

The Modern Art in Communicating Statistics: the Case of the Bank of Russia

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'Art is...a high degree of ability,
mastery in any sphere of human
activity.'¹

Introduction

The 21st century is justly called the age of information and information technology. The rapid development of the worldwide computer network has provided for instant access to vast amounts of information. The downside of the widened access is the lessening of the perceived depth of information. In this situation, the main challenge for compilers of data, especially for the government bodies, is to skillfully navigate users across the information field, employing all possible methods of providing access to official information and enabling end users to segregate and analyze the necessary mass of data for a more profound understanding of reality. This understanding is particularly important for central banks, as it makes it possible to secure the public accountability of these authorities and increase confidence in the policy they pursue.

The Bank of Russia is a relatively young compiler of official statistics. The modern set of statistical indicators that meet the requirements of the international statistical standards related to the compiling of the balance of payments and monetary, banking and payment system statistics has been put together in the last 15 years. The history of the Bank of Russia web site dates back to April 1997 and the present-day image and content of the Bank of Russia official publications and the principles of its communication policy were established in 1998-1999.

This article analyses the Bank of Russia approaches to the dissemination of statistical data, the assessment of its communication policy by external users, the outlook for its creative development and the contribution of Bank of Russia statisticians to the development of the modern information space.

Bank of Russia Principles of Disseminating Statistical Data

The duty of the Bank of Russia to publish statistical and analytical materials characterizing the situation in the banking system and the Russian economy, especially monetary, currency and price aspects, is established in the Federal Law on the Central Bank of the Russian Federation (Bank of Russia)². All Bank of Russia divisions — functional, IT and public relations — are involved in performing this function.

Guided by the federal law on information, information technology and the protection of information, the Bank of Russia employs the following core principles of disseminating banking statistics:

¹ Russian Encyclopedic Dictionary, Joint Stock Company "Great Russian Entsiklopedia", Moscow, 2003

² Federal Law "On the Central Bank of the Russian Federation (Bank of Russia)", articles 4, 57,
http://www.cbr.ru/eng/today/status_functions/

- timely dissemination of open (non-confidential) statistical data for the widest possible range of users;
- application of best practice for disclosure of information based on international data dissemination standards;
- maintaining active dialogue with users aimed at promoting the development of statistics.

Bank of Russia Statistical Data Dissemination Practices

The prime source of statistical data disseminated by the Bank of Russia is the Bank of Russia functional divisions responsible for compiling statistics: the General Economic Department (monetary and financial statistics and statistics relating to Bank of Russia monetary policy operations); the Balance of Payments Department (balance of payments, direct investment, international reserves and the international investment position, foreign debt, foreign trade in goods and services and individual cross-border transactions); the Research and Information Department (interest rate statistics); the Banking Regulation and Supervision Department (aggregated performance indicators of credit institutions and financial soundness indicators for banking sector); the Settlements Regulation Department (payment system data). In compliance with the rules of procedure established for them, these divisions present statistical data to several other departments. The External and Public Relations Department posts the data on the Bank of Russia web site, the General Economic Department includes these data in the monthly *Bulletin of Banking Statistics* whereas other units analyze them and include in the Bank of Russia analytical publications.

It is quite clear that statistical data permeate the entire information field created by the Bank of Russia. Suffice is to take a look at the Bank of Russia main page in the Internet: only one of the nine thematic sections (*Banknotes and Coins*) does not contain statistics:



Bank of Russia Today

Banknotes and Coins

IMF Special Data Dissemination Standard (SDDS)

Information and Analytical Materials

Statistics

Publications

Regions

Taking into consideration the vast amount of published data, the need to meet the data dissemination timeliness requirements and limitations of resources, the Bank of Russia statistics compilers as a matter of principle **assigns high priority to the dissemination of statistical indicators in the form of aggregate data (neutral presentation)**, so that individual users inside or outside the Bank of Russia could further utilize them for the specific purposes of their analysis.

Another aspect of information policy in the field of banking statistics is the emphasis on the need to **meet the requirements of an unlimited number of users**. In practice this means that the Bank of Russia always analyses the incoming requests for information from the standpoint that the requested data may be of interest to all users. For example, last year the Bank of Russia repeatedly received requests from individual

banking analysts and international organizations (the IMF, for instance) to provide data on the currency structure of credit institutions' balance sheets. Since the Bank of Russia had these data, it decided in July 2010 to include them in the information it published in Credit Institutions Survey³. As a result, all interested users have received an additional tool for the analysis of banking sector vulnerability to the exchange rate fluctuations. Taking into consideration the importance of the matter during the crisis and in the post-crisis period, the Bank of Russia took similar decisions in regard of the publication of additional information on bank lending to the economy. In response to great interest shown by users, the Bank of Russia included indicators characterizing the role played by large banks in extending loans in the data it disseminated as well as a broader structure of credit by borrower' economic activity and scale of business, the structure of overdue debt, the sources and volumes of mortgage refinancing and some other data in demand.

The Bank of Russia is actively using the *Internet* to meet the needs of widest possible range of users. Its daily online support for financial market participants starts early in the morning — before the markets open, the Bank of Russia posts information on banking sector liquidity as of the beginning of the day on its website as well as the terms, conditions and volumes of operations conducted using monetary policy instruments and the level of interbank market rates.

Along with information on its activities, the Bank of Russia enables credit institutions to disclose to an unlimited number of users data from individual financial and prudential reports via its website. Since 2006, the Bank of Russia has posted on its website with permission of credit institutions their balance sheets and profit-and-loss statements and since 2010, data on calculation of own funds (capital) and required ratios. Publishing individual reports on the Bank of Russia website sets the fashion and is an informal standard followed by most credit institutions: 97% disclose financial reporting data and 92% - prudential indicators.

All Bank of Russia publications containing statistical data, including the weekly *Bank of Russia Bulletin*, are disseminated offline by subscription and online on the Bank of Russia web site (free of charge). As might be expected, the circulation of printed publications has a tendency to decline, as their online versions become increasingly popular.

The IMF's **Special Data Dissemination Standard (SDDS)** serves as the quality criterion for the Bank of Russia in providing statistical data to external users. Although by joining the SDDS the country pledges to comply with its data quality requirements and dissemination procedures regarding only a limited number of key macroeconomic indicators, the Bank of Russia believes that it should apply the SDDR requirements to the whole body of the statistical data it disseminates.

The implementation of the SDDR requirements (Section IV *Serviceability* and Section V *Accessibility being especially pertinent to this discussion*) is ensured by informing users about:

- the Bank of Russia publications programme;
- statistical data publication dates;
- the nature of disseminated data (estimates and updates);
- all major changes in the structure of published data and the methodology of compiling them, including revisions of time series of data.

The same purpose is served by complementing published statistical data with accompanying metadata (methodological comments, source references, procedures for assessing individual data, etc.).

³ Information notice about enlarging the scope of monetary statistics, June, 25, 2010, http://www.cbr.ru/eng/press/archive_get_blob.asp?doc_ic

Statistical information on the Bank of Russia website is posted using the advanced technologies allowing external users to receive data in convenient formats (visually it is the HTML, in email it is the DBF and automatically it is the XML-based web services). The XHTML format helps transform statistical series into the Microsoft Office applications friendly format and subsequently makes all the necessary calculations using a minimum amount of operations (selecting, copying and pasting data). A part of dynamic series disseminated in the Bank of Russia official publications in the Adobe Acrobat format are also posted in the form of EXCEL files for convenience.

Dialogue with users is a major element of the Bank of Russia data dissemination practice. To maintain this dialogue according to the SDDS best practice recommendations, the Bank of Russia indicates the division that compiled the data and provides corresponding contact information in all its offline and online statistical publications. It regularly conducts *thematic polls of users*. One of the purposes of this dialogue is to improve the Bank of Russia official *Bulletin of Banking Statistics*. The range of users is determined on the basis of the addresses to which the offline *Bulletin of Banking Statistics* is delivered and of potential users of the online version posted on the Bank of Russia website (according to the questionnaire provided therein). Respondents, who represents various groups of users (political figures, civil servants, journalists, academics, students, etc.), are asked to give ratings to the format and quality of published statistical materials and suggest improvements.

User opinions are also gauged by conducting informal surveys on the quality of macroeconomic statistics in Russia (for the Bank of Russia, it is appropriate SDDS data categories for financial and external sectors). These surveys are conducted as part of the assessment of Russia's compliance with the SDDS.

In addition, the Bank of Russia posts questionnaires for users specifically designed for monitoring their opinion on the content of information posted on the Bank of Russia website, the methods of posting it and its formats. Users' queries with email addresses are send to the division that compiled the data.

Here is an example of a typical questionnaire for users of, say, monetary and financial statistics data⁴:

Dear user,

It is very important for us to know what you think about these monetary and financial statistical data. We would appreciate your comments and suggestions for ways of improving the data dissemination format. Please fill in this questionnaire.

1. Please state your occupation or line of business

Other:

2. Are you satisfied with the content of information?

We believe that this form of co-operation is extremely useful for both sides. The users receive firsthand comments and explanations from the developer on the compiling of data necessary for the adequate analysis of information, while the compilers obtain a handy tool for upgrading the methodology of compiling data and metadata and monitoring the requirements of different statistical information users.

Another form of co-operation between the Bank of Russia and users of its data is *direct contact with a target audience*. This co-operation takes the form of regularly held joint meetings with representatives of government agencies, research centers or associations of banks. At these meetings, their participants discuss with Bank of Russia

⁴ <http://www.cbr.ru/eng/statistics/?Prtid=dkfs>

representatives not only the actions taken by the Bank of Russia in the field of monetary policy and banking supervision, but also Bank of Russia transparency and ways of improving its communication policy. Sometimes the Bank of Russia uses these meetings as a means of enlisting allies for the development of new statistical projects. For example, at one of the recent meetings of the Monetary Policy and Banking Regulation Council of the Association of Regional Banks, the Bank of Russia raised the issue of compiling financial accounts in Russia and drafting of the corresponding laws. The participants of the meeting, including representatives of the State Duma, the Lower House of the Russian Parliament, supported its idea and this gives us reason to hope that we shall be able to join forces in advancing this project.

Worth mentioning are the efforts exerted by the Bank of Russia to arrange meaningful co-operation with the *mass media*, which seem to be the most effective channel for arranging closer relations with all public groups. The mass media have the advantage of delivering any message to any audience anywhere and anytime with this message having a long-lasting information effect. At the same time, this advantage implies a high risk should the original message be distorted or misinterpreted and thus the Bank of Russia treads with great caution when dealing with mass media, making sure that its official comments and reports are published unamended and interpreted correctly.

Therefore, Bank of Russia specialists prepare information and analytical materials for publication in mass media, reply to mass media queries about the structure and methodology of compiling data and the analysis of data dynamics. Furthermore they assist journalists in writing articles on financial and economic issues. Twice a year, the Bank of Russia organizes *seminars* for a wide range of Russian and foreign journalists writing about the Bank of Russia and its activities. At these seminars, high-level Bank of Russia executives have informal discussions with journalists on monetary policy outlook and topical issues relating to the banking system. They also discuss the methodologies of compiling statistical data that underlie the decisions taken by the Bank of Russia.

What do users think of banking statistics? What improvements do they suggest?

Dissemination of Statistical Data by the Bank of Russia in the Eyes of Users

The public has always trusted the methods of disseminating statistical data used by the Bank of Russia. According to users' comments, 'the Bank of Russia has managed to create an open information space with accessible economic and statistical data and its readiness to dialogue with the professional community has made the banking sector one of the most transparent sectors of the Russian financial market'⁵.

Overall, users think well of the quality of Russia's macroeconomic statistics. 'A majority of the users are satisfied with the methodological soundness, coverage, timeliness and accessibility of official statistics, especially monetary and financial and balance of payments statistics.'⁶ The averaged ratings received as a result of the 2008 poll of *Bulletin of Banking Statistics* users (assigned on a five-point scale) bear this out:

data accessibility to the public	4.77
length of dynamics series	4.77
periodicity	4.89
coverage	4.59
timeliness	4.48

⁵ Summary of Bank of Russia' communication policy discussions, November, 15, 2010, Monetary Policy and Financial Regulation Council, Association "Russia", <http://www.asros.ru/ru/activities/com-grp/sovet>

⁶ Russian Federation: Report on Observance of Standards and Codes – Data Module, published on March, 8, 2011; <http://www.imf.org/external/pubs/cat/longres.aspx?sk=24>

We believe that the lower rating assigned for 'coverage' may be the result of respondents misunderstanding the question, while the lower rating for 'timeliness' was the result of respondents being unaware of the dates on which the Bank of Russia posted the online version of the *Bulletin* on its website.

What next? Should we come to the conclusion that users are absolutely happy with the Bank of Russia practice of disclosing information?

The answer is, of course, no. Users, especially the expert community, believe that the Bank of Russia should continue to exert efforts to make the monetary policy and the banking sector more transparent. It is highly significant that virtually all suggestions are about the substantive aspects of information disclosure, implying that we should further **expand the volume of disclosed data**. It is clear that high demand for data is dictated by the current situation in the economy, which calls for a more thorough analysis of statistical indicators amid financial instability.

It is an interesting fact that at the acute stage of the crisis (2008-2009) the comments and proposals made by the Russian professional audience largely concerned the problem of improving the Bank of Russia's interaction with the public when explaining the monetary policy decisions, anti-crisis measures and - to a lesser extent - statistics. As the situation gradually stabilized, there appeared a sustained demand for macro and micro statistics characterizing financial stability and banking sector risks. Specifically, in 2010 experts proposed that the Bank of Russia should consider disclosing on its website in addition to data on balance sheet, capital adequacy ratio and some other required ratios data from 7 prudential reporting forms for each credit institution. They argued that this would facilitate the ongoing analysis of soundness of banks and allow users to get a full picture of the banks' risk profiles and assessments. In addition, the Bank of Russia has been requested to provide even more information on the loans extended by banks: the structure of collateral, the value of rescheduled (restructured) loans, the volume of loan sale operations, interest rates categorized by borrower, and so forth.

There were proposals to pool into single database information contained in Section *Statistics* with data in Section *Information and Analytical Materials* on the Bank of Russia website. Users also proposed to discuss in advance the format of Bank of Russia new statistical sections and analytical materials with the expert community for creating a comfortable user environment and meet the wishes of those who use these data.

All these proposals testify to a high professional standing of experts who use Bank of Russia statistics. On the one hand, they show that the demand for data published by the Bank of Russia is very high and may only increase in times of financial turmoil. On the other hand, it is also clear that the Bank of Russia should consider these proposals very judiciously, taking into account not only the legal restrictions on the disclosure of information on credit institutions, but also the reporting burden on respondent banks, because the applicable reporting forms do not contain all information requested by users.

Statistical Data Dissemination by the Bank of Russia: an Outlook

The Bank of Russia is currently discussing ways of further improving its communication policy. Two major factors are behind great interest in this matter. The first one is an ambitious plan to build an international financial centre in Moscow by

2020⁷. The second is the announcement that the Bank of Russia is to switch to inflation targeting and a freely floating ruble⁸. Both projects call for greater openness and transparency by the Bank of Russia and the development of the information infrastructure using all the effective forms and methods of conducting communications.

It should be admitted that the Bank of Russia communication policy today is largely oriented to the Russian professional audience and to a lesser extent the general public and foreign target audience. To eliminate this imbalance, the Bank of Russia will carry out the following measures:

- develop an information section devoted to financial literacy of the population in the field of banking services on the Bank of Russia website;
- open an Internet reception room of the Bank of Russia to enable users to send inquiries to the Bank of Russia and its regional branches;
- create a Bank of Russia virtual museum;
- broaden the range of materials posted on the English-language page of the Bank of Russia website.

To reach out to target groups such as school and university students, the Bank of Russia may have to use advanced methods of presenting information in the Internet in the form of multimedia materials, such as videos, computer games and animation films, which are easier to understand and may attract young people who know little about economic problems better than conventional material in the text format.

Bank of Russia statisticians have their own issues to address in the context of the present-day communication policy. Their contribution to the creation of Russia's 21st century information field will not be limited to meeting the users' growing demand for statistical information, but will also include developing methodologies and techniques for the integration of statistical resources by creating data and metadata warehouses. The Bank of Russia has been working on a project to build a corporate data warehouse and create a centralized master data service since 2007. The main element of this master data will be a Simple list of banking statistics indicators, which will contain the structured description for each indicator.

The creation of the Inter-agency Statistical Information Service, known by its Russian abbreviation as EMISS and developed as part of the government-sponsored programme Electronic Russia⁹, is a major step towards inter-agency integration. Operated by the Federal State Statistics Service, this system is a single government-controlled information resource giving users centralized access to data and metadata on key official statistical indicators. These indicators will be compiled not only by the Federal State Statistics Service, but also the Bank of Russia, Ministry of Finance, Federal Financial Market Service, State Customs Committee and other government agencies.

Bank of Russia statisticians are also actively involved in the compiling of an encyclopedia of statistical terms, a reference source intended for the general public and containing standard and new terms and collocations used in contemporary statistics.

Conclusion

The presentation of the Bank of Russia communication policy relating to the dissemination of statistical data, as well as best practices of other central banks testify to a great success achieved by central banks over the past 15 years in arranging co-operation with the public. In addition, the state of art in disseminating statistical

⁷ The Russian Federation Government Resolution N911, July, 11, 2009 "Action plan on development of International Financial Centre in the Russian Federation"

⁸ Guidelines for the Single State Monetary Policy in 2011 and for 2012 and 2013, http://www.cbr.ru/eng/today/publications_reports/

⁹ The Russian Federation Government Resolution N65, January, 28, 2002 (with amendments) "On Federal Programme "Electronic Russia"

information has significantly increased. Progress is ensured by central bank efforts and the development of the “information-oriented society” showing higher demand for information on the government bodies’ activities provided with the use of modern information technologies. Each central bank has its own creative solutions to the theme of communicating statistics on its major activities and the national economy. In the Bank of Russia case, it is useful to mention practical approaches to the dissemination of banking statistics, forms and methods of direct contacts with the target audience and mass media, as well as the advanced development of integrated information resources for efficient electronic presentation of official statistics to the general public.