

6

Conclusion: A Perspective on Future Challenges

In its first 10 years, the IMF's Data Dissemination Initiative has had a demonstrable positive impact on data dissemination. Currently, the General Data Dissemination System (GDDS) and the Special Data Dissemination Standard (SDDS) taken together include 83 percent of the IMF's member countries. This initiative has become an integral part of the international financial architecture and has helped to promote economic transparency and efficiency. Along with other financial standards and codes it has served to strengthen transparency and good governance globally.

What does the future hold? As the global economy becomes more interconnected, and as financial markets continue to develop and introduce new products, the appetite of policymakers, market participants, and the public at large for timely and reliable data will increase, including for datasets that are not currently compiled. This implies that the Data Dissemination Initiative will need to expand its coverage to remain relevant. It also means that a continuing effort will be needed to increase participation to include countries that do not presently subscribe to the SDDS or participate in the GDDS. This, too, will be a major challenge for the future of the Data Dissemination Initiative, because the concept of transparency in economic and financial matters is not yet a universally accepted notion.

Recent experience within the IMF dealing with increasingly sophisticated national and international financial markets points to the need for certain new statistical products. For example, the ongoing development and innovation in domestic and international financial markets is generating demand for new analytical approaches and supporting datasets to assess underlying vulnerabilities and risks. The IMF, in collaboration with

the international statistical community and member countries, has initiated work to compile financial soundness indicators and to implement the balance sheet approach to analyze debt-related vulnerabilities. In discussions of exchange rates and exchange rate policies, the need for higher frequency data on the currency composition of international reserves is often raised. And in the area of hedge funds, private pools of capital, or their public sector counterparts, or so-called sovereign wealth funds, many international finance commentators have called for greater transparency.

International financial experts also have views on the evolving data needs of an increasingly globalized world. To take account of their views, the IMF's Statistics Department organized a seminar on the occasion of the 2006 Annual Meetings of the International Monetary Fund and the World Bank Group in Singapore, entitled "Informing Markets: Statistical Challenges Facing the Global Economy."

The invited experts agreed that high-quality economic and financial statistics were essential for global economic and financial stability and that the international statistical reforms of the past decade, including the Data Dissemination Initiative, had been effective. Additionally, all stressed that the current focus on developing internationally comparable balance sheet data was critical.

Ian Ball, the chief executive of the International Federation of Accountants (IFAC), made the case for including the IFAC's international public sector accounting standards as part of the Financial Stability Forum's set of core standards. This would serve to enhance governmental financial reporting and the development of governmental balance sheets, along with internationally comparable government finance statistics. He noted that governments generally do not impose the same financial reporting standards on themselves as they do on the private sector. Adoption of the international public sector accounting standards would lead to improved transparency, service delivery, and multilateral surveillance, and help governments examine and manage balance sheets, all serving to enhance fiscal sustainability and financial stability.

José Manuel González-Páramo, a member of the Executive Board of the European Central Bank, stressed that economic and financial data were essential for central banks to formulate and implement monetary policy. He expressed support for the IMF's work in the area of macro-prudential indicators and indicated that he would like to see the development of an international standard in this area.

Martin Parkinson, executive director of the Macroeconomic Group of the Australian Treasury, felt that the SDDS had contributed to a reduction in borrowing costs of emerging market subscribers and had increased the

frequency of data dissemination, but that this says little about data quality. With respect to balance sheet data and analysis, Parkinson felt that we have made a good start, but much remains to be done. On the other hand, he noted that improvements are needed in the measurement of trade in services in the balance of payments statistics. With international outsourcing expanding rapidly, and proving to be an important source of improving productivity growth in many countries, Parkinson predicted that policymakers will be demanding data in this area and advised the international statistical community to begin to improve data coverage and quality.

The acceptance of the concept of openness and transparency in economic and financial matters—although widespread—is not yet universal. This is evident in the disparities in regional rates of participation in the Data Dissemination Initiative. Indeed, it may be that participation is reaching a temporary plateau, following initial strong acceptance around the world. Moving the initiative to universal participation presents a major challenge. As suggested in this volume, one means is to revamp the GDDS to align it more closely with the SDDS to give more emphasis to data dissemination, the idea being that “supply creates its own demand.” With more information being disseminated, the market efficiency benefits may become more evident to policymakers, market participants, and the public at large. And the lower borrowing costs associated with participation in the SDDS and the GDDS may provide countries with an additional incentive. For the many countries seeking to participate but lacking the capacity to do so, the provision of effective technical assistance will be an ongoing requirement. For other countries, intensified efforts to persuade policymakers of the benefits of transparency will be needed.

The Data Dissemination Initiative faces challenges, but the progress over the last decade, and the benefits derived from increased transparency, market efficiency, and international financial stability, make meeting them in the future worthwhile.