

ABBREVIATIONS

DSBB	Dissemination Standards Bulletin Board
DQAF	Data Quality Assessment Framework
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
GDSD	General Data Dissemination System
IMF	International Monetary Fund
<i>MFSM</i>	<i>Monetary and Financial Statistics Manual</i>
ODCs	Other Depository Corporations
ROSC	Report on the Observance of Standards and Codes
SD	Statistics Department of the Eastern Caribbean Central Bank

I. INTRODUCTION

1. The Eastern Caribbean Central Bank (ECCB) has been taking a leading role in the Eastern Caribbean Currency Union (ECCU) area for establishing sound statistical practices. The ECCB has implemented several initiatives to strengthen its statistical capacity, including the establishment of the Statistics Department (SD) in December 2005 as a single unit responsible for the collection, compilation, and dissemination of statistics in four major areas: national accounts, monetary and financial, fiscal, and balance of payments statistics. The ECCB compiles the monetary statistics not only for the ECCU area, but also for individual member countries of the ECCU. Therefore, this report provides an assessment of the monetary statistics compiled for the ECCU area and individual member countries as well.
2. Although the ECCB is not a participant of the General Data Dissemination System (GDDS), six member countries of the ECCU participate in the GDDS.¹ Therefore, the assessment of the quality of monetary statistics data dissemination practices was conducted against the GDDS.
3. This report is based on the information provided prior to and during the mission that visited Basseterre during April 10–20, 2007, and does not reflect any changes in the data compilation and dissemination practices that might have taken place after the end of April 2007. The mission expresses its appreciation for the excellent cooperation received from the authorities and staff of the ECCB.
4. While noting some recent improvements, the mission that prepared this monetary statistics component of the Regional Data Module of Report on Observance of Standards and Codes (ROSC) identified some shortcomings in the ECCB's monetary statistics, which have a potential for detracting from the accurate and timely analysis of monetary and financial developments and formulation of appropriate policies. In particular, (i) the methodological soundness of monetary statistics can be improved by adopting internationally accepted concepts and definitions, expanding their institutional coverage, and revising the classifications of financial instruments and the basis for recording; (ii) the transparency of monetary statistics can be improved, for example, by releasing monetary data to all users at the same time and strengthening the validation of the disseminated data; (iii) the timeliness of the dissemination of the data on broad money and credit aggregates can be improved to meet best international practices; and (iv) the access to officially disseminated monetary data and metadata can be improved.
5. The remainder of this section presents the mission's main conclusions. The presentation is at the level of the Data Quality Assessment Framework's (DQAF) quality dimensions.
6. With respect to the **prerequisites of quality and assurances of integrity**, the legislation broadly supports mandatory data reporting and the confidentiality of the reported

¹ Two other ECCU member countries, Anguilla and Montserrat, do not participate in the GDDS, because they are not independent states.

data. However, the ECCB's responsibility for compiling and disseminating monetary statistics to the public is not clearly specified in the law. Regarding resources, the number of staff allocated to the compilation of monetary statistics is inadequate. The ECCB maintains some informal contact with data users, but does not formally monitor the users' views on the relevance of monetary statistics and does not seek to identify emerging data requirements from external data users. The ECCB management is aware that continued efforts are needed to improve the quality of the monetary statistics and that more systematic data-quality verification procedures need to be established. Although no formal provisions are in place regarding the professional independence of the ECCB's production of statistics, by tradition and by virtue of its authority, the ECCB's independence in the data processing is respected by the governments of the member countries. The ECCB staff exercise independence in their choice of data sources, compilation methods, and data dissemination policies, within the limits of available resources. Processes and activities in the workplace promote a culture of professionalism. The ECCB is authorized to comment on the monetary statistics and correct erroneous interpretations or misuses of data by users or the media, but terms and conditions under which monetary statistics are collected, compiled, and disseminated are not provided to the public. Data are released to the Ministry of Finance, commercial banks, and national statistical offices of ECCU member countries before dissemination to the general public. This practice is not publicized by the ECCB. The ECCB regulations, which are well known to the staff, clearly specify the rights and responsibilities of ECCB staff, including rules of conduct and disciplinary sanctions.

7. Regarding the **methodological soundness** of monetary statistics, there is room for improving concepts and definitions by disseminating data on gross domestic credit. The institutional coverage of the other depository corporations is incomplete, given that data for mortgage companies, finance companies, building societies, and credit unions—all of which accept deposits—are excluded. Sectoral and instrument classification of the monetary statistics are not in full compliance with the methodology of the *Monetary and Financial Statistics Manual (MFSM)*. Basis for recording is in general compliance with the *MFSM* recommendations, but accrued interest is not incorporated in the value of the interest-bearing assets and liabilities and valuation adjustments are included in other liabilities.

8. **Accuracy and reliability** elements are, in general, appropriately treated in the monetary statistics. Source data on the ECCB accounts with adequate disaggregation are available to compilers of monetary statistics. However, source data for the commercial banks do not provide the disaggregation recommended in the *MFSM*. Validation of source data, statistical techniques, and procedures for validating intermediate and final data are adequate.

9. **Serviceability** of the monetary statistics needs to be improved. The periodicity of monetary statistics is appropriate, and timeliness is satisfactory for data for the ECCB and individual ECCU member countries. However, the timeliness of the dissemination of the data on broad money and credit aggregates for the ECCU does not accord with GDDS recommendations. Monetary statistics are reconcilable over the periods for which they are disseminated; however, some inconsistencies exist in the accounts of commercial banks vis-à-vis the central bank and the commercial banks' interbank positions. The consistency between the monetary statistics and other macroeconomic statistics is assured by using

monetary data as an input for other statistical systems. The revisions policy and practices need to be documented and disseminated to the public. Studies and analyses of data revisions also are not disseminated to the public.

10. There are opportunities to improve the **accessibility** of monetary statistics, for example, by adopting an advance release calendar and improving the presentation of the data in the publications and on the ECCB website. Metadata on monetary statistics are very limited. Unpublished nonconfidential data are made available upon request, and assistance to users is appropriate. Contact points are publicized, and a list of the ECCB's publications is available on the ECCB website.

II. ASSESSMENT BY DIMENSION OF DATA QUALITY

11. Assessment of the quality of monetary statistics was conducted using the DQAF of July 2003. In this section, the results are presented at the level of the DQAF elements and using a four point rating scale (Table 1). Assessments of the prerequisites of data quality and the assurances of integrity (Dimensions "0" and "1" of the DQAF) are presented in Table 2. The assessments of methodological soundness, accuracy and reliability, serviceability, and accessibility (Dimensions "2" to "5" of the DQAF) are shown in Table 3.

12. To complement the IMF's assessment of the quality of official monetary statistics produced by the ECCB, the mission conducted an informal survey of users of the monetary statistics. Questionnaires were sent to various users who were asked to evaluate the coverage, periodicity, timelines, dissemination practices, accessibility, and overall quality of the official monetary statistics. Twenty-one of 51 targeted users submitted responses.

13. On a five point scale (1 = poor and 5 = excellent), the average rating for overall quality of monetary statistics was 3.3. A majority of respondents felt that they can easily access the official monetary statistics and that the monetary statistics compiled by the ECCB are unbiased and accurate. While some respondents indicated that they were generally satisfied with the level of coverage and the periodicity, other respondents noted that the scope of the monetary statistics should be expanded to include credit unions and insurance companies. Respondents also felt that the timeliness needed to be improved and that the advance release calendar should be disseminated to the public.

14. A more detailed analysis of the User's Survey and the tabulated results are included in the Appendix of the accompanying document *Detailed Assessment Using the Data Quality Assessment Framework (DQAF)* of monetary statistics.

Table 1. Eastern Caribbean Central Bank: Data Quality Assessment Framework (July 2003): Summary of Results for Monetary Statistics
(Compiling Agency: Eastern Caribbean Central Bank)

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed		
Element	Assessment	Comments
0. Prerequisites of quality		
0.1 Legal and institutional environment	LO	The ECCB's responsibility for compiling and disseminating monetary statistics to the public is not clearly specified.
0.2 Resources	LO	The number of staff is currently inadequate for the compilation of monetary statistics.
0.3 Relevance	LO	Structured and periodic procedure of consultations with external data users is not in place.
0.4 Other quality management	LO	Quality monitoring and data review need to be strengthened prior to the dissemination of final statistical aggregates.
1. Assurances of integrity		
1.1 Professionalism	O	The terms and conditions under which monetary statistics are collected, compiled, and disseminated are not provided to the public. Data are released simultaneously to the Ministry of Finance, commercial banks, and national statistical offices of ECCU member countries, before the monetary statistics are provided to the general public. This practice is not publicized by the ECCB.
1.2 Transparency	LO	
1.3 Ethical standards	O	
2. Methodological soundness		
2.1 Concepts and definitions	LO	Credit to domestic sectors other than the central government and private sector are presented on net basis in the dissemination of the monetary survey.
2.2 Scope	LO	Institutional coverage of the ODCs is incomplete. Deposits accepted by financial institutions other than commercial banks account for more than 7 percent of total deposits accepted by the commercial banks.
2.3 Classification/sectorization	LO	Sectoral and instrument classifications of monetary statistics are not in full compliance with the methodology of the <i>MFSM</i> .
2.4 Basis for recording	LO	Accrued interest is not incorporated in the value of the interest-bearing assets and liabilities. Valuation adjustments are included in the other liabilities.
3. Accuracy and reliability		
3.1 Source data	LO	Source data for the accounts of commercial banks do not provide sufficient disaggregation needed for the compilation of monetary statistics recommended by the <i>MFSM</i> .
3.2 Assessment of source data	O	
3.3 Statistical techniques	O	

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Element	Assessment	Comments
3.4 Assessment and validation of intermediate data and statistical outputs	O	
3.5 Revision studies	O	
4. Serviceability		
4.1 Periodicity and timeliness	LO	Timeliness of the dissemination of the data on broad money and credit aggregates for the ECCU does not accord with the GDDS recommendations.
4.2 Consistency	LO	There are some inconsistencies in the accounts of commercial banks vis-à-vis the central bank and the commercial banks' interbank positions.
4.3 Revision policy and practice	LNO	Users are not informed about the revised nature of the data. Studies and analyses of data revisions are not provided to the public.
5. Accessibility		
5.1 Data accessibility	LO	The ECCB does not disseminate data based on a preannounced schedule with specific dates.
5.2 Metadata accessibility	LO	Detailed explanation of the monetary statistics methodology, data coverage, and data sources is not available to users.
5.3 Assistance to users	O	

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Table 2. Eastern Caribbean Central Bank: Assessment of Data Quality—Dimensions 0 and 1

0. Prerequisites of quality	1. Assurances of integrity
<p>Legal and institutional environment Although the ECCB Act adequately addresses the issue of the ECCB’s authority to collect data from financial institutions licensed for providing banking operations, the ECCB’s responsibility for compiling and disseminating monetary statistics to the public is not clearly specified. Within the ECCB, the responsibility for compiling monetary statistics rests with the Statistics Department (SD). Specific responsibilities of this department with regard to collecting, processing, and disseminating statistics are governed by internal instructions of the ECCB. The arrangements for data sharing and coordination with other ECCB departments are in place to ensure the smooth flow of information. The confidentiality of individual respondents’ data is adequately protected. Measures are in place to encourage reporting by financial institutions licensed by the ECCB to provide banking operations.</p> <p>Resources Staff resources for compiling monetary statistics are currently inadequate; the SD has just lost one of its qualified staff responsible for the compilation of commercial banks’ data. Further formal and on-the-job training are needed. Computing resources and physical facilities are adequate. Measures to ensure efficient use of resources are implemented.</p> <p>Relevance There is no formally established process for regular consultation with ministries, or representatives from the private sector or academia. Internal data users such as economists and bank examiners of the ECCB are consulted on their specific needs for data.</p> <p>Other quality management Quality of the compilation process is checked; however, quality monitoring and data verification procedures need to be strengthened prior to the dissemination of final statistical aggregates.</p>	<p>Professionalism The statutory provisions under which the ECCB compiles monetary statistics are adequate to support its independence in conducting these functions. Independence of data processing is respected by the governments of the member countries of the ECCU. Professional competency plays a key role in the recruitment and promotion policy in the SD of the ECCB. A culture of professionalism is promoted by internal guidelines. The choice of sources of data and statistical methods is determined solely by statistical considerations.</p> <p>Transparency The terms and conditions under which monetary statistics are collected, compiled, and disseminated are set up in an internal document. However, these terms and conditions are not publicly available. The monetary statistics are released simultaneously to the Ministry of Finance, commercial banks, and national statistical offices of ECCU member countries, before dissemination of data to the general public. This practice is not publicized by the ECCB. The ECCB’s statistical publications are clearly identified as products of the ECCB with its name and logo. There have not been major changes in the methodology or source data of monetary statistics. Therefore, there has not been a need for an advance notice of these changes during recent years.</p> <p>Ethical standards The ECCB Act provides broad ethical guidelines in particular with respect to the data confidentiality for employees of the ECCB. In addition, staff members of the ECCB are bound by the internal guidelines that identify correct behavior when the ECCB staff is confronted with a potential conflict of interest situation. The ECCB employees are provided with these internal guidelines. Awareness of these guidelines is promoted to staff of the ECCB during internal office meetings.</p>

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Table 3. Eastern Caribbean Central Bank: Assessment of Data Quality—Dimensions 2 to 5—Monetary Statistics

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
<p>Concepts and definitions are broadly consistent with the <i>MFSM</i>. However, credit to domestic sectors other than the central government and private sector (such as public nonfinancial corporations, nonbank financial institutions, and subsidiaries and affiliates) is presented on net basis in the dissemination of the monetary survey.</p> <p>Scope for the compilation of monetary statistics comprises the ECCB and 39 commercial banks operating in the ECCU area. Institutional coverage of the depository corporations is incomplete, given that deposits accepted by financial institutions other than commercial banks account for more than 7 percent of total deposits accepted by commercial banks.</p> <p>Classification/sectorization Sectoral and instrument classifications of the disseminated monetary statistics is not in full compliance with the <i>MFSM</i> methodology, in particular with respect to the analytical accounts of the commercial banks.</p> <p>Basis for recording Valuation principles applied by the ECCB and commercial banks are in general consistent with the <i>MFSM</i> guidelines; however, accrued interest is not incorporated in the value of the interest-bearing assets and liabilities and valuation adjustments are included in other liabilities.</p>	<p>Source data for the ECCB and commercial banks derived from accounting records are timely. However, source data for the accounts of commercial banks do not provide sufficient disaggregation needed for the compilation of monetary statistics recommended by the <i>MFSM</i>.</p> <p>Assessment of source data Source data are checked for internal consistency and, when needed, out-of-trend values are verified through direct contact with reporting banks.</p> <p>Statistical techniques used to compile the monetary statistics are to a great extent automated and minimize processing time and errors (e.g., coding, editing, and tabulating errors). Seasonally adjusted monetary aggregates are not calculated.</p> <p>Assessment and validation of intermediate data and statistical outputs are computerized and consistency checks are used. Most queries concerning the data used for the compilation of monetary statistics are resolved by the SD directly with the banks.</p> <p>Revision studies are conducted to improve the data compilation procedures.</p>	<p>Periodicity follows fully the relevant GDDS recommendation. However, timeliness is consistent with the GDDS recommendation only for the accounts of the ECCB and individual ECCU member countries. Timeliness of the disseminated data on broad money and credit aggregates for the ECCU does not accord with GDDS recommendations; the data are released to the public four to five months after the reference month.</p> <p>Consistency within the data set is monitored through a system of computerized checks. Monetary data are reconcilable over the periods for which they are disseminated. However, some inconsistencies exist in the accounts of commercial banks vis-à-vis the central bank and the interbank commercial banks' positions. Monetary data are directly used as inputs for the compilation of government finance, balance of payments, and national accounts statistics, and therefore, the consistency between the monetary statistics and other statistical systems is assured.</p> <p>Revision policy and practice Users are not informed about the revised nature of data. Studies and analyses of data revisions are not provided to the public.</p>	<p>Data accessibility The dissemination media and format are adequate. However, the presentation of monetary statistics does not fully facilitate the complete interpretation of the data by users. The ECCB does not disseminate data based on a preannounced schedule with specific dates.</p> <p>Metadata accessibility The ECCB links its website to the IMF Dissemination Standards Bulletin Board (DSBB) where information is posted on the data coverage, periodicity, timeliness, integrity, and quality for the six member countries of the ECCU participating in the GDDS. The metadata posted in the DSBB have not been updated since August 2003. Detailed explanation of the monetary statistics methodology, data coverage, and data sources is not available to users.</p> <p>Assistance to users Contact points are publicized. The list of the ECCB's publications is available on its website, along with the PDF copies of these documents..</p>