

Monetary and Financial Statistics (MFS): Data Quality Assessment Framework (DQAF)

0. Prerequisites	
<u>0.1 Legal and institutional environment</u>	<p><i>0.1.1 Responsibility for collecting, processing, and disseminating statistics</i></p> <p>The Kenya National Bureau of Statistics (KNBS), as established by the Statistics Act 2006, is the principal agency of the Government for collecting, compiling, analysing, publishing and disseminating statistical information in Kenya and the custodian of official statistical information. Specific functions of KNBS are: Planning, authorizing, coordinating and supervising all official statistical programmes undertaken within the National Statistical System (NSS); Establishing standards and promoting use of best practices and methods in the production and dissemination of statistical information across the NSS; Collecting, compiling analysing, abstracting and disseminating statistical information on the matters specified in the First Schedule of the Act; Conducting Population and Housing Census every ten years, and such other censuses and surveys as the Board may determine; and Maintaining a comprehensive and reliable national socio-economic database.</p> <p>The Statistics Act can be downloaded from KNBS website http://www.knbs.or.ke/index.php?option=com_phocadownload&view=category&id=23:policies-manuals&Itemid=599</p> <p>Monetary and Financial Statistics Monetary and Financial Statistics (MFS) compiled and produced in accordance with the Statistics Act 2006. Further, Monetary Statistics are produced by Central Bank of Kenya (CBK) in accordance with the <i>Banking Act</i> and the <i>CBK Act</i>.</p> <p><i>0.1.2 Data sharing and coordination among data producing agencies</i></p> <p>The Statistics Act gives KNBS the responsibility of coordinating and supervising the National Statistical System (NSS). Specific functions of KNBS include: Planning, authorizing, coordinating and supervising all official statistical programmes undertaken within the National Statistical System (NSS); Establishing standards and promoting use of best practices and methods in the production and dissemination of statistical information across the NSS; and Maintaining a comprehensive and reliable national socio-economic database. The Act provides for a comprehensive approach to statistical cooperation in Kenya, including access to data for the purposes of official statistics production. The NSS includes producers and users of statistics under the supervision and</p>

coordination of the KNBS and mainly comprises of government Ministries, Departments, and State Agencies (MDAs).

The Statistics Act empowers the Director General of KNBS to share data at the request of any person or agency upon payment of any fee that may be applicable, provided the data shared is not about individual persons or entities.

KNBS collaborates with financial sector stakeholders, data providers and users. Collaboration with producers in the financial sector is through the Monetary and Financial Statistics Technical Working Group (MFS-TWG). The TWG enhances collaboration between users and producers of financial sector data. KNBS as the coordinator of the National Statistical System (NSS) acts as the chair of the group while the Central Bank of Kenya (CBK) provides the secretariat.

0.1.3 Confidentiality of individual reporters' data

The Statistics Act (Section 22) stipulates that the KNBS cannot publish, or otherwise make available to any individual or organization, information that would enable the identification of any individual person or entity.

Individuals engaged in any KNBS activity are obliged to swear to oath of secrecy for the confidentiality of the statistics collected.

Statistics and information generated from data collected from establishments is strictly disseminated in an aggregated that protect confidentiality provisions of the Act.

KNBS ensures the physical and online security of individual returns of establishments.

0.1.4 Ensuring statistical reporting

The Statistics Act specifies how data and information should be collected to ensure adherence to statistical reporting, specifically Sections 16, 19 and 21.

KNBS policies and practices emphasize the requirement for the authorized person to clearly explain the purposes of the survey/census to the respondent during the introduction. During the data collection design, the burden placed on respondents is considered and measures are taken to reduce respondents' fatigue.

Every questionnaire indicates contact persons who can provide assistance in responding, as well as information on how to complete the questionnaire and explanations for answering the questions.

Also, every paper and internet questionnaire contains legally required information on the purpose, type, and scope of the survey, obligation to provide information, reporting unit, confidentiality, and other aspects of the survey. In particular, a reference to the Statistics Act is given in surveys and statistical inquiries.

	<p>To encourage future participation, the KNBS provides respondents with information on the results of the survey, upon request and in conformity with established statistical confidentiality guidelines.</p>
<p><u>0.2 Resources</u></p>	<p><i>0.2.1 Staff, facilities, computing resources, and financing are commensurate with statistical programs.</i></p> <p><i>Staffing;</i></p> <p>KNBS: Monetary and Financial Statistics (MFS) are compiled in a unit comprising of five (4) members of staff. The staff has training in Bachelor and master’s degrees in Statistics and Economics. CBK has dedicated staff for compiling of MFS</p> <p><i>Computing resources;</i> The compilers are equipped with the requisite computers and software for statistical production.</p> <p><i>Financing;</i></p> <p>KNBS being the official statistical agency also make provisions within its budget for MFS covering similar activities. These resources are also used to fund joint activities with the CBK and other Government Departments, Ministries and Agencies (MDAs) in the National Statistical System (NSS) that are producers/users of MFS</p> <p>Other producers of MFS including CBK provide in their budgets on an annual basis for all related activities which include training of relevant staff and in the production of statistics. The CBK allocates funds on an annual basis for all related activities which include training of CBK staff as well as compilers of MFS source data mainly from ODCs and OFCs. The current MFS work plans have been developed in consideration of resource availability and cost-benefit analysis.</p> <p><i>0.2.2 Measures to ensure efficient use of resources are implemented</i></p> <p><i>Annual budgetary process/performance contract</i></p> <p>For KNBS, planning of resources is carried out centrally on an annual basis. Funds are allocated by the National Treasury for ongoing statistical activities as well as for ad hoc surveys and development projects. Work is carried out and reviewed on the basis of the Performance Contract with the ministry; and efficient use of resources is followed up on a quarterly and annual basis.</p> <p>For CBK, budgetary provisions for MFS work is part of the broad CBK annual budget as approved by the Board. The budget is rationalized against other competing needs of CBK.</p> <p><i>Work programme</i></p>

	<p>KNBS and CBK activities are guided by their respective Strategic Plans. An annual schedule of activities (work plan) is then drawn from the Strategic Plan. The annual work plans includes itemized budget which guide the timing of the activities as well as optimization of resources.</p>
<p><u>0.3 Relevance</u></p>	<p><i>0.3.1 Monitoring user requirements</i></p> <p>KNBS and CBK relies on a number of sources to monitor MFS user requirements. User needs are collected and analysed through frequent data request by emails, letters, telephone calls and office visits. Ad-hoc and periodic user satisfaction surveys are also conducted. KNBS also organizes for dissemination workshops during which participants are allowed to ask questions or make comments regarding official statistics and such feedback is used to enrich KNBS understanding of users' needs.</p> <p>Besides that reference is made to the international recommendations as contained in the 2016 Monetary and Financial Statistics Manual (MFSM) and the compilation guide.</p> <p>In addition, there are frequent consultations with relevant stakeholders and users drawn from the CBK IMF, World Bank, research institutions and individual researchers.</p>
<p><u>0.4 Quality management</u></p>	<p><i>0.4.1 Processes in place to focus on quality</i></p> <p>KNBS has an established Quality Policy that has been in place since 2008 and this policy is published on the KNBS website and made publicly available in all the Bureau offices. This can be downloaded from http://www.knbs.or.ke/index.php?option=com_phocadownload&view=category&id=23:policies-manuals&Itemid=599</p> <p>The policy states that KNBS is committed to providing quality statistics and associated services effectively and efficiently. The Bureau should be customer and results-focused. The management of KNBS is committed to the Quality Management System (QMS), modelled on the ISO 9001:2015 international standard, and shall provide the necessary resources to achieve all the set objectives and ensure effective communication and implementation of the QMS. To keep it abreast with prevailing circumstances, the Quality Policy is reviewed at least once every three years.</p> <p>Similarly, CBK has a draft data quality policy document which is used internally to guide in all data related processes. This document is currently being reviewed under the on-going Enhanced Data Warehouse project aimed at bringing all data processing applications under one roof.,</p>

	<p><i>0.4.2 Quality monitoring</i></p> <p>As noted above, for both KNBS and CBK, the quality policies currently in place dictates that internal audits are to be carried out on a regular basis and there is an internal auditor in place for this purpose. Dedicated data quality teams are also in place to support and monitor the implementation of the principles within the respective data quality policies.</p>
<p>1. Integrity</p>	
<p><u>1.1</u> <u>Professionalism</u></p>	<p><i>1.1.1 Impartiality of statistics</i></p> <p>The Statistics Act 2006 provides for the establishment KNBS as an independent agency for production of official statistics. UN Fundamental Principles of statistics are part of the Statistics Act that guarantees professionalism in the production of official statistics. KNBS is headed by a Director General, who is authorized to direct the statistical systems in the institutions of the State and required to act on the basis of professional independence, and scientific considerations.</p> <p>Monetary and Financial statistics are produced in adherence to the internationally accepted standards, guidelines and good practices, and published according to an advanced release calendar which is available on KNBS' website.</p> <p>The KNBS and CBK have a reputation of professionalism and scientific approach in the compilation of statistics. Competitive recruitment and promotion are based on relevant aptitude and/or expertise in statistics to enhance professionalism, including staff participation in regional and international seminars, courses, and workshops to further knowledge of best statistical practices.</p> <p><i>1.1.2 Selection of sources, methodology, and modes of dissemination</i></p> <p>MFS statistics are produced in adherence to the internationally accepted standards, in particular following the principles as outlined in MFSM 2016 and compilation guide.</p> <p>The sources are determined based on scope, sophistication of the financial market and cost.</p> <p>Though KNBS solicits for user needs and requirements for official statistics including MFS, it decides independently what statistics to compile and develop, which sources to use, and what methods to apply. It also decides what to publish as official statistics and when and how this will be done. The decision on dissemination is often based on scientific and technological considerations as well as budget restrictions and user needs.</p> <p><i>1.1.3 Commenting on erroneous interpretation and misuse of statistics</i></p>

	<p>The reactions of the media in Kenya to KNBS and CBK publications are monitored and evaluated daily through their Communications Offices. Response to erroneous interpretations and misinformation are then sent to the media as need arises. Erroneous interpretation or inquiries by other users are responded to on individual basis.</p>
<p><u>1.2 Transparency</u></p>	<p><i>1.2.1 Disclosure of terms and conditions for statistical collection, processing, and dissemination</i></p> <p>The Statistics Act 2006 is available to the public on the KNBS website at http://www.knbs.or.ke/index.php?option=com_phocadownload&view=category&id=23:policies-manuals&Itemid=599. Hard copies of the Act are also available from the KNBS library.</p> <p>During the conducting of surveys and censuses, KNBS informs respondents of the objectives of the relevant survey/census, noting that the information received will be used for statistical purposes only. In addition, KNBS informs the respondents of their rights and obligations in provision of the information being sought. Contact details of the relevant experts (mostly 2) are provided for in case of any inquiries on technical and administrative issues.</p> <p>In all KNBS publications details on the contact persons, addresses, telephone numbers, e-mail addresses, and other relevant information of interest are always provided.</p> <p>Whenever major revisions on methodologies and data sources are done, journalists receive methodological information on the new statistics at press conferences and other events. The information on the topic of interest is provided through presentations and information notes. The disseminated information is also uploaded on the KNBS website. An advanced release calendar is published on the website, with publication dates for all key statistics</p> <p><i>1.2.2 Internal governmental access to statistics prior to release</i></p> <p>KNBS releases statistics in formats and at times convenient to broad range of users, and which promote widespread access and informed debate. In this respect, the Bureau does not provide data to any institution or external person before its official release. Access to MFS data by government ministries, departments and agencies is normally provided simultaneously.</p> <p><i>1.2.3 Attribution of statistical products</i></p> <p>All statistics are published on KNBS website. Information about KNBS is included in all publications and the majority of publications</p>

	<p>include a forward or introduction from the Director General of the Bureau. All data published are identifiable by KNBS logo or name on the publication.</p> <p><i>1.2.4 Advance notice of major changes in methodology, source data, and statistical techniques.</i></p> <p>Major changes in methodology, source data, and statistical techniques are discussed by stakeholders groups, peer reviewers before released to the users in advance, and when changes are introduced. Explanations of new methods and changes in source data and statistical techniques are published on the website and in all relevant print publications. Special publications for preliminary results also make changes transparent. The Bureau makes consultations with various stakeholder groups and have the information peer reviewed before publishing. Major changes are also discussed with users well in advance (over a year, at times) in dedicated seminars.</p>
<p><u>1.3 Ethical standards</u></p>	<p><i>1.3.1 Guidelines for staff behaviour</i></p> <p>All Bureau staff are bound by the Code of Conduct for KNBS employees, which states that "An employee in whom a position of public trust and authority is vested in shall exercise the trust and authority in the best interest of the people of Kenya".</p> <p>All new staff attend an induction programme which includes sensitization on the guidelines and codes of conduct for staff.</p> <p>Further, a strong culture for maintaining ethical standards discourages political interference.</p>
<p>2. Methodological soundness</p>	
<p><u>2.1 Concepts and definitions</u></p>	<p><i>2.1.1 Concepts and definitions follow international standards</i></p> <p>The compilation of Monetary and Financial Statistics (MFS) are in accordance with the Monetary and Financial Statistics Manual (MFSM 2016) and Compilation Guide. Other guiding standards include the Handbook of Securities Statistics (HSS) 2015.</p> <p>Definitions:</p> <p>Monetary Statistics</p> <p>Monetary statistics cover the stocks and flows of the assets and liabilities of the resident Financial Corporations sector with respect to all other resident institutional sectors and non-residents.</p> <p>Financial Statistics</p>

	Financial statistics cover the stock and flows of the assets and liabilities between all sectors of the economy and between the sectors of the economy and non-residents.
<u>2.2 Scope</u>	<p><i>2.2.1 Scope is broadly consistent with international standards</i></p> <p>The coverage for monetary statistics is incomplete as it does not include several groups of depository corporations, in particular building societies, savings and credit cooperatives, and the Postal Savings Bank. Also, banks in liquidation are not included.</p> <p>The Bureau also collects and publishes other financial statistics including select indicators and balance sheet positions of key sectors including the post bank, agriculture finance corporation, insurance sector, pension funds, hire purchase statistics and capital markets.</p>
<u>2.3 Classification/sectorization</u>	<p><i>2.3.1 Classification/sectorization is broadly in line with international standards</i></p> <p>Classification principles are broadly consistent with the MFSM 2016, although the level of detail of both classification by economic sector and by type of instrument is insufficient. The distinction of non-resident units and the treatment of securities repurchase agreements are in line with the MFSM 2016.</p>
<u>2.4 Basis for recording</u>	<p><i>2.4.1 Principles for valuation</i></p> <p>Valuation principles are in general consistent with the MFSM, but holdings of domestic securities are valued at face rather than market value, and the market exchange rate used for currency conversion is a midpoint rate. Interest accruals on loans and foreign assets are incorporated in underlying instruments.</p>
3. Accuracy and reliability	
<u>3.1 Source data</u>	<p><i>3.1.1 Source data collection programmes</i></p> <p>Central bank accounts are compiled from an aggregated CBK balance sheet that provide sufficient detail for sectoral and instrument breakdowns. A more detailed trial balance sheet is used as a source for deriving monetary statistics. Monthly returns of other depository corporations (ODCs) are adequate for compiling monetary statistics.</p> <p><i>3.1.2 Source data definitions, scope, classification, valuation, and time of recording</i></p>

	<p>For monetary statistics, source data are checked for intertemporal consistency, and their internal consistency is tested through a system of formal consistency checks; The consistency of corresponding interbank positions is routinely assessed and efforts made to minimize and inconsistencies. The data is in calendar years.</p> <p>In the case of financial statistics, administrative data sources and surveys relating to financial years, which do not correspond to calendar years, are adjusted to conform to calendar years.</p> <p><i>3.1.3 Source data timeliness</i> Data from ODCs are provided to CBK 10 days after the end of reference month. Annual administrative data sources are available within 2 to 3 months. Monthly survey and administrative data are available within 24 hours for stock market data, monthly to 3 months.</p>
<p><u>3.2 Assessment of source data</u></p>	<p><i>3.2.1 Source data assessment</i> The accuracy of survey data are routinely assessed e.g. misclassifications, editing procedures to identify outliers, consistency with other related data. Erroneous data are tracked to the source and corrected.</p> <p>Routine assessment of information from administrative data is also done by comparing with other supplementary sources.</p>
<p><u>3.3 Statistical techniques</u></p>	<p><i>3.3.1 Data compilation statistical techniques</i> The compilation of MFS is guided by the current compilation standards and guidelines. These include; Monetary and Financial Statistics Manual (MFSM) 2016 Monetary and Financial Statistics Compilation Guide (MFSCG) Handbook of Securities Statistics(HSS) 2015</p>
<p><u>3.4 Data validation</u></p>	<p><i>3.4.1 Validation of intermediate results</i> Validation of analytical reports are done based on MFS analytical framework contained in the IMF MFSMCG manual. The framework ensures consistency of the analytical reports with other macroeconomic statistics such as BOP, GFS and NA.</p>
<p><u>3.5 Revision studies</u></p>	<p><i>3.5.1 Revision studies and analyses</i> All revisions to MFS data are closely monitored and published along with MFS data to assist users. CBK data quality policy includes when and how data revisions are made.</p>
<p>4. Serviceability</p>	
<p><u>4.1 Periodicity and timeliness</u></p>	<p><i>4.1.1 Periodicity</i> Monthly and annual MFS indicators are published.</p>

	<p><i>4.1.2 Timeliness</i> Monthly indicators are published two months after end of month.</p> <p>Annual MFS are disseminated within one month after the reference period in line with the eGDDS requirement.</p>
<u>4.2 Consistency</u>	<p><i>4.2.1 Internal consistency</i></p> <p>Annual MFS data is published in the KNBS annual “Economic Survey” and “Statistical Abstract” publications. The data is compiled according to MFSM 2016. The publications report data for a five year series.</p> <p><i>4.2.2 Temporal consistency</i></p> <p>Where there is a change in the data that affects the indicators produced, the necessary adjustments are taken into consideration to revise the statistics.</p>
<u>4.3 Revision</u>	<p><i>4.3.1 Revision schedule</i></p> <p>Revision of annual estimates is done when necessary as changes in primary data reconciliations are done.</p> <p><i>4.3.2 Identification of preliminary and/or revised data</i></p> <p>The press release and the publications indicate that the data for the most recent quarter are provisional, and that data for other quarters in the most recent year are revised where applicable.</p> <p><i>4.3.3 Dissemination of revision studies and analyses</i></p> <p>The annual Economic Survey and Statistical abstract indicate that the data for the previous year are preliminary. Revised series are always indicated.</p>
5. Accessibility	
<u>5.1 Data accessibility</u>	<p><i>5.1.1 Statistical presentation</i></p> <p>Monthly indicators of MFS are released in the Leading Economic Indicators (LEI). The LEI is an integrated publication for various sectors. Data are presented in charts, tables and may be explained in text. KNBS also publishes MFS data in the annual Economic Survey report and Statistical Abstract.</p> <p>However, CBK publishes MFS data in its website and through the following publications: biannual Statistical Bulletin, Monthly Economic Indicators and Quarterly Economic Reviews.</p> <p><i>5.1.2 Dissemination media and format</i></p>

	<p>New releases as well as other publications, are available in both hard copy and electronic format. All publications are freely available via the KNBS website.</p> <p><i>Annual MFS statistics:</i></p> <p>http://www.knbs.or.ke/index.php?option=com_phocadownload&view=category&id=107:economic-survey-publications&Itemid=1181</p> <p>Monetary and Financial Statistics are disseminated through hard copies of annual Economic Survey and Statistical Abstract reports. These reports are available for free in PDF format on the KNBS website www.knbs.or.ke.</p> <p>Hard copies of the survey and abstract are available at a fee.</p> <p>Time series from the two reports are provided upon request to directorgeneral@knbs.or.ke</p> <p><i>5.1.3 Data published according to a preannounced schedule</i></p> <p>The advance release calendar for the full year is available on KNBS website, http://www.knbs.or.ke/index.php?option=com_phocadownload&view=file&id=774&Itemid=1211</p> <p><i>5.1.4 Simultaneous release</i></p> <p>All data are released simultaneously to all interested parties on the KNBS website and in hard copy.</p> <p><i>5.1.5 Further statistics provided on request</i></p> <p>Non-published data (but non-confidential) are made available on request for free, in accordance with the commitment to the government (Service Charter), with a response period of five working days.</p> <p>Requests for such information can be made to the Director General, directorgeneral@knbs.or.ke</p>
<p><u>5.2 Metadata accessibility</u></p>	<p><i>5.2.1 Dissemination of documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques</i></p> <p>The metadata for MFS statistics are available and disseminated on request</p>
<p><u>5.3 Assistance to users</u></p>	<p><i>5.3.1 Dissemination of information on contact points</i></p>

Contacts are given in all publications, as well as on the KNBS website.

5.3.2 Availability of documents and service catalogues

All soft copy documents are available in the KNBS website in pdf format, while hard copies can be accessed from the KNBS library.