and the increasing complexity of financial markets may well imply future needs for a comparable, frequent and timely collection of information for all significant actors in the financial sector. Furthermore, the amended legal framework allows the ECB to collect information from reporting agents for all tasks of the ESCB, including for financial stability, payments and payment systems purposes. Before the amendment, the Regulation limited the scope of the collection of statistical information from certain reporting agents to specific purposes, such as for money and banking statistics or balance of payments statistics. Such a one-to-one link is, however, no longer suitable for modern integrated statistical production processes. At the same time and with a view to minimising reporting requirements, an additional provision has been added that the merits and costs of the collection of new or substantially enhanced statistical information are assessed before the ECB adopts regulations on new statistics – a practice already followed by the ECB since 2000.

2) *Confidentiality:* The ESCB attaches utmost importance to a strict protection of confidential statistical information (essentially information allowing for direct or indirect identification of reporting entities) and implements all necessary measures to ensure the protection of such data. At the same time, adequate provisions are required to regulate the transmission of confidential statistical information in cases where this is necessary and admissible following specifically designed procedures. The amended legal act reflects all these considerations. The basic principle of the collection of confidential statistical information remains that it is decentralised, which means that the NCBs collect the information from individual reporting agents and transmit it in aggregated form to the ECB. However, the amended Regulation foresees that confidential statistical information collected can be exchanged among members of the ESCB, if that is needed to improve the quality of statistics. A simple example illustrates the need for such a data transmission: NCBs that provide the national contribution to euro area balance of payments statistics should make sure that a large intra-euro area cross-border operation is recorded in the same way in the two Member States involved in this transaction. Without the exchange

of confidential statistical information between both national authorities compiling the data, the timing, valuation and classification of this transaction may be recorded quite differently, which would in turn cause an error in the euro area balance of payments. This is also one of the reasons why the amended legal framework provides for the exchange of confidential statistical information between the ESCB and the ESS, because in a few EU Member States national statistical institutes are responsible for producing balance of payments statistics.

3) *Governance of European statistics produced by the ESCB*: The amendment has introduced a definition of the concept of “European statistics”, in order to better identify the scope of the statistics collected and compiled by the ESCB. In this Regulation, European statistics means statistics that are: (i) necessary to undertake the ESCB’s tasks as referred to in the Treaty; (ii) determined in the ESCB statistical work programme; and (iii) developed, produced and disseminated in conformity with the statistical principles. The Regulation explicitly enumerates these statistical principles, which comprise impartiality, objectivity, professional independence, cost-effectiveness, statistical confidentiality, minimisation of the reporting burden and high output quality (including reliability). The definitions of these principles are published on the ECB’s website in the form of a “Public Commitment on European Statistics by the ESCB”.

4) *Cooperation between the ESCB and the ESS*: Finally, over the past decade the statistical work in the European Union has benefited from a close cooperation between the ECB and Eurostat,¹ thus facilitating an efficient division of labour between the two institutions and ensuring that there are no overlaps in the information base needed for European policy-making. In this vein, the amended Regulation confirms the importance of a close cooperation between the ESCB and the ESS.

With this amended Council Regulation, the ESCB can now utilise an enhanced legal framework suited to the collection and compilation of statistics that are needed for the execution of its tasks in the next decade.

¹ The ECB is primarily responsible for monetary, financial institutions and financial market statistics, as well as statistics on international reserves, effective exchange rates and quarterly financial accounts, while Eurostat is primarily responsible for general economic statistics and for all non-economic statistics. The two institutions have shared responsibility for external statistics (the balance of payments and international investment position), for the European non-financial sector accounts and for the statistical infrastructure.