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# Unique global identifiers – an opportunity to strengthen statistics on globalisation

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# Introduction

- A workable system for identifying business entities is a prerequisite for building basic infrastructure that can utilise administrative data
- A supranational body managing unique identifiers is a cornerstone for the formation of a harmonised system
- System-user participation is a further prerequisite for building a system that is able to develop healthily



# The Swiss example

- Switzerland has been using UID (a unique identification system) since 2011
- Replacing the existing identifiers took five long years of coordination
- Enterprises and government departments have benefited but the main winner has been Swiss statistics



# The Swiss example

- Integration and use of administrative data
- Possibility of using this data to replace directly collected information
- Scope for creating new statistical outputs
- Possibility of creating and combining data from various fields such as population and business registers for new statistical products

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# Requirements for globalisation-related statistics

- Globalisation-related statistics – which will ultimately serve the interests of national statistical bodies – require an additional cross-border dimension
- Definitions, units and procedures must be harmonised and coordinated
- Data exchange between participating countries will provide for new statistical developments



# EU initiative

- Identification system was set up as part of the EGR
- EU unit modelled on LEID
- Coordinating data exchange and providing information, with continuous updating to ensure constant identification
- Improving the integration of data utilisation types and the use of common definitions



# Prospects for a global solution

- A global initiative is needed to complement the EU solution
- LEI, developed by the GLEIF, is a solution that offers the same features as the LEID
- Two phases to the LEI project:
  - Entity unique identifiers, mirroring implementation of EGR-IS
  - Collection of data on related parties, which is the backbone for globalisation-related statistics





# Advantages of the LEI

- The scheme is centralised using a central register managed by the GLEIF
- There is only one number for each LEI entity
- Validation is required in connection with the specific national business register
- It works like the EGR-IS, although it has yet to replicate the latter's full range of features



# Advantages of the LEI

- LEI entities must validate their information annually
- LEI entities are requested to provide information on their related parties. Under IFRS, the entity's owner must be specified
- The LEI is the identifier that must be supplied for specific administrative procedures



# Limitations of the LEI

- The LEI is not mandatory as it has no legal foundation
- It is being introduced on a per-industry basis. At the moment, it is operational within the derivatives industry, which is regulated by legislation such as the European Market Infrastructure Regulation (EMIR) in the countries of the European Community (EU + EEA), and the Dodd-Frank Act in the US



# Limitations of the LEI

- As the system is designed to be open, private or public organisations can become LOUs. At the same time, no single country has the direct responsibility for ensuring the quality and exhaustiveness of the data, in contrast to the stipulations for the EGR-IS
- Governance is relatively complex, with divergent interests present. Although the ROC, which supervises the work of the GLEIF, has representatives from public authorities, it does not function like the EGR, whose statistical goals have been clearly defined



# Limitations of the LEI

- The GLEIF and ROC has an internal development dynamic. So it is difficult for the statistical world to influence how the system will evolve



# How to support this initiative

- Statistical stakeholders, especially business registers, must play an influential role
- Monitor developments in specific statistical areas, e.g. the CMFB
- Strengthen the cooperation at national level between the Local Operating Units (LOUs) and the national business registers



# How to support this initiative

- Provide feedback to the GLEIF regarding LEI data quality
- Consult and employ data already stored within the GLEIF system
- Make the LEI more central to UN practice



# Conclusion

The LEI's potential, in the area of public statistics, represents not only an opportunity to obtain statistics on globalisation but could also improve the infrastructure of national business registers