

The Bank of Japan's Basic Principles for the Compilation, Release, and Development of Statistics

The Bank of Japan compiles and releases various statistics based on the fundamental principles of the Statistics Act (Act No. 53 of 2007). This paper explains the Bank's fundamental approach to the compilation, release, and development of such statistics. It is a revised edition of the document published in March 2009.¹ While the framework outlined in the Appendix has remained essentially unchanged since its formulation, the description in the main text has been updated to reflect recent developments. The following sections provide a detailed explanation divided into seven categories: (1) providing accurate and appropriate statistics; (2) improving convenience for statistics users; (3) enhancing transparency; (4) reducing respondent burden and providing detailed explanations to ensure cooperation with the survey; (5) maintaining strict confidentiality in data management; (6) streamlining and improving the efficiency of statistics production; and ensuring (7) mutual cooperation and appropriate sharing of roles with relevant organizations such as administrative organs.

1. Providing Accurate and Appropriate Statistics

Providing accurate and appropriate statistics reflecting changes in financial and economic structures

With financial and economic structures changing drastically, statistics must adapt to the actual state of financial and economic situations accurately and appropriately. To address this need, the Bank periodically reviews its statistics to ensure that they reflect financial and economic structures accurately and appropriately. Among the statistics compiled and released by the

¹ Bank of Japan [2009], *Bank of Japan's Basic Principles for Statistics: "The Basic Principles for the Compilation, Release, and Development of Statistics" and Present Priorities in the Development of Statistics*, June 12 (an English translation of the Japanese original released on March 31, 2009).

Bank, the *Tankan* (Short-Term Economic Survey of Enterprises in Japan) undergoes regular review of its sampling design. For price statistics, various revisions are made on a five-yearly basis when their base year is revised, including replacing items, updating weights, and improving price survey methods and quality adjustment methods.

In addition to these regular reviews, the Bank makes timely reviews of its statistics in response to changes in financial and economic structures. The *Flow of Funds Accounts* statistics and the *Balance of Payments* statistics are revised substantially following revision and publication of the standards on which they are based (the *System of National Accounts* [SNA] and the IMF's *Balance of Payments and International Investment Position Manual*).

Improving the quality of statistics from the viewpoint of statistical methodology

The Bank believes that, in order to improve the reliability of its statistics, it is important not only to respond to changes in the financial and economic structures but also to improve the quality of the statistics from the viewpoint of statistical methodology. Such improvements cover a broad range of topics such as sampling theory, imputation of missing values, quality adjustment methods, and seasonal adjustment methods. In reviewing its statistics, the Bank endeavors to appropriately incorporate the latest research findings.

2. Improving Convenience for Statistics Users

Releasing statistical data as early as possible

There is strong demand from statistics users for the prompt compilation and release of statistics for the timely assessment of actual financial and economic situations. Therefore, the Bank makes efforts to compile and release its statistics as early as possible while taking into account their nature and characteristics.

The Bank has brought forward the release of most of its statistics by (1) managing their production work by the hour, (2) keeping the contents of statistical release to the plain results only² and (3) refraining from internal analysis or holding internal briefings prior to the release. In principle, statistics will be released one business day after the compilation is completed.

² In principle, these releases do not include any comments other than plain results (which include results obtained through automatic calculation of data such as year-on-year rates of change and the contributions rates).

Improving the media used for release

The Bank's statistics are made available to a wide range of users through its website. The Bank also operates the "BOJ Time-Series Data Search" to enable users to access the historical data of the statistics that it has compiled and released. On the BOJ Time-Series Data Search, users can search and download data, and create graphs of long-term time-series statistical data released by the Bank.

Enhancing explanatory materials on the Bank's statistics

Indispensable to effective use of statistics is the users' accurate understanding of the statistics, such as definitions and compilation methods, as well as cautionary points. Therefore, the Bank releases various explanatory materials on its website and displays details, such as the definitions of statistics, sample questionnaires, and production methods (including the compilation and estimation methods). For those statistics which are the subject of frequent enquiries, the Bank has a "frequently asked questions" (FAQs) section for each of the statistics on its website (currently only available in Japanese) to facilitate the public's understanding, in addition to detailed explanatory materials.

Timely response to inquiries regarding statistics

Users of the Bank's statistics are diverse, ranging from experts to the general public. The Bank's statistics inquiry window³ works as a one-stop center to receive questions, opinions, and comments. In addition to making efforts to answer questions immediately, any opinions or comments received through this window are passed on to the relevant department, so as to inform and improve the Bank's statistics.

In principle, releasing all compiled data using information collected by the Bank, unless respondents refuse their consent

The data collected by the Bank basically fall into two types: 1) those originally intended for the compilation and release of the Bank's statistics, such as the *Tankan* or price statistics, and

³ Inquiries by e-mail to the Public Relations Department: post.prd71@boj.or.jp

2) the data necessary for the Bank to understand developments in financial markets and the financial system, which are collected routinely as part of the Bank's operations. In principle, the Bank also releases data of the latter type if deemed appropriate to make them public after considering such factors as (1) whether respondents' consent for data release can be obtained, (2) whether there is strong demand for such data among the public, and (3) the extent to which the accuracy and reliability of the figures are ensured.

To the extent possible, releasing the data generated by the Bank, when such data are deemed useful to users

In addition to the abovementioned data that the Bank collects from external sources, other data is generated in the course of the Bank's transactions with financial institutions. These include the amount outstanding of banknotes in circulation and payment and settlement data. Where there is a public benefit, and where possible, the Bank publishes this data.

Responding to requests for the secondary use of questionnaire information as long as the Bank's business is not hindered

The Statistics Act provides for the secondary use of questionnaire information to preclude the conducting, compilation, and release of other similar statistical surveys and contribute to public interests such as the development of academic research (Articles 32-38). The Bank accepts requests from the public that meet certain conditions for the production of statistics by entrustment (customized compilation) for the *Tankan* data (The guide is currently only available in Japanese).

3. Enhancing Transparency

Making public the rules pertaining to the methods of data release

The Bank has established some rules for the methods of release, such as (1) the statistics will, in principle, be released on the Bank's website, for the purpose of providing the latest information without delay as well as easy access for many users. With respect to actual releases, the Bank's standards are that (2) statistics that could have an influence on the financial markets will be released before the markets in Japan open, at 8:50 a.m. JST, and that (3) no interpretations or policy judgments will accompany the release of statistics. This is

because the purpose of the Bank releasing statistics is to provide information that will serve as the basis for the public to make decisions. In addition, (4) the schedule for statistical releases will be posted on the Bank's website in advance. At present, the schedule for release of statistical data for the following twelve months is posted on the Bank's website every six months.

Immediately releasing any corrections to statistics

It is sometimes necessary to correct figures after the release of statistics. The reason for this can be, among other factors, the difference between preliminary and final reports, erroneous or delayed reporting by respondents, or mistakes by the producer of statistics. The Bank continues to make efforts to reduce corrections due to errors and omissions, but when corrections to statistics are needed, the Bank immediately releases the notices of corrections on its website.⁴

Seeking a variety of outside opinions regarding the substantial revision of statistics

When making substantial revisions to statistics, the Bank announces correction details in advance to seek opinions and comments from a broad range of users and respondents. It is, however, often difficult for the Bank to incorporate all of the opinions and requests for various reasons. Even in such cases, the Bank discloses these opinions and requests, as well as its stance on them, in order to increase transparency in the discussion process.

4. Reducing Respondent Burden and Providing Detailed Explanations to Ensure Cooperation with the Survey

Reducing respondent burden

The Bank works to reduce respondent burden by discontinuing the production of some statistics and survey items which have little demand. In cases where alternative data can be used, without compromising accuracy and other quality standards, the Bank promotes the switch to data already available on the market. In addition, the Bank makes use of online

⁴ For statistics that have established retroactive revision rules (such as the *Corporate Goods Price Index*), corrections are made promptly without waiting for the scheduled timing of retroactive revisions if, for example, the impact is deemed significant.

surveys to reduce respondent burden and improve convenience.

Providing detailed explanations to respondents to ensure cooperation with the survey

The cooperative attitudes of respondents, and their accurate understanding of the statistics being collected—such as the definitions of survey items—are indispensable to ensuring statistical accuracy.

When requesting cooperation, the Bank explains the purpose of the statistics being compiled and the confidential management system used. To collect accurate data, the Bank provides detailed instructions about responding, as well as detailed explanations on the definitions of the data and compilation methods of received data. In recent years, firms have become increasingly aware of the need to manage information security and have been further streamlining their operations. The Bank will continue its efforts to explain carefully so as to have the cooperation from firms.

5. Maintaining Strict Confidentiality in Data Management

Rigorously managing information security of questionnaire data and survey results before release

Maintaining the strict confidentiality of the entire process of the production of the Bank's statistics is an extremely important priority in terms of ensuring reliability and preventing the misuse of statistics. Therefore, the Bank enforces strict measures to manage confidential information (e.g., individual respondent data and survey results before release). In particular, for those statistics that have a significant impact on the market, such as the *Tankan* survey, the Bank has established especially stringent operational procedures. For example, by designating specific persons authorized to compile statistics, prohibiting unauthorized persons from entering the work area where compilation takes place, and by systematically limiting access to statistical data, the Bank implements the necessary measures for ensuring confidentiality considering changes in the statistical work environment.

6. Streamlining and Improving the Efficiency of Statistics Production

Discontinuing the production of statistics and survey items with little demand

In order to compile and release statistics while maintaining and improving accuracy under

budgetary and human resources constraints, ongoing streamlining and improvements in efficiency in the production of the Bank's statistics is critical. In this regard, the Bank sometimes discontinues statistics and survey items which have little demand relative to other statistics and items.

Outsourcing where necessary while ensuring statistics' reliability

Where the appropriate human resources are not available internally, it is sometimes necessary to outsource parts of statistics production. In these instances, measures are taken to ensure the reliability of the statistics, such as maintaining accuracy and protecting respondents' confidential information. Currently, some tasks are outsourced, such as mailing survey forms to sample firms and reaching out to those firms who have not yet responded to encourage them to complete and send back the survey forms. The Bank will continue to examine whether there is further room for outsourcing, while ensuring the reliability of the statistics.

7. Mutual Cooperation and Appropriate Sharing of Roles with Relevant Organizations such as Administrative Organs

Developing the Bank's statistics in line with the systematic development of Japan's statistics

The Statistics Act stipulates that "official statistics shall be developed systematically through mutual cooperation and the appropriate sharing of roles among administrative organs, etc." (Article 3). Given this, the Bank must continue to consider the production of its statistics and releases—which are part of Japan's official statistics—in line with the systematic development of statistics as stipulated by the Act. In particular, with respect to price statistics, the *Flow of Funds Accounts* statistics, and the *Balance of Payments* Related Statistics that are used to compile the *National Accounts* statistics, the Bank makes every effort to contribute to the improvement of accuracy of the *National Accounts* by actively exchanging views with the relevant ministries and agencies including the Cabinet Office.

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(1) Providing Accurate and Appropriate Statistics

- Providing accurate and appropriate statistics reflecting changes in financial and economic structures
- Improving the quality of statistics from the viewpoint of statistical methodology

(2) Improving Convenience for Statistics Users

- Releasing statistical data as early as possible
- Improving the media used for release
- Enhancing explanatory materials on the Bank's statistics
- Timely response to inquiries regarding statistics
- In principle, releasing all compiled data using information collected by the Bank, unless respondents refuse their consent
- To the extent possible, releasing the data generated by the Bank, when such data are deemed useful to users
- Responding to requests for the secondary use of questionnaire information as long as the Bank's business is not hindered

(3) Enhancing Transparency

- Making public the rules pertaining to the methods of data release
 - Statistics will, in principle, be released on the Bank's website.
 - Statistics that could have an influence on the financial markets will be released at 8:50 a.m. JST.
 - No interpretation or policy judgements will accompany the release of statistics.
 - The schedule for statistical releases will be posted on the Bank's website in advance.
- Immediately releasing any corrections to statistics
- Seeking a variety of outside opinions regarding the substantial revision of statistics

- (4) Reducing Respondent Burden and Providing Detailed Explanations to Ensure Cooperation with the Survey
 - Reducing respondent burden
 - Providing detailed explanations to respondents to ensure cooperation with the survey

- (5) Maintaining Strict Confidentiality in Data Management
 - Rigorously managing information security of questionnaire data and survey results before release

- (6) Streamlining and Improving the Efficiency of Statistics Production
 - Discontinuing the production of statistics and survey items with little demand
 - Outsourcing where necessary while ensuring statistics' reliability

- (7) Mutual Cooperation and Appropriate Sharing of Roles with Relevant Organizations such as Administrative Organs
 - Developing the Bank's statistics in line with the systematic development of Japan's statistics