



BANCO CENTRAL DO BRASIL

Brasília, 11 de junho de 2024

Apontamentos do Diretor de Política Econômica Diogo Abry Guillen

**GLOBAL CONFERENCE ON THE G20 DATA GAPS
INITIATIVE 3 (DGI-3)**



Good morning, everyone.

Before I start, I would like to thank Bert, Jim and the colleagues from the IMF for helping us to organize this conference here in our central bank. For all of you here, it is my pleasure to welcome you in Brasilia. For three days we will be here to exchange our experience and our views as data producers on climate change, distributional data and financial innovation. The agenda of the conference will provide an excellent opportunity for us to learn from the knowledge being gathered worldwide on those very important subjects.

(Climate risks) The production of economic indicators related to climate change is a necessity that has become increasingly urgent. The impacts of climate on the economy are profound and wide-ranging. They can affect the production of goods and services, international trade, food supply and food prices, the distribution of income and wealth, the availability of savings, public spending, and financial stability. Monitoring the effects of climate change is necessary to neutralize its impacts, minimize losses, develop policies, and coordinate actions. It is essential that this monitoring and these policies are based on regular, timely, high-quality, and internationally comparable statistics. It is inevitable to bear in mind the increasingly frequent occurrence of serious climate events, the effects of which are difficult to assess in advance. Last month, the southern region of



Brazil was severely affected by floods that reached record levels, with tragic consequences for the affected populations and for the country. The economic impacts, which are only beginning to be estimated, will involve planning, coordination, and implementation of reconstruction policies, as well as the containment of secondary effects. Events like this highlight the urgent need to adopt preventive actions that may contribute to, at least, slowing the progress of climate change, and, for such, reliable and comparable statistics are necessary to monitor it. The increasing use of cleaner and more sustainable energy sources and production models must be encouraged. Economic incentive mechanisms such as the carbon credit market and the issuance of green bonds are being used but they need to be increased. It is necessary to have data on this to properly set up such markets. Public policies aimed at mitigating and adapting to the effects of climate transition have been adopted and need to be carefully evaluated by using good quality data so that their effectiveness is maximized. Knowing the extent of all these efforts is important to allow for correctly evaluating their progress and the resulting benefits, as well as to make them pervasive. Several international initiatives have addressed these issues and Brazil has actively participated and contributed to these efforts. We must, therefore, highlight the importance of including the topic of climate change as one of the pillars of the Phase 3 of the Data Gaps Initiative, which, in this way, recognizes the important role that we, as data producers, must play in this context.



(Financial innovations) Another pillar of Phase 3 of the Data Gaps Initiative highlights innovations in the financial system, such as the upsurge of fintechs and digital currencies. These innovations have an enormous potential to generate far-reaching benefits for all segments of the population, particularly with regard to financial inclusion. The Central Bank of Brazil has dedicated special attention to this topic, proposing an expressive and successful innovation agenda. We believe that we are facing a unique opportunity to develop new technologically and institutionally advanced systems, which can contribute to reducing transaction costs and, in this way, to improve financial inclusion. Data is a key element for evaluating how far and how deep innovations are impacting the economy and the ways people relate to the financial system. How much credit and how much financial inclusion is really being created by fintechs? How many people gained access to financial services because of financial innovations? What is the amount of cryptocurrencies being used as a means of payment? And for what purpose? Discussions in international forums on digital currencies are essential and, in this sense, the inclusion of this topic among the recommendations of the Data Gaps initiative is very welcome. The BCB has collaborated with international organizations such as the BIS, the IMF and the World Bank, supporting coordination initiatives to improve international transfer mechanisms and the integration between central bank payment systems. In the domestic scenario, the development of an effective instant payments solutions (PIX)



and, more recently, of the digital currency (Drex) are among the main components of the BCB's agenda, whose success has been recognized internationally. Instant payments at no cost for people, combined with the advent of fintechs, have led to a massive increase in the access to financial services, with concrete benefits for the society, but especially for workers in lower income brackets and small entrepreneurs, which can thus competitively offer services and products on previously unattainable scales. The digital currency being developed by the BCB will make it possible to carry out secure financial transactions with digital assets, facilitating day-to-day activities of companies and households with the use of smart contracts and safer and more predictable business models.

(Distributional data) The world has seen, in this century, a significant increase in the concentration of income and wealth at the top of the distribution levels. Sustainable economic growth and financial stability cannot be achieved in a sustainable manner while important portions of the population remain excluded from the benefits achieved. This topic requires urgent action and demands greater attention, in particular, from researchers and economic policy makers. The availability of comprehensive, detailed and internationally comparable statistics is essential for the success of actions aimed at income distribution. It is, therefore, important that an initiative of great global relevance, such as the



DGI, has the production and dissemination of more and better distributional statistics as one of its pillars.

Finally, I would like to take this opportunity to express our recognition of the significant legacy of DGI, the importance of the results already achieved and also the relevance of the work being developed in its current phase. The general objectives of eliminating data gaps in the main sets of macroeconomic statistics, supporting the production of data for policy formulation and identifying needs that have arisen in the current scenario of rapid and complex transformations have been fully achieved. It is worth mentioning that the Data Gaps Initiative directly contributed to a significant advance in the production of statistics within Brazil and the BCB. The growing perception of the need to develop new statistics and improve existing ones resulted, among other actions, in the creation of our Department of Statistics, whose activities were previously carried out in another unit, in which they shared space and attention with other attributions. Especially since then, efforts have been better directed towards improving statistical production, which was definitely understood as one of the fundamental activities of a central bank. The dissemination of high-quality official statistics, aligned with best practices and the best international methodological standards, has brought far-reaching benefits to our society, to economic analysts, national and foreign researchers and, of course, to the BCB itself, providing high-quality data to support its



monetary policy decisions and to maintain financial stability. The quality of the statistics produced here – and here I am referring not only to the BCB but also to the Brazilian Institute of Geography and Statistics (IBGE) and the National Treasury Secretariat (STN) – was well confirmed in 2019 with Brazil's access to SDDS Plus, the IMF's highest standard of statistical dissemination.

It is in this context that we are happy to have the privilege of hosting the conference that begins today. I would like to thank the IMF and all participant economies for this excellent opportunity, on behalf of the BCB and also, if you allow me, on behalf of IBGE, STN and the Ministry of Science, Technology and Innovation, the Brazilian institutions participating in the DGI. May we all have an excellent conference.

Thank you very much.