

Experiences in Applying Cost-Benefit Analysis (CBA) of Statistics

Nick Davey

Monetary and Financial Statistics Division
(MFSD)

Bank of England

Nick.Davey@BankofEngland.co.uk

Motivation

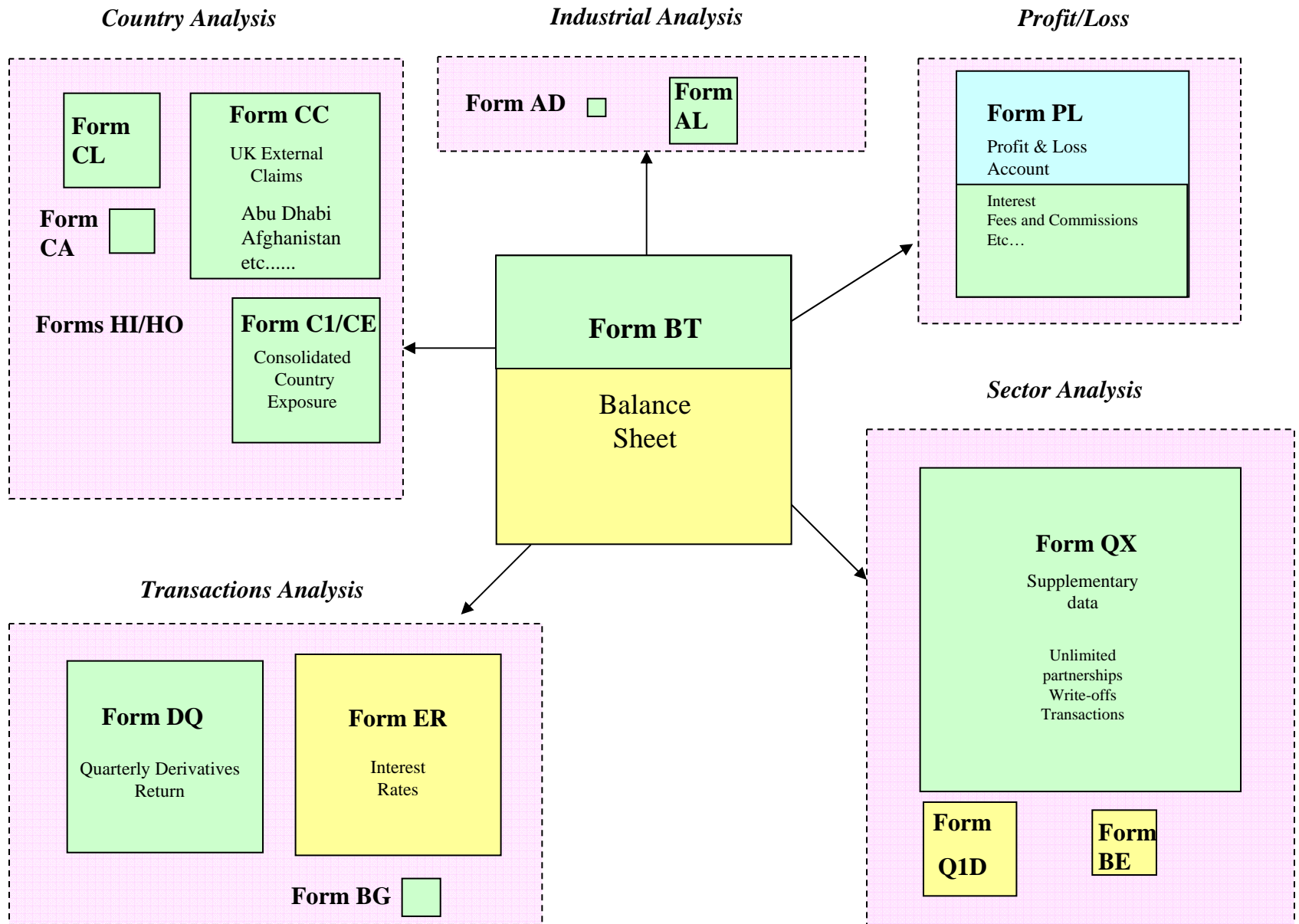
- The Bank of England Statistical Code requires us to balance “the needs of users against the demands on suppliers”
- Aim of CBA is to produce statistics to users requirements, but limiting resources for suppliers and compilers

Background

- Before CBA Project:
 - MFSD collects monetary and financial statistics from all banks operating in the UK
 - We are extending coverage to other MFIs in 2008
 - More than 20 “core” data collections (forms)

 - 350 institutions in the census
 - 17,000 forms p.a.
 - More than 7.5 million cells of data p.a.

EXAMPLE OF CORE BANK OF ENGLAND STATISTICAL RETURNS -SCALED BY ESTIMATED REPORTER COST



Benefits assessment tool

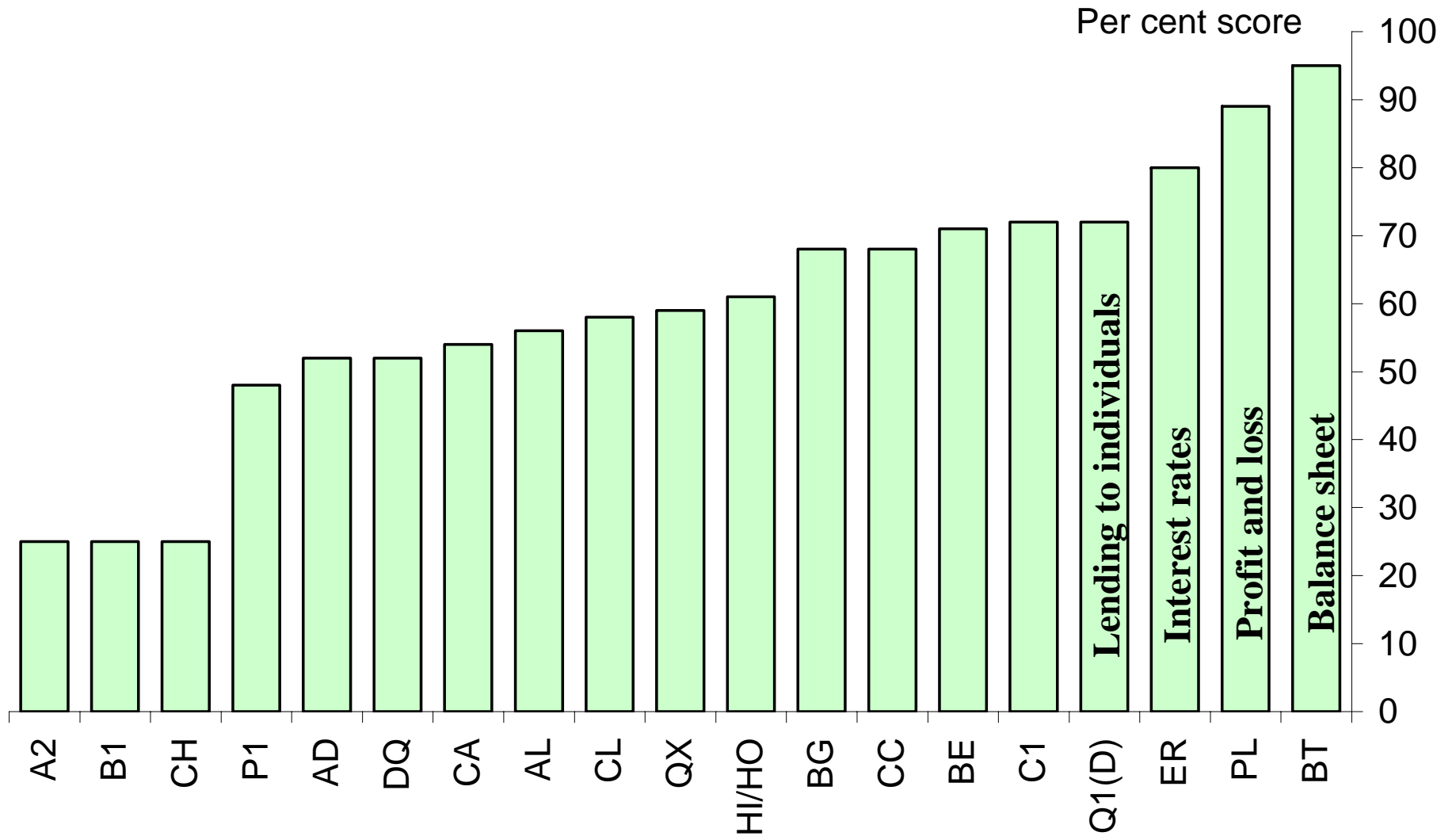
Policy use	up to 25%
Policy relevance	up to 25%
Value added	up to 15%
Statistical quality	up to 10%

Other benefits including: up to 25%

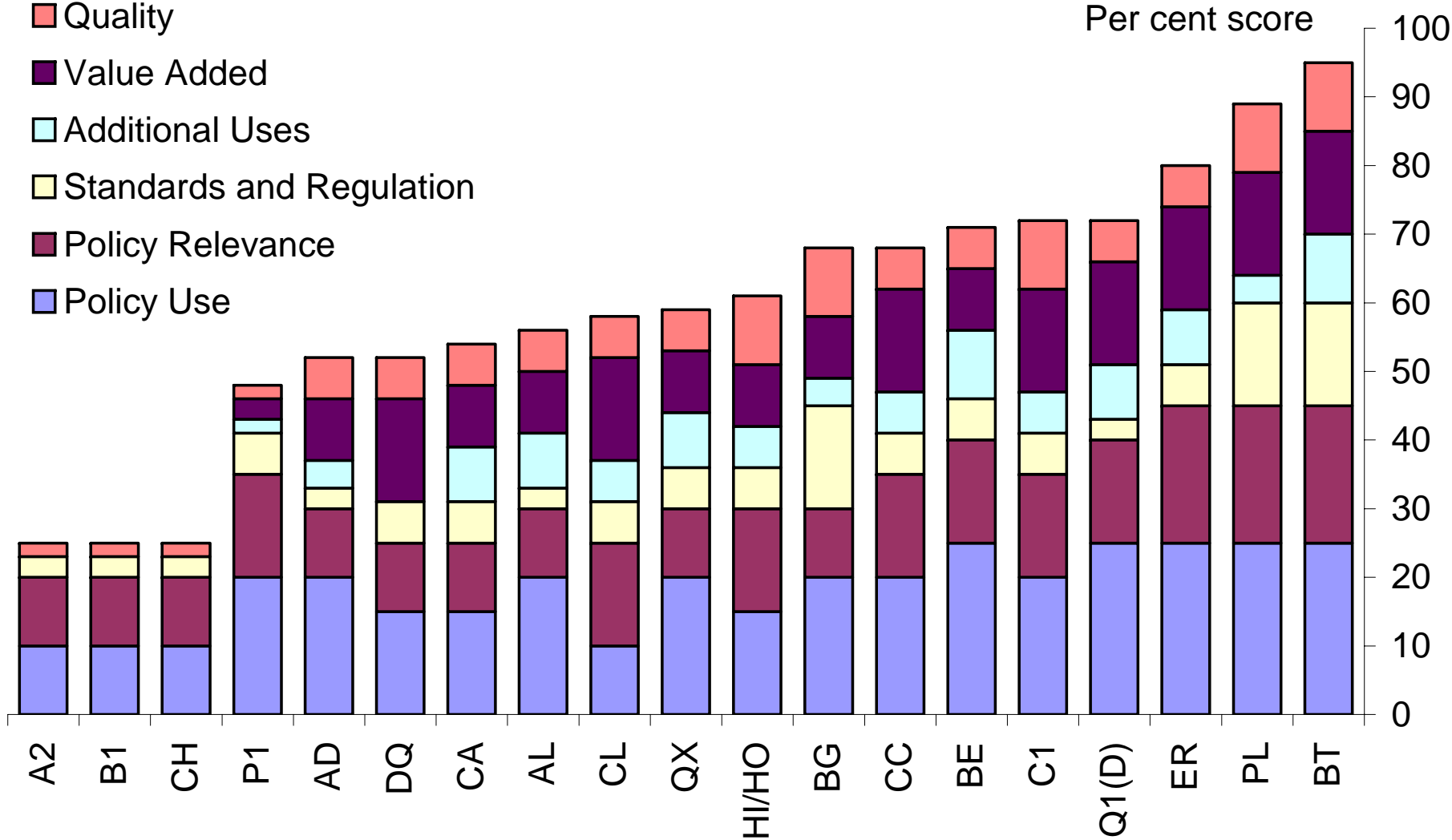
- meeting legal obligation;
- meeting international standard;
- helping international comparisons; and
- helping outside researchers, general public and media.

SEE PAGE 29 OF CBA HANDBOOK – tool available on web

Relative benefits of forms



Relative benefits of forms

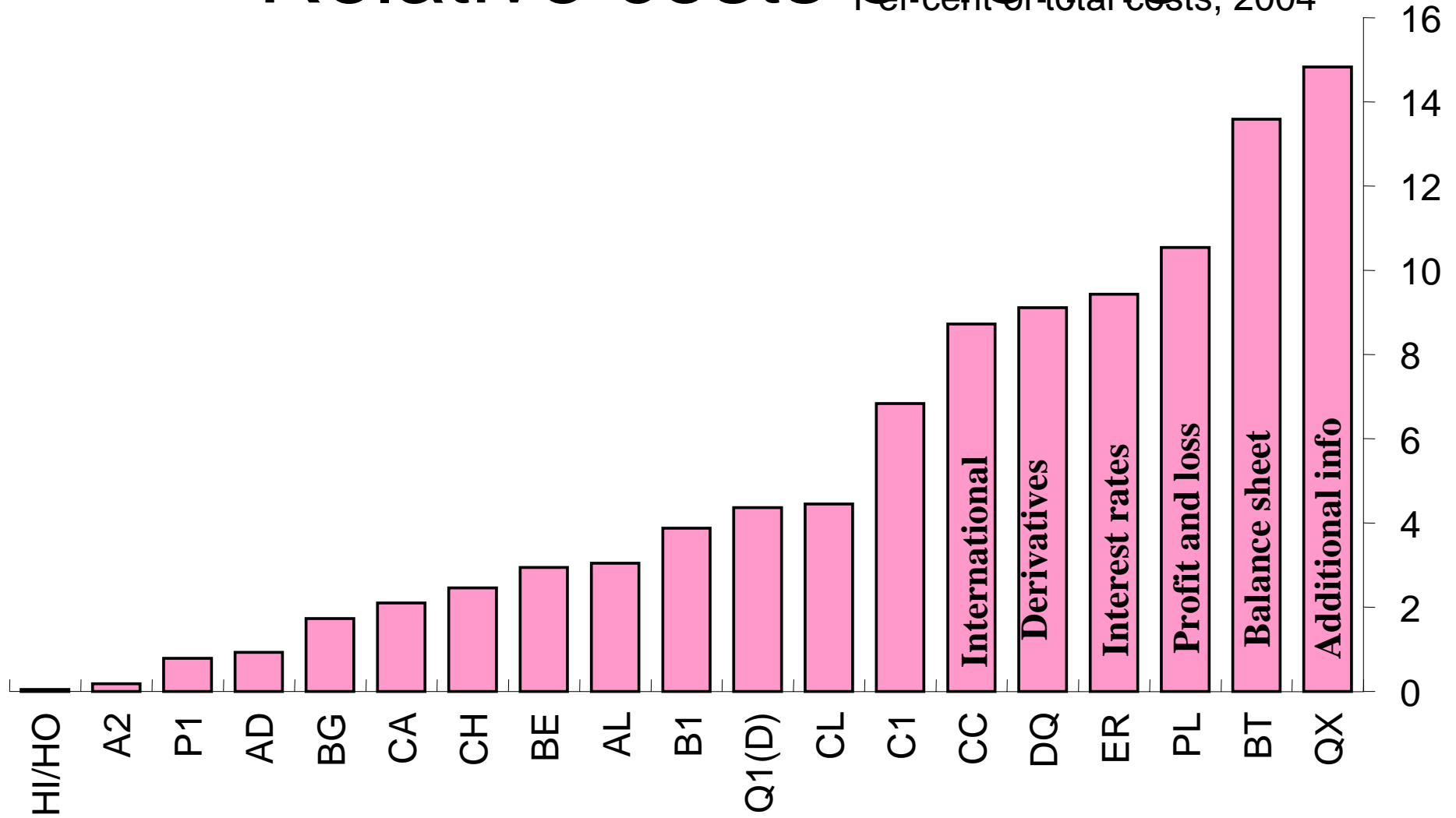


Measuring banks' reporting costs

- Some data more expensive than others:
 - transactions data
 - detailed financial data
 - sectoral breakdowns
- Develop a model of the *relative* cost of data

Relative costs of forms

Percent of total costs, 2004



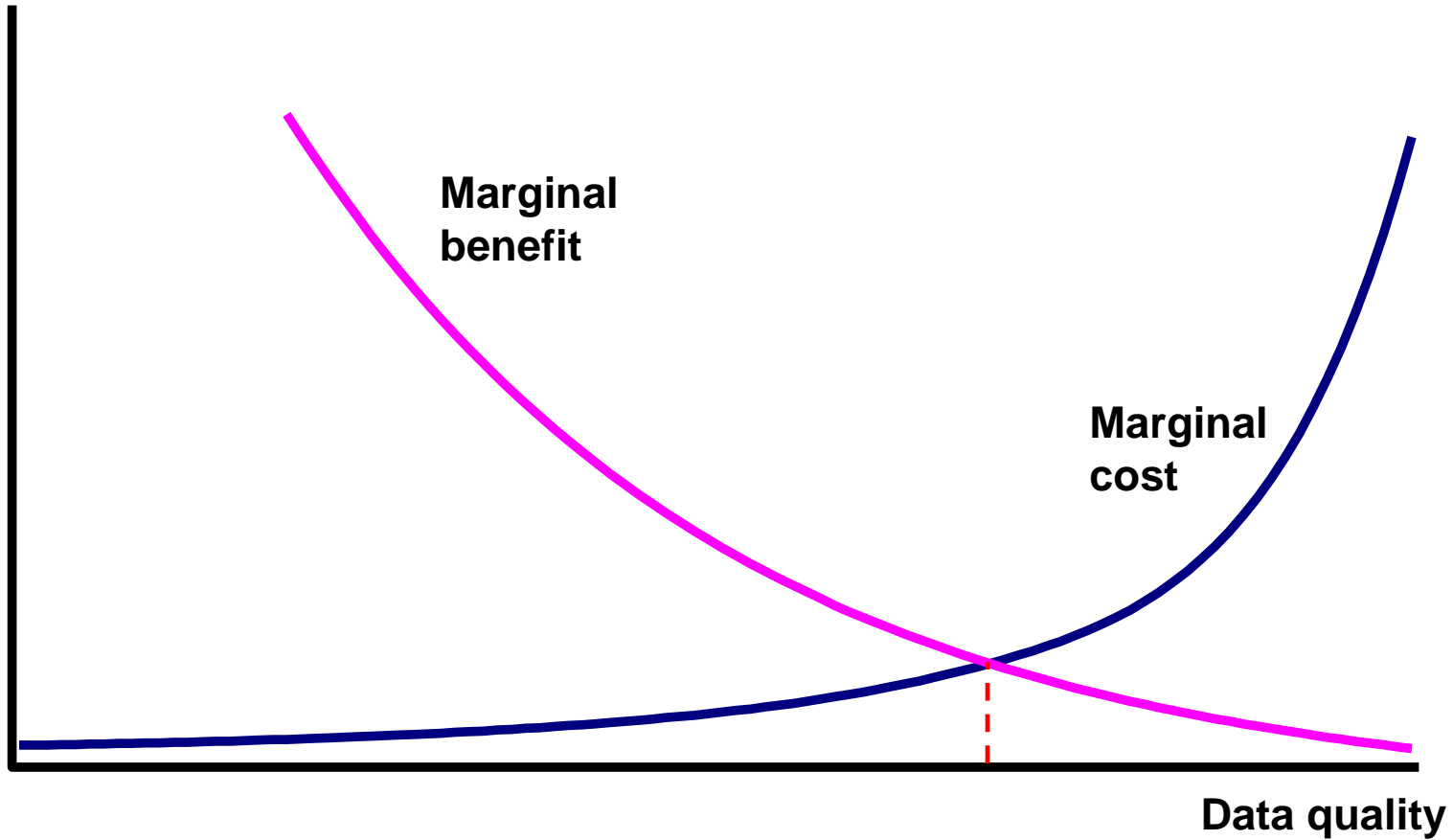
Other cost issues

- *Any* change costs money
- Set-up costs, relevant for *new* data requests
- Follow-up ('plausibility') questions cost £
 - We have moved towards selective editing – cut the number of questions by 50-70%
- Is the panel too large?

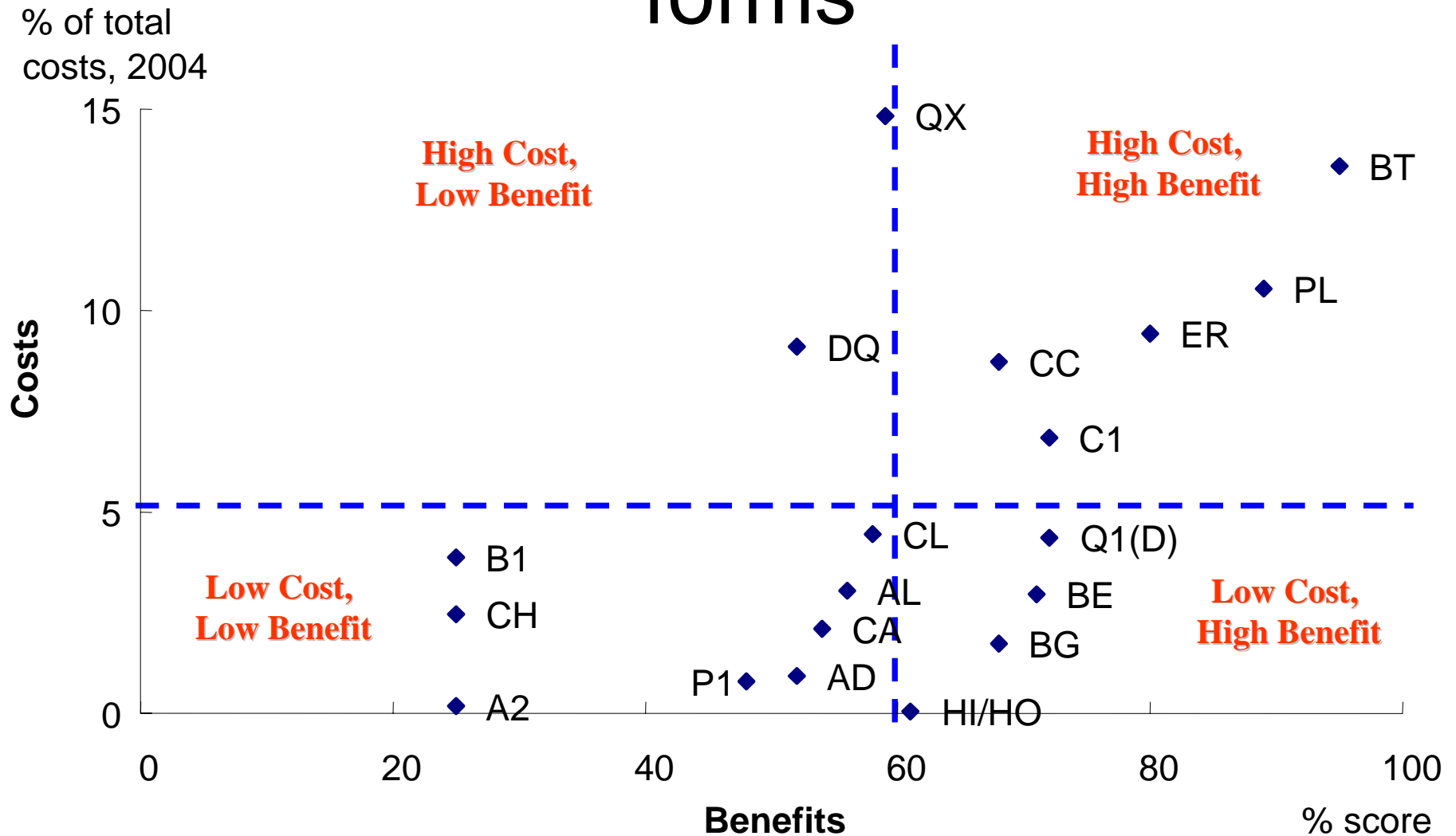
CBA implementation:

Costs and benefits vs quality

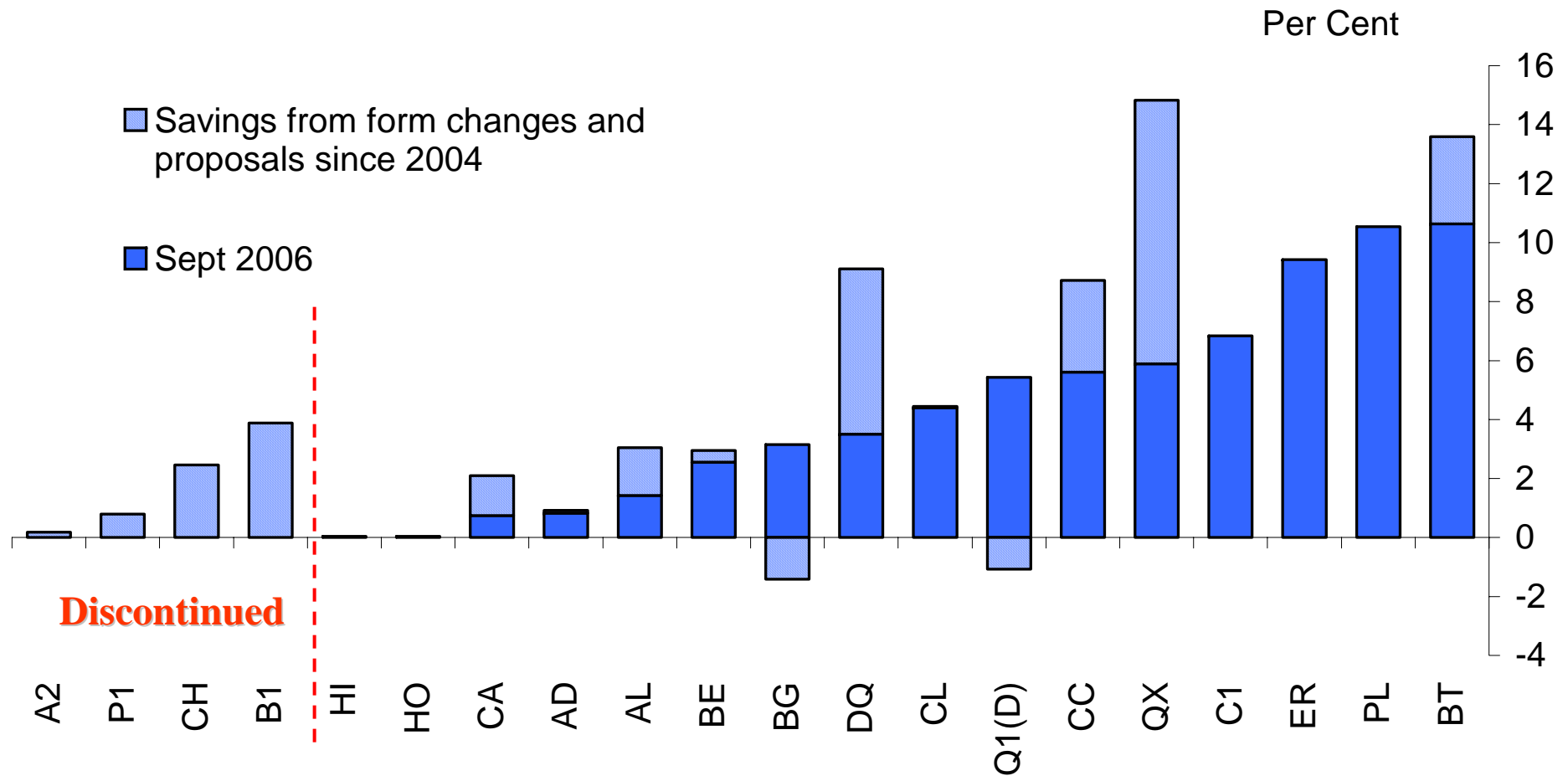
Cost/benefit



Relative costs and benefits of forms



Savings from Form Reviews



CBA results

- Cut 4 forms - A2, CH, P1, B1
- Radical reductions for QX, DQ
- Streamlining for AD, AL, BE, BT, CC, CA
- Large reductions in reporting populations
- Should cut 2.5 million cells: i.e. 1/3 of collection

- Regular dialogue with reporters now

Summary

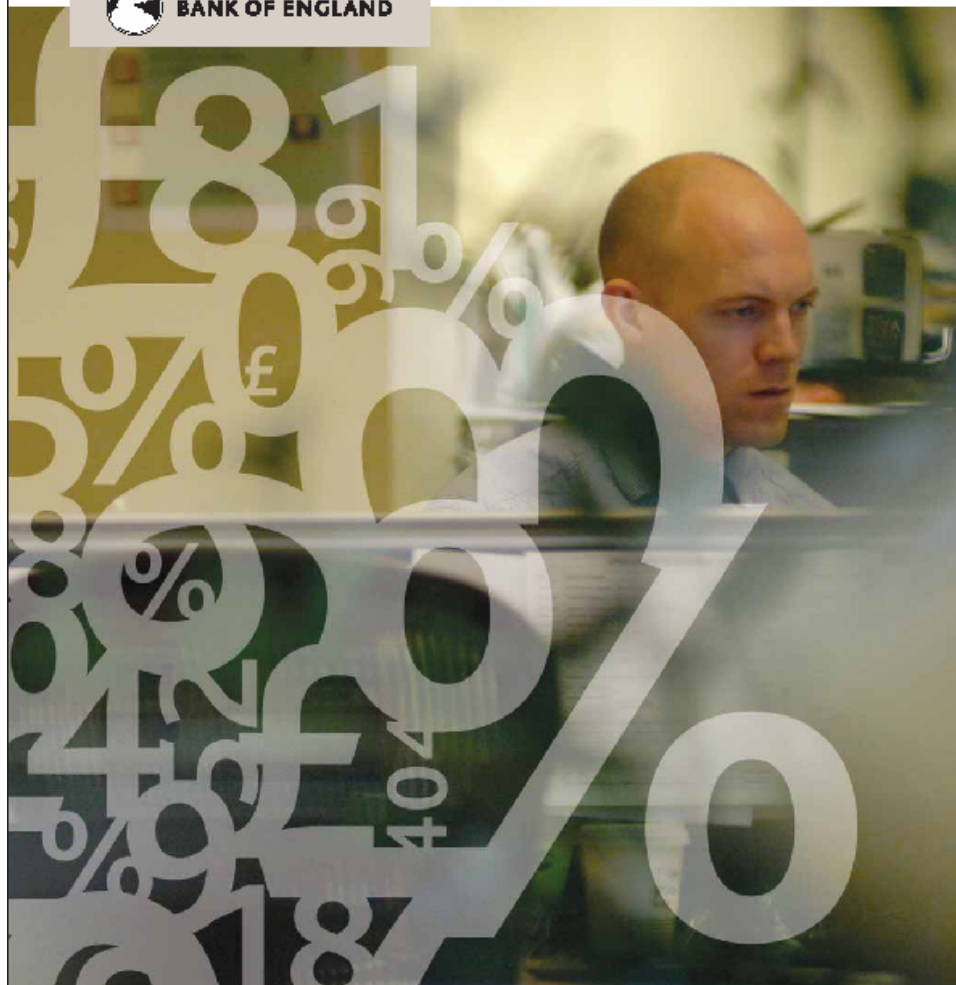
- Dialogue with users is essential
- Dialogue with data suppliers just as Important
- Using standard tools (benefits pro forma and cost model) means less subjectivity
- New data requests also have a framework to assessment costs and benefits
- Rolling Review – are data continuing to be relevant? Forms reviewed on a rolling 5-year schedule.

Cost-benefit analysis of monetary and financial statistics

A practical guide



BANK OF ENGLAND



[http://www.bankofengland.co.uk/
statistics/about/cba.htm](http://www.bankofengland.co.uk/statistics/about/cba.htm)