

### III. RECOMMENDATIONS

15. Based on the review of the ECCB's statistical practices, the mission has a set of recommendations. They are designed to increase further the ECCB's adherence to internationally accepted statistical practices and would, in the mission's view, enhance the analytical usefulness of ECCB's monetary statistics.

*Short term:*

- With respect to desirable improvements in current procedures and future developmental work in the area of monetary statistics, allocate about three new staff to the Monetary and Financial Unit of the SD to be responsible for the collection, verification, compilation, and dissemination of monetary statistics.
- Implement the outstanding recommendations of the recent IMF technical assistance mission on compiling monetary data in accordance with *MFSM* and on the introduction of new call report forms for collecting data from commercial banks.
- Expand the institutional coverage of the other depository corporations to include finance companies, mortgage companies, building societies, and credit unions that also accept deposits. In this regard, expedite the coordination with national single regulatory units for data sharing.
- Disseminate the monetary statistics for the ECCU area and for all its individual countries in a form of surveys, as recommended by the *MFSM*, which would facilitate the complete interpretation of the monetary data by users.
- Disseminate the monetary data to all users simultaneously.
- Establish a structured and periodic process of consultations with external data users.
- Improve the verification procedures of the disseminated data to ensure the consistency of the data among corresponding accounts of the ECCB and commercial banks.
- Post on the ECCB website a schedule for the dissemination of monetary statistics with specific dates.
- Develop the detailed description of methodology used for the compilation of monetary statistics and provide this description to all users of monetary data.

*Medium term:*

- Establish a policy for a periodic revision cycle and dissemination of explanation for the revisions to the general public.
- Seek the possibility to define in the Eastern Caribbean Central Bank Agreement Act the responsibilities of the ECCB for compiling and disseminating the statistics, including the monetary statistics.

INTERNATIONAL MONETARY FUND

EASTERN CARIBBEAN CENTRAL BANK

**Monetary Statistics Component of the Regional Data Module  
Report on the Observance of Standards and Codes (ROSC)**

**Response by the Authorities**

August 9, 2007

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**REPORT ON THE OBSERVANCE OF STANDARDS AND CODES (ROSC)  
MONETARY STATISTICS COMPONENT OF THE REGIONAL DATA  
MODULE**

**RESPONSE OF THE AUTHORITIES**



AUGUST 8, 2007

EASTERN CARIBBEAN CENTRAL BANK  
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## I. INTRODUCTION

1. The ECCB welcomes the opportunity to provide comments on the Report on the Observance of Standards and Codes (ROSC) Monetary Statistics Component of the Regional Data Module as prepared by the IMF. We concur with the findings of the mission and view them as important tools for improving the monetary statistics. The recommendations made by the mission to further improve the compilation practices will be taken into consideration for implementation. Based on the mission's recommendations, we have prepared an Action Plan to provide guidance to our development work on the compilation and dissemination of monetary statistics.

2. Based on the Action Plan, we anticipate that technical assistance will be required in 2008 when the new reporting system for commercial banks would be implemented and there would be a consistent data series for the mortgage and finance companies. The technical assistance would be required to:

- Verify the compilation of MFSM compliant monetary statistics from the new source data;
- Assist in the preparation of a survey for the mortgage and finance companies, and in the preparation of a combined survey for the commercial banks and mortgage and finance companies; and
- Assist in the classification and compilation of data from the other non-bank financial institutions.

3. We have agreed to publish the ROSC report along with the detailed assessment and the Response of the Authorities on the IMF website.

## II. ECCB: ACTION PLAN TO IMPROVE THE MONETARY STATISTICS

Issues	Recommendation from mission	ECCB Plans for Improvement	
0. Prerequisites of quality		Short to Medium Term	Long Term
<p><b>Legal and institutional environment</b> The ECCB's responsibility for compiling and disseminating monetary statistics to the public is not clearly specified in the Agreement or the Banking Act.</p>	<p>Seek the possibility to define in the Eastern Caribbean Central Bank Agreement Act the responsibilities of the ECCB for compiling and disseminating the statistics, including the monetary statistics.</p>		<p>Prepare a statistical code of practice that outlines responsibility and standards for collecting, compiling and disseminating statistics.</p>
<p><b>Resources</b> Staff resources for compiling monetary statistics are currently not adequate. Further training and on-the-job experience are needed.</p>	<p>With respect to desirable improvements of current procedures and future developmental work in the area of monetary statistics, allocate about three new staff to the Monetary and Financial Unit of the Statistics Department to be responsible for the collection, verification, compilation and dissemination of monetary statistics.</p>	<p>Strengthen the skill of the staff through ongoing training. The following are being undertaken:</p> <p>Internal training by the Bank Supervision Department and the Accounting Department.</p> <p>Members of the staff attended Monetary and Financial Statistics course in July 2007. The course was sponsored by CARTAC.</p> <p>An attachment at the Statistics Department of the IMF for a member of staff is scheduled for September 2007.</p>	<p>Development of a system for the electronic transfer of financial data.</p>

<p><b>Relevance</b> There is no formally established process of regular consultation with ministries, or representatives from the private sector or academia.</p>	<p>Establish structured and periodic process of consultations with external data users.</p>		<p>The Bank would undertake periodic surveys of users of the monetary data.</p>
<p><b>Other quality management</b> Quality monitoring and data review need to be strengthened to ensure more comprehensive review of data prior to their dissemination.</p>			<p>Training and a system for the review of all the macro economic accounts would serve to strengthen the quality of the data.</p>
<p><b>1. Assurances of integrity</b></p>			
<p><b>Transparency</b> The terms and conditions under which monetary statistics are collected, compiled, and disseminated are not publicly available. Monetary statistics are released simultaneously to the Ministry of Finance, commercial banks, and national statistical offices of ECCU member countries, however, before monetary statistics is provided to the general public. This policy is not publicized by the ECCB.</p>		<p>Monthly monetary statistics are now uploaded on website at same time it is disseminated to commercial banks, IMF and the Ministries of Finance.</p>	
<p><b>2. Methodological soundness</b></p>			
<p><b>Concepts and definitions</b> are broadly consistent with the <i>MFSM</i>. However, credit to domestic sectors other than central governments and private sector is presented on net basis in the dissemination of the monetary survey.</p>	<p>Disseminate monetary statistics for the ECCU area and for all its individual countries in the form of surveys, as recommended by the <i>MFSM</i>, e.g. central bank survey, other depository corporations survey, and depository corporations survey, which would facilitate the complete interpretation of the monetary data by users.</p>	<p>The Bank would adopt the classification that is consistent with the <i>MFSM</i>.</p>	

<p><b>Scope</b> 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. Deposits collected by financial institutions other than commercial banks account for more than 7 percent of total deposit collected by commercial banks.</p>	<p>Expand the institutional coverage of other depository corporations to include finance companies, mortgage companies, and credit unions, and possibly other financial institutions that collect deposits. In this regard, expedite the coordination with national single regulatory units for data sharing.</p>	<p>The Bank currently gathers data from finance and mortgage licensed under the Banking Act companies, and would intensify its efforts to ensure a consistent series.</p>	<p>Data collection from the other non-banks will be coordinated with the Single Regulatory Units (SRUs).</p>
<p><b>Classification/sectorization</b> Sectoral and instrument classifications of disseminated monetary statistics is not in full compliance with the <i>MFSM</i>, in particular with respect to analytical accounts of the commercial banks.</p>	<p>Implement outstanding recommendations of the recent IMF technical assistance mission on compiling monetary data in accordance with internationally recognized monetary statistics methodology and on the introduction of new call report forms for collecting data from commercial banks.</p>	<p>The new call report forms would be implemented by June 2008.</p>	
<p><b>Basis for recording</b> 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 underlying instruments.</p>			
<b>3. Accuracy and reliability</b>			
<p><b>Source data</b> 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>The implementation of the new call report forms in 2008 will provide additional details for compilation of the monetary statistics.</p>	

<p><b>Statistical techniques</b> 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>The Bank would consider the concept of seasonally adjusted monetary aggregates.</p>
<b>4. Serviceability</b>			
<p><b>Timeliness</b> of the disseminated data on broad money and credit aggregates for the ECCU does not meet GDDS recommendations; these data are released to the public four to five months after the reference month.</p>		<p>Monetary statistics are now uploaded on the ECCB's website on a monthly basis.</p> <p>Statistics link on ECCB website to be established by December 2007.</p>	
<p>There are <b>consistency</b> problems in the accounts of commercial banks vis-à-vis the central bank and the interbank commercial banks' positions.</p>	<p>Improve the verification procedures of disseminated information to ensure the consistency of the data among corresponding accounts of the ECCB and commercial banks.</p>	<p>Training of staff in IMF SRFs and development of links between SRFs and call forms will improve the consistency of data.</p>	
<p><b>Revision policy and practice</b> Users are not informed about revised nature of data. Studies and analyses of revisions are not provided to the public.</p>	<p>Establish a policy for a periodic revision cycle and explanations of revisions to the public.</p>	<p>Revision policy and data release calendar would be placed on the ECCB website by December 2007.</p>	<p>Change in the definition of money and the new EPR will be pre-announced on the website during the first quarter of 2008.</p>
<b>5. Accessibility</b>			
<p><b>Data accessibility</b> The presentation of monetary statistics does not 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>Disseminate monetary data to all users simultaneously.</p> <p>Post on the ECCB website a schedule for the dissemination of monetary statistics with specific dates.</p>	<p>Monthly monetary statistics are now uploaded on website at same time it is disseminated to IMF and the Ministries of Finance.</p>	