

Minutes of the Meeting on Financial Information Needs for Statistics, Macroprudential Regulation and Supervision in Central Banks of Latin America and the Caribbean

Mexico City, Mexico, May 15 and 16, 2014

The I Meeting on Financial Information Needs for Statistics, Macroprudential Regulation and Supervision in Central Banks of Latin America and the Caribbean organized by the Center for Latin American Monetary Studies (CEMLA) jointly with Banco de México was held in Mexico City, Mexico, on May 15 and 16, 2014. It was attended by representatives from twenty four institutions, comprising central banks and international bodies that are Associate and Collaborating Members of CEMLA¹.

The aim of the Meeting was to discuss topics related to the financial information needs that central banks are facing in the new environment stemming from the global financial crisis (GFC). These new necessities concern the changes and innovations that central banks must make to their conceptual, analytical and reporting regime frameworks in order to understand in a timely and appropriate manner monetary policy transmission mechanisms and their interactions with the financial sector, as well as to assume a central role in macroprudential and regulatory decision-making.

To establish a framework of reference for these needs, the Meeting was divided into four thematic sessions². The main topics discussed at each of these sessions are presented below:

Uses of financial information for monetary policy decision-making, macroprudential regulation and supervision, and market surveillance. This block presented some of the new ways central banks are using information to analyze risks and financial stability, and how these factors are being included in policy decisions. This session highlighted the importance acquired by information on credit to the non-financial private sector and on the day-to-day functioning of different financial markets. Such information can be obtained through different infrastructures (systemically important payment systems—SIPS, trade repositories—TR, central counterparties—CCP and central credit registers—CCR) and is a crucial input for macroprudential regulation and supervision, as well as for monetary policy decision-making. It also emphasized the use of new analytical approaches for assessing exposures and interactions in the financial system as potential sources of risk. Finally, it underlined the importance of having advanced, reliable and harmonized information for identifying risks on time and thereby boost the effectiveness of central bank policies.

¹ Annex 3 provides a list of participants at the Meeting.

² Annex 2 contains the program of the Meeting.

Other statistical uses of financial information. This block addressed the role of financial accounts as a source of extremely valuable statistical information associated with the interconnections of groups of economic agents with the financial sector and potential risks e.g. risk concentration or over indebtedness stemming from such interconnections inside and outside the economy. It also reiterated the importance of timely and harmonized financial information via, for instance, convergence with international accounting and financial reporting standards, as well as the institutional capacity of authorities to obtain and interpret such information.

International Initiatives. This block presented the different international efforts to identify and solve financial data gaps and shortfalls, and increase, standardize and, when required, promote the exchange of financial information for identifying risks. These efforts have been remarkable due to the extensive worldwide collaboration achieved between international bodies and national and regional governments for developing financial information models in line with the new context posed by the GFC. The efforts of the Financial Stability Board, the International Monetary Fund, the Bank for International Settlements, the European Central Bank and the G-20 to address different data gaps, identify and construct new indicators for monitoring risks in the financial system, establish a Legal Entity Identifier for securities operations, and review communication and reporting standards, currently stand out, among other international initiatives, as the main lines of work for improving financial information in central banks and other financial authorities.

Data Management. This block addressed the role of financial data governance and management in central banks as a substantive item for providing the authorities with detailed and complete information for different tasks related to policy decision-making. The most notable aspects were having a model for integrating statistics, and greater internal and external cooperation in central banks for building an efficient reporting regime to meet the requirements posed by the GFC. The role of microdata, the granularity and disaggregation of financial data, the development and leverage of different data registries (such as central balance sheets and central credit registers), the reasonable and sustainable use of available technology and resources, an appropriate framework for communicating and disseminating information, as well as permanent promotion of the quality of central bank information services, were identified as key factors for having financial information systems in line with the needs of central banks.

The Meeting ended with a session dedicated to the presentation of CEMLA's proposal aimed at encouraging collaboration and dialogue among central banks of Latin America and the Caribbean on financial information issues by creating a regional forum for sharing members' knowledge and experience, promoting the development of ideas and opinions from a regional standpoint, and fostering joint learning among international bodies and institutions that are members of CEMLA.

Those present at the Meeting expressed their interest regarding the necessity and advantage of having a space for regional collaboration that fosters peer interaction for handling and discussing matters of common interest. They also mentioned, among other considerations,

that the proposal should: i) strike an appropriate balance between the diverse interests and needs of CEMLA's Membership; ii) channel efforts to address technical assistance needs, using the participation and support of technical associates; iii) promote different activities for improving central bank skills through training; and, iv) obtain the formal approval and support of the highest authorities in their institutions for implementing this important regional initiative.

There was general agreement in favor of CEMLA presenting the authorities of its Associate and Collaborating Members with a draft proposal for setting up a regional forum on financial information issues in central banks that includes the items proposed and discussed by the participants. CEMLA's Director General promised to respond to this mandate as soon as possible³, and the Meeting was then adjourned.

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³ Annex 1 contains the draft proposal for creating a financial information forum for central banks of Latin America and the Caribbean.