



FINANCIAL
STABILITY
BOARD



An Overview of the First Year of the DGI-2 Implementation

**Global Conference of the Second Phase of the G-20 Data Gaps Initiative
(DGI-2)**

June 14–15, 2017

Washington D.C., USA

Overview

- Progress since 2016 DGI-2 Global Conference
- Key Challenges/Opportunities
- Ongoing Dialogue with Users and Policy Makers/Other G-20 Initiatives

Progress since 2016 DGI-2 Global Conference

- **Action Plans** for the implementation of DGI-2 Recommendations as discussed at the 2016 Global Conference were included in the First Progress Report
- **First Progress Report of the DGI-2** was submitted to the G-20 Leaders and Finance Ministers and Central Bank Governors (FMCBG) in September 2016 and made publicly available immediately thereafter
(<http://www.imf.org/external/np/g20/pdf/2016/090216.pdf>)
- G-20 Leaders **welcomed the report** and **supported the proposed action plans** for the implementation of DGI-2 recommendations

Progress since 2016 DGI-2 Global Conference

- **Key events** of the 2017 DGI-2 work program:
 - **Four thematic workshops**
 - ❖ Data sharing (*IMF and Eurostat, with the support of the Bundesbank*) – Rec. #20
 - ❖ Data gaps on systemic risks in the insurance sector (*FSB and the International Association of Insurance Supervisors*) – Rec. #4
 - ❖ Institutional sector accounts (*OECD and the IMF*) – Rec. #8
 - ❖ Financial soundness indicators (*IMF*) – Recs. # 2 and #3
 - **Bilateral meetings** in the context of the IMF and World Bank 2016 Annual Meetings and 2017 Spring Meetings
 - **Quarterly videoconferences** of the IAG

Progress since 2016 DGI-2 Global Conference

- An “Update on the DGI and the Outcomes of the Workshop on Data Sharing” was prepared by the IAG and submitted to the G-20 FMCBG for their March 2017 meeting.
 - DGI work **was acknowledged** in the FMCBG March 2017 **Communiqué**
- A **draft monitoring framework** (“traffic lights” approach) was developed by the IAG and circulated to the G-20 economies for discussion at this Global Conference.

Progress since 2016 DGI-2 Global Conference

- **Key achievements** by the participating economies include, among others:
 - Argentina and Mexico started reporting central government data under the GFSM framework.
 - Argentina made good progress in improving national accounts and price statistics.
 - Brazil put in place new institutional arrangements at the Central Bank to facilitate, among others, the implementation of the DGI-2
 - China is been making good progress on the compilation of full balance sheets.

Progress since 2016 DGI-2 Global Conference

- China and Russia have started to report to the BIS locational banking statistics.
- Japan and Turkey completed the transition to *2008 SNA*.
- Saudi Arabia started reporting RPPI and CPPI to the BIS for the first time.

The list of achievements may not be exhaustive. We invite participating countries to share with us relevant information!

Key Challenges/Opportunities

- **Inter-agency coordination** at the national level
- **Resources allocation** to the implementation of the DGI-2 recommendations
- **Alignment of national priorities** with the DGI-2 recommendations and new emerging user demands
- **Continuous progress** in international cooperation
- **Further guidance** for some recommendations
 - Practical follow-up to the recommendations on data sharing following the January 2017 thematic workshop

Ongoing Dialogue with Users and Policy Makers/Other G-20 Initiatives

- Strong focus on the DGI by the **G-20 International Financial Architecture Working Group** (IFA WG)
 - Particular interest in information that would support a better **understanding of capital flows and private sector borrowing**
 - A note and a presentation, jointly prepared by the FSB/IMF, were presented at the IFA WG meeting in April 2017
- **G-20 Sherpa Group**: Measurement of digital economy
 - A joint OECD/IMF G-20 Issues Paper in response to Digital Economy Task Force, June 2016
 - A joint OECD/IMF Interim Report on the *Impact of Digitalization on Measures of GDP* prepared for March 2017 meeting
- From May 2017, the collection of data on direct and ultimate parents of legal entities in the **Global LEI System**, answering the question of ‘who owns whom’ has started



Questions?

Feedback from participating economies on their key achievements is welcomed!

THANK YOU!

Relevance of DGI-2 for the G20 Finance Track priorities in 2017

Robert Kirchner, Deutsche Bundesbank, Deputy Director General Statistics

Global Conference of the G-20 Data Gaps Initiative (DGI), June 14-15, 2017, Washington DC

Introduction

DGI-1 and DGI-2

- In 2009, the G20 Finance Ministers and Central Bank Governors (FMCBG) endorsed 20 recommendations to address data gaps revealed by the global financial crisis
- Due to the **significant progress** in closing many important information gaps, the G20 FMCBG **agreed to close DGI-1** in September 2015
- At the same time, the **second phase of DGI** was launched
- **DGI-2** addresses data gaps that are **policy relevant**
- This presentation will illustrate the **relevance of DGI-2 for the G20 Finance Track priorities** under the German G20 presidency in 2017

G20 Finance Track

Top priorities for 2017:

- (1) Strengthening the resilience of national economies
- (2) Shaping digitalisation
- (3) Promoting investment, particularly in Africa

(1) Strengthening resilience

Attempt of an definition

As an example, the definition from IMF 2016, “A Macroeconomic Perspective on Resilience”:

Resilient economies combine strong, sustainable, balanced, and inclusive growth with the ability to absorb and overcome shocks. [This] requires several elements: (1) a consistent policy framework to respond to shocks; (2) reforms that raise potential output, by increasing efficiency and harnessing trade, capital flows, and innovation; (3) policies that ensure that the benefits of growth are appropriately shared; (4) medium-term fiscal sustainability; (5) strong institutions to underpin the policy framework; and (6) a stable financial sector.

In the following, **important elements** of the discussion on resilience will be **confronted with the DGI-2 recommendations.**

(1) Strengthening resilience

| Elements of resilience | DGI-2 Recommendation |
|---|----------------------|
| General state of the economy | |
| Sound and stable public finances | |
| Risk reduction in the financial sector | |
| Risk reduction in the non-financial sector | |
| Flexible labor markets and efficient social systems | |
| Stability oriented monetary policy | |

(1) Strengthening resilience

| Elements of resilience | DGI-2 Recommendation |
|------------------------------|--|
| General state of the economy | #1 (Mandate of the DGI), and most of the subsequent recommendations |

(1) Strengthening resilience

| Elements of resilience | DGI-2 Recommendation |
|----------------------------------|--|
| Sound and stable public finances | #15 Government Finance Statistics #16 Public Sector Debt Statistics |

(1) Strengthening resilience

| Elements of resilience | DGI-2 Recommendation |
|---|--|
| Risk reduction in the financial sector | <p>In particular:</p> <ul style="list-style-type: none">#2 Financial Stability Indicators (FSIs)#3 Concentration and Distribution Measures for FSIs#4 Globally Systemically Important Financial Institutions#5 Shadow Banking#6 Derivatives#7 Securities#8 Sectoral accounts#11 International Banking Statistics#17 Residential Property Prices#18 Commercial Property Prices#20 Data Sharing |

(1) Strengthening resilience

| Elements of resilience | DGI-2 Recommendation |
|---|--|
| Risk reduction in the non financial sector | <p>In particular:</p> <ul style="list-style-type: none"># 8 Sectoral Accounts# 9 Household Distributional Information#10 International Investment Position#12 Portfolio Investment#13 Direct Investment#14 Cross border exposure#17 Residential Property Prices#18 Commercial Property Prices#20 Data Sharing |

(1) Strengthening resilience

| Elements of resilience | DGI-2 Recommendation |
|---|--|
| Flexible labor markets and efficient social systems | # 9 Household Distributional Information, #16 Government Finance Statistics |

(1) Strengthening resilience

| Elements of resilience | DGI-2 Recommendation |
|------------------------------------|--|
| Stability oriented monetary policy | #1-#20: high quality and comparable data needed, specifically: #20 Data Sharing |

Finance Track top priorities for 2017

Relevance of DGI

- (1) Strengthening resilience **Yes!**
- (2) Shaping digitalisation
- (3) Promoting investment, particularly in Africa

(2) Shaping digitalisation

What is digitalisation?

- A definition, based on the topics in the **OECD 2017 report on key issues for digital transformation** in the G20:

Digitalisation is the development and diffusion of new, internet-based technologies and the ramifications of that diffusion -- both enhancing and disruptive -- in the economy, in finance and in the society at large.

(2) Shaping digitalisation

Assessment of digitalisation in G20 economies (OECD 2017, Part 1):

- Productivity and digitalisation
- Digitalisation and employment
- Digitalisation and development
- Selected indicators of digitalisation in G-20
 - Digital infrastructure
 - Access to, and use, of digital technologies and services

(2) Shaping digitalisation

Assessment of digitalisation in G20 economies (OECD 2017, Part 1):

- Productivity and digitalisation → multi-country micro data studies
- Digitalisation and employment → multi-country micro data studies
- Digitalisation and development → multi-country micro data studies
- Selected indicators of digitalisation in G-20 → innovation statistics and indicators
eg those based on the Oslo Manual
for surveys of business innovation
 - Digital infrastructure
 - Access to, and use, of digital technologies and services

#20 -- Sharing and accessibility of microdata is helpful!

(2) Shaping digitalisation

Digital finance

includes diverse issues such as:

- **Blockchain technology** for payment and securities settlement
- **Crowd-funding or peer-to-peer lending platforms** reducing financing constraints for innovations
- **Financial inclusion**, in particular using handhelds and social networking techniques, or fintechs using „alternative data“ for SME finance
- **Robo advisors** for household portfolio management

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(2) Shaping digitalisation

An example: Financial literacy and the OECD / INFE International Survey

- G20 finance track policy objective on digital finance is to **„reap the benefits without neglecting the risks“** (Jens Weidmann)
- Financial literacy is an **essential dimension of financial inclusion**.
Precondition for making positive use of the chances of digitalisation.
- **G20/OECD Report on Financial Literacy Competencies** in preparation, will be released on the **Hamburg summit on 7-8 July**.
- **Decentralised exercise in G20 countries** using the OECD / INFE toolkit on financial literacy in the context of **national household surveys**
- The preliminary results show **strong heterogeneity of financial literacy and financial behavior between and within countries, also by gender!**

(2) Shaping digitalisation

#20 -- Sharing and accessibility of microdata is helpful!

... but **none of the recommendations #2-#18** on aggregate indicators and statistics -- is this a result we need to worry about?

- Digitalisation is on the causes and consequences of **innovation**.
- Innovation **is new by definition**, and **we cannot expect** ex ante harmonised aggregate statistics to give relevant answers.
- In the face of innovation, what can be done do is to **promote and implement the sharing and accessibility of existing granular information!**
- In line with the **IAG recommendations** endorsed by the G20 Finance Ministers and Central Bank Governors in **Baden Baden on 18 March 2017**

(2) Shaping digitalisation

Measuring the effects of digitalisation is tough, not just for the DGI indicators!

This year's IMF Statistical Forum will focus on these problems:

CALL FOR PAPERS -- Fifth Statistical Forum

“Measuring the Digital Economy”, November 16-17, 2017, Washington, D.C.

The Forum Program Committee welcomes proposals for empirical or conceptual papers that foster progress on understanding the implications of digitalization for macroeconomic and financial statistics and developing strategies to fill the measurement gaps. Specific areas of interest are as follows:

- Does GDP Still Tell Us What We Need to Know?
- Framing the Conceptual Issues
- How Big is the Digital Economy?
- Digital Economy and Labor Statistics
- Digital Product Prices and the Measurement of Inflation, Growth and Productivity
- State of Play in Capturing the Digital Economy in Macro and Financial Statistics
- Digitalization and Consumer Welfare

Finance Track top priorities for 2017

Relevance of DGI

- (1) Strengthening resilience **Yes!**
- (2) Shaping digitalisation **Yes, with #20!**
- (3) Promoting investment, particularly in Africa

(3) Promoting investment, particularly in Africa

G-20 Compact with Africa Initiative

3 Dimensions:

- **Macroeconomic Framework:**
considerations for **maintaining macroeconomic stability**
- **Business Framework:**
how to make Africa **more attractive for private investors**
- **Financing Framework:**
increasing the **availability of financing** at reduced costs and risk

(3) Promoting investment, particularly in Africa

A bunch of keys...

- The policy discussion clearly shows that **investors' trust is key for creating the conditions for economic engagement** – both from inside and from outside
- **Good governance** and political accountability are **key to trust**
- And **good statistics are key to governance** and accountability

(3) Promoting investment, particularly in Africa

DGI and investment

Many DGI-2 recommendations important for understanding investment:

#2 Financial Stability Indicators, **#8** Sectoral accounts, **#10** International Investment Position, **#13** Direct Investment Survey, **#14** Cross border exposure of non banks, **#15** Government Finance, **#16** Public Sector Debt, **#20** Data Sharing

(3) Promoting investment, particularly in Africa

Recommendations and examples set by the international community

- are important for policy analysis and for the democratic process
- are cornerstones for accountability and good governance
- are a **blueprint for an important dimension of institutional development** supportive for investment

IMF Capacity Development on Statistics:

Some examples:

- Development of BoP statistics and Financial Access Survey (D4D Fund)
- FSI indicators (Financial Sector Stability Fund)

Finance Track top priorities for 2017

Relevance of DGI

- (1) Strengthening resilience **Yes!**
- (2) Shaping digitalisation **Yes, with #20!**
- (3) Promoting investment, particularly in Africa **Yes, as a role model and with technical assistance in the IMF context**

Takeaway

- **DGI's home turf is financial stability.** This is where our data have the greatest direct impact.
- For novel developments, **exchange and accessibility of data, specifically granular data, is very powerful.**
- **Good statistics is an important institutional resource,** and a cornerstone for economic wealth. We need to keep this truth in mind and emphasize it in public!

THANK YOU!

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DGI II.20 – Data sharing

Outcomes of the Thematic Workshop on Data Sharing

Silke Stapel-Weber (Eurostat)

Also on behalf of the IMF

Recommendation II.20

Target: *G-20 economies to share information and ideas on ways to apply confidential rules/arrangements in a manner that would allow sharing of more granular data, initially through the IMF/Eurostat information collection, and then at a workshop in 2017.*

In July 2016, an informal group was created to facilitate sharing experiences on data sharing

Workshop held in Frankfurt Jan 31-Feb 1, 2017



Background motivation

Sharing of "granular" data within and between countries (and international organisations) is increasingly important for statistical compilation and policy development

Need to overcome identified barriers to data sharing (legal/administrative, technical/financial, and cultural)

Main outcomes of the workshop

More than 80 participants from 27 countries were represented, bringing interesting country examples, together with ongoing work in international institutions.

- Discussion on terminology
- 7 Recommendations

Main outcomes of the workshop

Terminology:

Aggregated data: data aggregates that have a low likelihood of identification of individual reporting units, such as those found in traditional datasets.

Disaggregated data: data below the level of aggregated data and with a higher likelihood of identifying individual reporting units than in the aggregated data.

Micro data: data on individual reporting units or specific transactions/instruments, which in most cases allow the identification of individual entities and therefore considered confidential.

7 Recommendations (with different implications for the above data types...)

7 Recommendations

1. Promoting the use of common identifiers

Economies and international organizations, as appropriate, are encouraged to foster the use of common identifiers and make every effort to adopt the latest international conceptual frameworks.

2. Promoting the exchange of experience on statistical work with granular data and improving transparency

Economies are encouraged to have a more active dialogue and exchange of practical experiences, in particular on the accessibility of granular data, metadata, and on techniques for statistical analysis and data protection.

Recommendations

3. Balancing confidentiality and users' needs

Economies are encouraged to revisit existing confidentiality rules, practices, and approaches in light of evolving users' needs and taking into account peer practices, seeking to maximize, as appropriate, the amount of information released while maintaining the confidentiality of data deserving protection.

4. Linking different datasets

Economies are encouraged to allow for the fullest possible use of data (for policy making, research, and statistical purposes) including through linking of different non-public datasets (possibly from different institutions) ensuring that strong governance and confidentiality protection arrangements are in place.

Recommendations

5. Provision of data at the international level

Economies are encouraged to have in place regional and international data exchange systems and appropriate legal frameworks to allow for sharing and exchange of granular data across borders.

6. Consideration of ways of improved data sharing of granular data

Economies are encouraged to consider alternative forms of access to granular, potentially micro data, taking into consideration the confidentiality restrictions and users' needs.

Recommendations

7. Collection of data only once

Economies are encouraged to avoid multiple collections of the same data by promoting flexible uses of existing datasets to minimize the reporting burden. Increased sharing of data among relevant institutions at the national level should be a key priority.

Follow-up

G20 Finance Ministers and Central Bank Governors welcomed the recommendations

*= **political cover for further developments***

DGI follow-up through monitoring progress...

> Do not duplicate existing work (for example with the UNECE group)

> Annual progress reports, including the upcoming Second Progress Report, will collect information on progress from countries and international organisations

*Summary of the FSB-IAIS Thematic workshop
on data gaps on systemic risk in the insurance
sector*

(Recommendation # 4, DGI-2), Basel, 14 March 2017

Matteo Piazza, FSB Secretariat

DGI-2 Global Conference

June 14-15 2017, Washington DC

Background

- The Data Gaps Initiative (DGI) on the G-SIFIs
 - First phase (DGI-1): Recs #8, 9 – focus on the G-SIBs
 - Second phase (DGI-2): Rec. # 4 – focus on the G-SIIs
 - The recommendation in 2015
 - The action plan in 2016
- Developments in International Association of Insurance Supervisors (IAIS) work on systemic risk assessment and policy as decided in early 2017

Objectives of the Workshop

- Recent developments in the IAIS work led to a broader scope of the workshop, covering the insurance sector rather than G-SIIs only. Focus remained on:
 - Review of existing/planned work on data collection
 - Discussions of main areas where data gaps may exist
 - Discuss some key elements of a possible action plan to address data gaps
 - *Governance issues not part of the workshop but recognized as very important going forward (as made clear in the DGI-2 action plan).*

Some takeaways

- Close cooperation with the IAIS, notably its Systemic Risk Assessment Task Force (SRATF), should be established to ensure that data gaps identification follows progress of the IAIS assessment and policy work in order to capture synergies;
- Data comparability is a real issue for cross-jurisdictional data collection exercises but it takes time to develop, as the G-SIB experience demonstrates;
- Filling data gaps in assessing systemic risk in the insurance sector would require an holistic approach both within entities and within and across sectors (activity based aspects).

Way forward

- The FSB, in consultation with the IAIS (SRATF and FSTC) and the IMF Staff, will define a draft action plan (AP) to start the work on the identification of data gaps, if any, and make proposals on how to address them (AP to be circulated in June for comments);
- The AP plan, as revised following the consultation, will be submitted for approval to the FSB Plenary in October this year;
- If the AP will be approved, a working group will be set up to bring forward the work on data gaps on systemic risk in the insurance sector.

- In September 2015, the G20 endorsed the launch of **DGI-2**, including a recommendation to continue the work on G-SIFIs, focusing on **insurance corporations**:
 - Recommendation II.4: *“the FSB, in close consultation with the IMF and relevant supervisory and standard setting bodies, to investigate the possibility of a common data template for global systemically important non-bank financial institutions starting with insurance companies. This work will be undertaken by a working group composed of representatives from FSB member jurisdictions, relevant international agencies, supervisory and standard setting bodies, and will take due account of the confidentiality and legal issues.”*
- In September 2016, the **action plans for all the twenty DGI-2 recommendations** were supported by G20 Leaders in September 2016. For rec. II.4, **the first steps** were agreed as follows:
 - a. *FSB, with the collaboration of the International Association of Insurance Supervisors (IAIS), to conduct a technical workshop around end-2016/early-2017 to investigate the existing reporting requirements for global systemically important insurance firms, assess the main data gaps if any and define preliminary views on whether, and if so which, data should be collected and shared at international level for financial stability purposes.*
 - b. *Depending on the outputs of the workshop, the FSB, in close consultation with the IAIS and IMF staff, to define an action plan including setting up a working group to conduct the work on a common data template for global systemically important insurers (G-SIIs), for FSB Plenary approval. The characteristics of such a working group are indicated above.*

- An important development since the 2016 DGI Global conference is that the IAIS decided in early 2017 to further expand its work on systemic risk assessment with the three following workstreams:
 - Developing an activities-based approach (assessment of potential systemically risky activities) at insurance sector level. This activities -based assessment is defined as “a horizontal assessment (i.e. aggregating across firms) of potentially systemic activities that in themselves or as a result of common exposures of firms, both on the asset and the liability side, may be systemically relevant”. Findings from this workstream will feed into the revision of the current (entity-based) approach as indicated below;
 - Looking at cross sectoral consistency in SIFI frameworks;
 - Revising, as part of the regular three-year cycle, the systemic risk assessment methodology with adoption in 2019, and application of the methodology in 2020. The revision will benefit also of the outcomes of the two previous workstreams.
- The IAIS SRATF has been tasked to this work, with the objective of developing a more holistic perspective of systemic risk in insurance and minimise inconsistencies with other sectoral approaches while recognising the idiosyncrasies of the insurance sector.

On-going initiatives

DGI-2
2015 – 2021

Systemic Risk Assessment review
2017 – 2019

Application of revised assessment
2020

ComFrame adoption
2019

ComFrame implementation
2020+

First steps to investigate the need for collecting data **to be shared at international level** for financial stability purposes: (i) workshop focusing on a stock-taking of existing reporting requirements, assessment of main data gaps if any and preliminary views on whether, and if so how to close the gaps; (ii) depending on the outputs of the workshop, define an action plan, including setting up a working group, for FSB Plenary approval

IAIS SRATF work on assessment of systemic risk to progress along the lines just illustrated - i.e. revision of the assessment methodology and an activities-based approach to systemic risk as a complement to the G-SII entity-based approach.

- Parallel medium term initiatives with a similar target for completion
- Policy aims, once stabilised, will shape the governance and legal frameworks needed for implementation.
- Early discussion may help develop achievable policy outcomes and allow for efficient and effective implementation in practice

The thematic workshop on data gaps on systemic risk in the insurance sector (the Workshop) was held in Basel on March 14, 2017, organized by the FSB and the IAIS Secretariats.

- Invitation sent to G20 (DGI-2 contacts), non G20 FSB member jurisdictions, members of the IAIS and to the IAG member agencies;
- Around 40 participants from 14 countries and several regional and international organisations and standard setting bodies, in addition to FSB and IAIS Secretariats;
- Focus broadened to the insurance sector to keep into accounts developments in analytical and policy work;
- The summary of the Workshop is included in the material distributed for this Global Conference for your reference.

In line with the broad DGI action plan (summarized in **Session II**), key issues analysed during the Workshop included:

Existing and planned data collection exercises for insurance companies and affine data collections: lessons to be drawn for the work on DGI-2 Rec. II.4:

- *Session III: the ongoing IAIS work;*
- *Session VI: reflections on the G-SIBs data collection exercise;*
- *Session VII: the ECB “add-ons” to the Solvency II framework and the NAIC financial data repository (FDR);*

Sources of systemic risk in the insurance sector:

- *Session IV: an assessment and review of the ongoing analysis on sources of systemic risk in the insurance sector and the outline of the planned IAIS policy work on this area*

Preliminary assessment of data gaps on systemic risks in the insurance sector:

- *Session V: gathering views from participants on where they see the main gaps*

Conclusions and next steps

- *Session VIII: main takeaways and wrap-up*

On (sources of) systemic risk:

- There is some evidence of a increased systemic importance of insurers, especially in life insurance, although it is still lower than that of banks and this trend is not observed by all jurisdictions. The sector is more homogenous than in the past, with higher commonalities and increased market risk and interest rate risk sensitivity. The spillover potential of life insurers in particular is increasing, both to other sectors and other regions;
- vulnerabilities can come to the sector both from low for long interest rates, as well as a snap-back scenarios;
- network analysis can help in the analysis of interconnections within and across sectors and a data collection could allow monitoring as much as possible second round effects, as done for example for the G-SIBs;
- need to consider sectoral specificities, including developments on the systemic risk assessment front.

On data gaps:

- filling data gaps in assessing systemic risk in the insurance sector would require an holistic approach both within entities (notably ALM and liabilities aspects) and within and across sectors (activity based aspects), as well as data beyond static measures allowing to uncover flows and new trends and vulnerabilities;
- add-ons and modular approaches can have benefits in terms of cost effectiveness;
- data comparability is a real issue for cross-jurisdictional data collection exercises, for example that of EIOPA in Europe, but data quality is not a low hanging fruit;
- data standardization is key for comparability of data, including across jurisdictions, although this takes time to develop, as the G-SIB experience demonstrates;
- data granularity is important, but one would also need a (systemic risk assessment) framework to interpret the data;

- Data initiative on systemic risk means
 - Comparing policy aims with existing data
 - Locating and assessing existing data (collected for different purposes)
 - Comparability and reliability
 - Identifying data gaps or the need for new information
 - Relevant data identification should follow developments in the IAIS systemic risk assessment and policy work to be sure to comprehensively identify all relevant sources of systemic risk
- Cooperation and coordination with related initiatives within IAIS, particularly the SRATF
- Confidentiality, legal and governance issues, while not specifically addressed in the workshop, are key for any such data gaps exercises.

- **The FSB, in consultation with the IAIS SRATF and Financial Stability and Technical Committee (FSTC) and the IMF staff, will develop a draft action plan for consideration by the FSB Plenary.** *“The action plan could include how to start any work on the definition of templates and governance of data, including consultations with the FSB member jurisdictions and insurance supervisors in the first place” (Rec#4).*
- **IAG agencies and DGI contacts will also be consulted** on the draft action plan.
- **The FSB Plenary will decide if and when starting this work**, taking into account the timelines of the IAIS work.
- **If a decision is taken to start the work immediately**, the draft action plan could:
 - propose to **set up a working group** to start the work;
 - Define the broad scope for the WG activities (e.g. *review technical aspects, take stock of insurance data gaps and explore possible solutions*);
 - Clarify participation (e.g. representatives from FSB member jurisdictions, international agencies, insurance supervisors and standard setters) and interaction with IAIS work;
 - Define a tentative timeline for the WG activities.
- **All the above subject to upcoming consultations and to the FSB Plenary final decision.**

- If approved, the WG will decide its timelines taking into account the progress in the IAIS work (the broader horizon being the conclusion of the DGI-2 in 2021). The modalities of cooperation with the IAIS SRATF should ensure that synergies are properly exploited and information is shared as possible and appropriate.
- Building on the members expertise and the IAIS work on systemic risk assessment, the WG could evaluate possible data gaps and reflect on potential data to be collected to assess and monitor possible systemic risk.
- Legal and governance issues (e.g. in terms of data sharing, modalities for data collections, etc.) are very important and need to be taken up, later on in the process, possibly by dedicated (sub-) groups reporting to the WG.
- Any prospective data collection proposal as well organisational set-ups will have to be submitted to FSB Plenary for approval (as done for the G-SIBs data collection exercise).

- In **June 2017** the draft action plan proposal, prepared by the FSB in consultation with IAIS SRATF and FSTC and with the IMF Staff, will be circulated for comments to participants to the workshop, to DGI-2 contact persons from the G20 economies and FSB member jurisdictions as well as to IAG member agencies;
- The progress for rec. II.4 (outcome of the Workshop and outline of the proposal to be submitted to the FSB Plenary) will be included in the Annual Progress Report of the DGI-2 in **September 2017**;
- The draft action plan will be submitted to the FSB Plenary for approval at the next plenary meeting in **October 2017**;
- If approved, the WG could start its work around **end-2017/early 2018**, taking into account progress made in the IAIS SRATF work.

22 May 2017

FSB-IAIS Thematic workshop on data gaps on systemic risk in the insurance sector

Basel, 14 March 2017

Summary and main takeaways

1. Introduction

Since 2009 the FSB has been working, in the context of the G20 Data Gaps Initiative (DGI), on the development of common reporting templates for Global systemically important banks (G-SIB), acknowledging that the interconnectedness of systemically important financial institutions had significant implications for global and domestic financial stability.¹

The second phase of the DGI (DGI-2), launched in September 2015 with the endorsement by the G20, included among its 20 recommendations to investigate now the possibility of developing a common data template for global systemically important insurance companies (Recommendation #4).² Following extensive consultations with countries and international organizations, for the recommendation on the development of a common data template for G-SIIs a broad action plan was included in the DGI-2 Progress Report sent to G20 Leaders for their 2016 Summit. For recommendation #4 it stated³ that *“the FSB, with the collaboration of the International Association of Insurance Supervisors (IAIS), will conduct a technical workshop around end-2016/early-2017 to investigate the existing reporting requirements for global systemically important insurance firms, assess the main data gaps if any and define preliminary views on whether, and if so which, data should be collected and shared at international level for financial stability purposes.”*⁴

¹ The definition of a set of unique data templates for banks (G-SIBs), bringing together consistent, granular information on individual G-SIBs, useful for both micro and macro-prudential analysis, has now been completed. The data collection is already underway for G-SIBs' bilateral linkages and will continue with the collection, later this year, of G-SIBs' balance sheets with very granular details on sector, instrument, currency, maturity and counterparty countries.

² A broader focus on Global systemically important financial institutions (G-SIFI) was part of the original recommendations 8 and 9 in the first phase of the Data Gaps Initiative. Priority has been then given to banks in light of their higher systemic footprint and other considerations.

³ The Progress Report including the action plans for each recommendation has been submitted to both the IMF Board and the FSB Plenary for comments and then transmitted to the G20. The action plans have been supported by the G20 Leaders in their September 2016 Summit. The Report is available on the IMF and FSB websites (<http://www.fsb.org/wp-content/uploads/Second-phase-of-the-G20-Data-Gaps-Initiative-DGI-2-First-Progress-Report.pdf>).

⁴ First Progress Report of the Second Phase of the G-20 Data Gaps Initiative (DGI-2), September 2016, p. 22.

In light of the ongoing IAIS work on how to address systemic risk in the insurance sector⁵, it was decided by the Secretariats of the FSB and the IAIS to broaden the scope of the workshop to explore data gaps on potential sources of systemic risk for the insurance sector rather than focusing only on global systemically important insurers (G-SIIs).

The thematic workshop jointly organized by the Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS) was held in Basel on March 14, 2017, with the participation of around 40 representatives of national authorities from 14 countries, regional authorities, international organisations and standard setting bodies (the list of the participants and the agenda are in the Annex).

The following sections illustrate the main findings of the workshop and the proposed way forward for the work on data gaps on systemic risk in the insurance sector.

Summary of the workshop

In his **welcome address**, Svein Andresen, Secretary General of the FSB, recalled the importance of data for policy design and evaluation and underlined the positive experience that the FSB had in its workstreams (e.g. on shadow banking) from ensuring mutual feedbacks between data collection and policy analysis. He noted the increased attention to systemic risk in the insurance sector and the growing awareness that insurers as a whole may be exposed to common aggregate shocks and may have become vulnerable, in different guises, to low-for-long as well as to snap-back scenarios. He concluded noting that the workshop is the first step of a process and while we may yet lack clear answers on whether insurers would be limiting or amplifying risks in a crises and on how this would be related to the insurers' business model, this should not detract from start working on existing data gaps on potential sources of systemic risk.

The **second session** provided some background on the G20 Data Gaps Initiative so to bring all participants up to speed on the mandate given by the G20 to the FSB and the IAIS. Florina Tanase (IMF) illustrated the overall characteristics of the Initiative, including its governance, its objectives and its timelines and underlined its overarching aim of setting up data collections that respond to users' needs. On governance, she noted the facilitator role played by the Inter-Agency Group on Economic and Financial Statistics (IAG) and the strong coordination between its member agencies and the participating economies⁶. For the objectives, she underlined that the twenty recommendations included in the DGI-2 can be broadly grouped under three headings: (i) Monitoring of risk in the financial sector; (ii) vulnerabilities, interconnections and spillovers and; (iii) data sharing and communication of statistics. On the timeline, she explained that each of the twenty recommendations has a broad action plan with targets to be implemented over the five-year horizon of the DGI-2 (by 2021). In response to a question from participants, she also clarified that the fact that the data gap on

⁵ The IAIS has adopted a systemic risk assessment and policy workplan in February 2017 (<http://www.iaisweb.org/page/news/press-releases/file/65229/iais-press-release-systemic-risk-assessment-workplan>). The FSB Plenary has welcomed it in its February 2017 Meeting. Session 4 of the workshop, summarized below, presented in more detail this workplan.

⁶ The IAG members are the IMF (chair), BIS, OECD, ECB, Eurostat, the World Bank and the UN. The FSB Secretariat participates to the IAG activities. G20 national authorities have designed senior-level officials as DGI Contact Group Members to serve as main contacts for the IAG on the DGI.

insurance systemic risk is not included in the priority recommendations does not reflect a lesser importance of this recommendation. Priorities were assigned taking into account several factors (including that some of the priority recommendation were lagging behind at the end of the first phase of the DGI).

Matteo Piazza (FSB Secretariat) explained how the second phase of the Initiative has turned to insurance and illustrated the indications endorsed so far by the G20, including the possibility of setting up a working group to conduct the work on a common data template.⁷ He presented the objectives of the workshop: taking stock of existing and planned work on insurance data, discussing the IAIS planned work on systemic risk assessment, gathering preliminary views about data gaps on systemic risk in the insurance sector and learning significant lessons from other related experiences. The presentation also made clear that the definition of a data gaps template for G-SIIs would be premature in the context of a policy dimension still under development and that the governance issues, while of paramount importance, were not intended to be addressed in the workshop as they need specific expertise and will be taken up in future work. The main expected outcome of the workshop was accordingly to discuss key elements of a possible action plan to address data gaps in the insurance sector.

In the **third session** Catherine Lezon (IAIS Secretariat) updated participants about IAIS current global projects involving data collections from insurance groups, including voluntary field tests of the IAIS draft ComFrame, the annual G-SII data collection exercise, and, as part of the annual Global Insurance Market Report exercise, data collection from the largest reinsurance companies (on individual firm basis). On the first topic, she illustrated the main characteristics of the three field testing exercises carried out in 2014-2016, which provide data to simulate the options assessed and report on the impact on the financial position of the participating firms. Data templates were increasingly detailed (almost 50,000 data points in the 2016 field test) and covered different aspects of the companies' activities (with limited overlaps among data collected in each of those). The presentation then illustrated the planned next steps: an extended field testing will take place in 2017 to support further developments of the ICS beyond ICS Version 1.0 (to be adopted mid 2017 for extended field testing) while ComFrame, including the ICS Version 2.0, is expected to be adopted in 2019. In the ensuing discussion it was underlined that although the field testing is an extensive exercise with stress testing aspects that can already be relevant for (at least part of) systemic risk assessment, the annual field testing data collections are currently planned only until 2019 for ICS Version 2.0 purposes. Beyond that, there may be a need to further collect data to support the development process towards the ICS ultimate goal (date currently undefined) but this has not been considered by the IAIS to date and until data needs are further explored it cannot be guaranteed that the field testing data collection will continue. It was also noted that the

⁷ According to the DGI-2 action plan for recommendation #4, “[d]epending on the outputs of the workshop, the FSB, in close consultation with the IAIS and IMF staff, will define an action plan including setting up a working group to conduct the work on a common data template for global systemically important insurers (G-SIIs), for FSB Plenary approval. The working group could be composed of representatives from FSB member jurisdictions, relevant international agencies, supervisory and standard setting bodies, and would take due account of the confidentiality and legal issues. The action plan could include how to start any work on the definition of templates and governance of data, including consultations with the FSB member jurisdictions and insurance supervisors in the first place, before any potential consultation with industry”.

templates used for the field testing exercises are publicly available on the IAIS website and may provide a useful reference for future work on data.

On the G-SIIs data collection, it was underlined that it is a voluntary exercise as well and that a careful consideration of confidentiality issues also characterises this exercise. For the ComFrame field testing as well as for the G-SIIs data collection, a dedicated body, the Analysis Team, was created to access the submitted data and to analyze it, operating under a strict BIS confidentiality regime. Submitted data are kept confidential by the BIS and only aggregate results are made available to IAIS committees and FSB. The final part of the presentation provided further details on the legal frameworks governing how data is collected, stored, analysed and shared for the field test and G-SII exercises.

Overall, this provided a comprehensive overview of the IAIS data collection exercises, including the timelines of these projects, helping participants to take stock of existing and planned data collections at the global level by the IAIS, to date. Catherine Lezon highlighted that those data collections (including possible future adaptations to them) would need to be compared to policy needs for data that may emerge from the planned work, including from the IAIS *Systemic Risk Assessment and Policy Workplan*, in order to assess how best to fill those data gaps in a most effective and efficient manner.

The **fourth session** discussed the role of the insurance sector in relation to financial stability risks, and in particular the (i) systemic risk transmission channels in insurance and (ii) the amplification and mitigation channels and the role of interconnections. In the first sub-session, Catherine Lezon (IAIS Secretariat) presented the workplan of the IAIS Systemic Risk Assessment Task Force (SRATF), which has the objective of developing a more holistic perspective of systemic risk in insurance and minimise inconsistencies with other sectoral approaches while recognising the idiosyncrasies of the insurance sector. The project, to be developed over a three year horizon (2017-2019), will look at a regular three year cycle review of the entity-based assessment over which the G-SII methodology is based as well as at an activities based assessment of systemic risk, defined by the IAIS in a first step as “*a horizontal assessment (i.e. aggregating across firms) of potentially systemic activities that in themselves or as a result of common exposures of firms, both on the asset and the liability side, may be systemically relevant*”. The task force will also look at cross sectoral consistency in SIFI frameworks with possible implications for a further data collection in 2017. Participants from one jurisdiction expressed support for this IAIS project, and noted that the evolving policy needs will also determine evolving data needs and consequently the data collection processes and related governance schemes most appropriate for the identified data needs. As progress on sources of systemic risk may lead to additional insights about potential data gaps, and as ongoing policy work might address certain data gaps that may exist today, their jurisdiction would suggest to focus the efforts first on the refinements of the G-SII methodology and only then examine potential data gaps and hence data requirements from the perspective of the IAIS systemic risk assessment work. C. Lezon highlighted that close attention should be devoted to ensure that the ongoing work of the task force and any future work on data gaps are fully articulated, taken into account the progress of the work of the task force, so that synergies emerge and any duplication of work be avoided.

Nobuyasu Sugimoto (IMF) discussed the role and importance of the insurance sector within the broader financial system by looking at recent IMF Global Financial Stability Report and Financial Sector Assessment Program exercises. Insurance is growing faster particularly in

emerging markets, while the insurance business is changing. As a result, the systemic importance of insurers has increased, especially of life insurance, although it is still lower than that of banks. The insurance sector is more homogenous than in the past, with higher commonalities and increased market risk and interest rate risk sensitivity. The spillover potential of life insurers in particular is increasing, both to other sectors and other regions, while low interest rates are eroding the viability of their business model. In terms of data gaps, critical data gaps differ by region, and while supervisors have individual firm data available, an industry-wide assessment is generally not available. The absence of a risk-based supervisory approach also implies that in some jurisdictions it is difficult to identify key material risks, which may hinder an effective systemic risk identification. In some jurisdictions for example the duration of some types of liabilities is not available, while in others materially different definitions are used for such a key parameter. Participants suggested that effective duration is the measure that would allow considering optionality features and noted that projects such as the ICS will help harmonizing the definitions and address data gaps at least among Internationally Active Insurance Groups. Several questions revolved also around the issue of how to interpret the measures of systemic risks shown in the presentation across sectors and the issue of different accounting standards across jurisdiction was also flagged in this regard. A participant also noted that in its jurisdiction available measure suggest a lower systemic risk as insurance companies adopt business models with less systemically risky features.

In the second sub-session, on amplification and mitigation channels and the role of interconnections, Matteo Sottocornola (EIOPA) presented the Authority's recent analysis on issues and challenges for insurers and possible financial stability implications of low for long interest rates. The EIOPA analysis shows that the asset allocation of (re-)insurers is particularly exposed to drop in the interest rates, and the more exposed are those life insurers characterised by large portfolios of guaranteed products. The gap between the guaranteed interest rate and the bond-yields represent the main challenge for the insurers due to the scarcity of safe and sufficient remunerable assets able to match the long term obligations towards the policyholders. This is also driving changes in the business model of insurers, with shifts to corporate non-financials and increase in equity exposures, as well as a shift towards pure linked products with risk transferred to policyholders. The transfer of market risk to policyholders implies also extra pressure on misconduct risk issues, and stresses the importance of transparency and sound selling practices. He also presented a work-in-progress framework to analyse systemic risk implications for the insurance industry. The proposed approach aims at identifying "events", "enablers" (activity-based or entity-based) and transmission channels of systemic risk (typically, asset liquidation, exposure, critical functions, and soft channels such as expectations). Dominique Durant (ACPR) discussed the issue of interconnectedness and noted that while the current G-SIB and G-SII methodologies include interconnectedness indicators, more refined indicators have now been developed using matrices of bilateral exposures. She presented a novel approach to measuring interconnections, based on recent ACPR research, which measures the similarity of asset portfolios and ranks institutions based on bilateral exposures in order to describe a cumulative contagion process. In this process, the first round of shock derived from a macroeconomic scenario would spread contagion through the financial network (second round) and then determine a third round that through asset fire sales and asset price impacts could determine, via a dynamic balance sheet approach (portfolio optimization), a feedback loop on asset prices

and credit and liquidity supply and demand. These new measures may improve the measure of systemic footprint and provide an unbiased comparison of the systemic footprint of different activities. She noted, however, that in terms of data gaps this approach would require very granular data (for example, with detailed exposures for loans and deposits, debt securities derivatives, other equities; also, security-by-security portfolios are required for similarity analysis) as well as expansion in the scope (i.e. beyond the limited sample of G-SIIs).

The **fifth session** addressed the issue of current data gaps on systemic risk. The first presentation by Veronique Hijnl (DNB), chair of the EIOPA Work stream on Adding Value and Analytics (AVA), summarized the work done by AVA in supporting microprudential authorities by extracting information from the “European database” of Solvency II reporting data and making aggregated information available to national authorities. In particular, the work aims at improving data quality and systematic information exchange in colleges of group supervisors, with work flow and governance defined for data collection, and for creation, transfer and final dissemination of the prototype reports to the group supervisors. Exchange of data on branches and international activity under Freedom of Providing Services provisions and definition of reports on peer groups and aggregates were also among the main tasks of the group. The presentation stressed the comprehensiveness and harmonisation of the reporting requirements brought about by Solvency II but noted that this may require an additional focus on data quality and requires some learning on how to use this large amount of data in supervision as well as for financial stability purposes. She stressed how using data will enhance data quality and analytical skills, and vice versa. Further analysis of the data and further work on financial stability frameworks will identify remaining gaps and facilitate future work on this.

The second presentation, by Andreas Viljoen (BoE), focused on two of the categories currently used for the G-SII identification (interconnectedness and asset liquidation) and noted the importance of jointly considering both sides of the balance sheet as recognition of ALM (asset liabilities management) is essential. He also underlined the need to have a holistic view of risk across sector(s), granular data on portfolio composition as well as on counterparty exposure, and flow data allowing a better understanding of emerging trends. In terms of data gaps, the holistic view of risk across entities in terms of their ALM approach would require whole balance sheet measures, whereas a holistic view across the sector would require recognising that insurers can adopt a range of business models (from acting like fund managers to conducting more bank-like business) and therefore one would need to look at substance over form through an activities based approach. Granularity of asset / counterparty concentration data would be required to identify pockets of risk, whereas flow measures of asset acquisitions and disposals would allow to gauge possibilities for overheating. A plea was finally made for data standardisation, recognizing that it remains a challenge to get a consistent picture across the sector. Support for a dynamic approach (transactions based) in addition to a static approach based on balance sheet was expressed by some participants, noting that this would also enrich the completeness of other statistics (e.g. ECB add-ons). It was also noted that life insurers may be providing pensions schemes and/or act as fund managers. Collecting related statistics, such as further detailing of life insurance by different types of products, may be essential to avoid misinterpreting the kind of business that life insurers engage in and the associated risks. In the **sixth session**, Pietro Franchini (IVASS) illustrated the experience with the G-SIBs harmonized data collection developed under the

FSB leadership, following an incremental approach over several years. He noted how cross-border data sharing was needed to achieve the objective of the data collection and that the granularity and frequency / timeliness of indicators used for G-SIBs designation were not adequate enough for supervisory purposes. Extending the scope of the data collection beyond those indicators allows a better analysis of transmission channels and the evaluation of second round effects. In particular, collecting multiple risk determinants allows combining dimensions to assess different sources of systemic risk and gives the flexibility to aggregate data according to relevant risk factors. He stressed how defining use cases was an integral part of the exercise, although the data collection effort should include characteristics to cater for “unknown unknowns”.

The governance aspects of the G-SIBs exercise were also illustrated, starting from the set-up of a central hub (the International Data Hub) in March 2013 hosted by BIS and managing the collected data under the highest security procedures. A multilateral memorandum of understanding (Multilateral Framework), among banking supervisory authorities and central banks, establishes the arrangements for the collection and sharing of information through the Hub. Access of jurisdictions to confidential information is contingent on the reciprocal provision, and restricted to specific purposes such as supervisory activities. The Data Hub prepares and distributes standard reports to participating authorities (data receivers) on a regular basis. In addition, data receivers can request additional information from the Hub, subject to approval by the Hub Governance Group.

He also provided an overview of how the connections of the insurance sector to the rest of the financial sectors, that can possibly act as a source of systemic risk, can be analysed via existing data collections (e.g. via the G-SIBs data or via securities holding statistics) and where this is not possible. He finally illustrated several potential advantages for linking data collections (often already existing at national/regional level and with different degrees of granularity) via a global initiative that conditions data providing with data receiving. Once the relevant use cases are established, such an initiative could potentially ensure better data consistency at global level, and allow to properly pool and check the data, enhancing the availability and quality of data on individual G-SIIs or at least on some distributional measures for these firms. Building thereon, the subsequent discussion highlighted the importance of strong governance mechanisms also within the context of data collections in the insurance sector, which reaffirmed the importance of governance measures taken by the IAIS for its data exercise.

Session 7 focused on domestic experience with insurance data collection across different jurisdictions. Jean-Marc Israël (ECB) summarized the European experience of an integrated statistical and supervisory reporting where the ECB was able to leverage on the Solvency II data collection managed by EIOPA to also satisfy its informational requirements related to monetary policy and financial stability. The approach included an ECB Regulation allowing re-use of Solvency II reporting templates as well as practical guidance for compilers to derive statistical data from supervisory data. Few additional data were required purely for statistical purposes. Among the advantages of the approach, he noted efficiency and cost reduction for reporting agents deriving from a single data flow, and the granularity and comparability of collected data across countries and for various analyses supporting different policy purposes. Among the disadvantages so far, he mentioned some rigidities in the management of the technical framework (notably in implementing changes and data validation) as well as some

data quality-related issues (for example on how to manage revisions). Questions were raised about the possibility of looking-through investment funds holdings so to identify final issuers and on the possibility for national insurance supervisors to use the relevant portion of the ECB Centralised Securities Data Base for data compilation and data quality checking purposes. Participants also noted that the data collection of the EIOPA can be used as an aggregating model, and this underlines the benefits that can be achieved when policy development (for example on the ICS) can be effectively accompanied by a data collection template based upon common definitions.

Todd Sells (NAIC) presented the main characteristics of the Financial Data Repository (FDR) maintained by the NAIC. It includes mostly public data from financial statements and supplementary filing and provides very granular information on the asset side, albeit less so on the liabilities side, as a legacy of how it was originally conceived. It is currently used by a wide range of users, ranging from State regulators to, with different levels of access, other State and Federal agencies and private sector customers. It also includes additional data collections on phenomena relevant for the insurance business such as mortality data and terrorism risk insurance data. He noted that a strong focus is being put on making the data collection process more efficient and less burdensome for reporters, including via an open consultation process for the definition of the content and timeliness of reported data and the establishment of a business intelligence platform to increase the utility of data already collected and avoid duplication of requests.

The workshop concluded with presentations by the FSB and IAIS Secretariats of key take-aways and next steps discussion in the **eighth session**. Catherine Lezon (IAIS) highlighted some key issues mentioned in the meeting: i) the need to consider sectoral specificities, including developments on the systemic risk assessment front; ii) that vulnerabilities can come to the sector from low for long interest rates, as well as a snap-back; iii) that network analysis can help in the analysis of interconnections within and across sectors and that a data collection could allow monitoring as much as possible second round effects, as done for example for the G-SIBs; iv) that data comparability is a real issue for cross-jurisdictional data collection exercises, for example that of EIOPA in Europe, but data quality is not a low hanging fruit; v) that a serious attempt to fill data gaps in assessing systemic risk in the insurance sector would require an holistic approach both within entities (notably ALM and liabilities aspects) and within and across sectors (activity based aspects), as well as data beyond static measures allowing to uncover flows and new trends and vulnerabilities in growing markets; vi) that data standardization is key for comparability of data, including across jurisdictions, although this takes time to develop, as the G-SIB experience demonstrates; vii) that data granularity is important, but one would also need a (systemic risk assessment) framework to interpret the data; viii) that add-ons and modular approaches can have benefits in terms of cost effectiveness; ix) and that confidentiality and cost-benefit analysis are key for any such data gaps exercises, which puts the governance aspects at the forefront on any potential development.

She related the aspects above with the timelines of the IAIS projects, and observed that the DGI-2 overall project horizon aligns well, in 2021, with the 2019 IAIS horizon for finalising both the ICS version 2.0 and the *Systemic risk assessment and policy* workplan. This means that relevant data identification should follow progress of the IAIS *Systemic risk assessment and policy* work. Policy aims, once stabilised, will shape the governance and legal framework

needed for implementation. Early discussion may help develop achievable policy outcomes and allow for efficient and effective implementation in practice, while taking into account that filling data gaps is a complex process that may require quite some time, as repeatedly mentioned during the workshop. She concluded with highlighting the need for cooperation and coordination with related initiatives within the IAIS.

Simonetta Iannotti (FSB Secretariat) illustrated the next steps. The objective of the workshop was to conduct a broader investigation of data gaps on possible sources of systemic risk in the insurance sector. The FSB, in close consultation with the IAIS and IMF staff, will now develop a draft action plan for consideration and approval by the FSB Plenary. The draft action plan will include background information as well as feedback from the workshop, and will propose, in line with plans endorsed by the G20 Leaders in 2016, to form a working group open to representative from FSB member jurisdictions, relevant international agencies, insurance supervisors and standard setters, with the objective to explore technical aspects and take stock of possible relevant insurance data gaps and possible solutions. The working group would define the relevant timelines in the context of the DGI-2 initiative horizon. Importantly, and as underlined by the FSB, IAIS and participants at the workshop, modalities of close cooperation and coordination with the IAIS SRATF should be established, including possible overlap in participation, in order to ensure that synergies are properly exploited, duplications are avoided and that developments on the data gaps initiative follow the IAIS policy development. Governance issues and in particular data confidentiality are also very important and need to be taken up, possibly by a dedicated subgroup that could explore possible solutions for the governance of the data collection in the steady state and report on that to the WG. Possible inputs for the work of WG in relation to possible relevant data gaps, could be: the desired level of data granularity; whether to focus on stock or flow data (static versus dynamic approach to systemic risk assessment); the dimensions that are important (maturities/countries/sectors/contract features) in a whole balance sheet approach; the implications of ABA versus EBA approaches from a data gaps perspective. Ultimately, the working group would explore which factors could be considered in the design of a possible data collection targeting systemic risk in the insurance sector. The draft action plan will be circulated for comments to workshop participants, DGI-2 contact persons, IAG member agencies and IAIS SRATF and FSTC (Financial Stability and Technical Committee) before the summer and then submitted to the FSB Plenary for discussion and approval at its upcoming meeting in October 2017.



G-20 THEMATIC WORKSHOP ON INSTITUTIONAL SECTOR ACCOUNTS

Global Conference on the G-20 Data Gaps Initiative
Washington DC, June 14 – 15, 2017

Presented by Peter van de Ven (OECD)



Contents



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General information



- Co-organised by IMF and OECD
- Paris, April 10 – 12, 2017
- 50 – 60 participants from 18 G-20 economies, Spain and various international organisations
- Focus on financial accounts and balance sheets
- Further consultation (survey) after the workshop



Agenda



- **Discussion of templates:**
 - General template
 - Template for “shadow banking” activities
 - Template for “from-whom-to-whom” information
- **Use of sector accounts:**
 - Presentations by international organisations (BIS, ECB, IMF, OECD) and UK
- **Exchange of experience on compilation of sector accounts:**
 - Presentations by Canada, France, Indonesia, Mexico, Russia, South Africa, Turkey and USA



Main outcomes of the meeting



Discussion of general templates (1):

- **Time series:** no specific requirements, as long as possible, with a minimum of four quarters
- **Timeliness:** 4 months for quarterly data and 9 months for annual data are to be considered as encouraged timeliness goals
- Data request relates to **non-seasonally adjusted data**
- **Degree of integration:** data for the main sectors expected to be consistent; for more detailed sectors, inconsistencies are acceptable, certainly at the early stages of development
- Countries find the **“more advanced ambitions” within the general template useful as guidance** for the further development of national statistics



Main outcomes of the meeting



Discussion of general templates (2):

- Some countries mentioned that they won't be able to fully comply with the **SNA 2008 standards** (e.g. interest adjusted for FISIM) => no change to the template, but to request countries to provide metadata on major divergences
- Templates will also affect national **data requirements beyond the G-20 economies**, involvement of e.g. the ISWGNA needed
- **General consensus on the “targets” for the sector breakdown** for current and capital accounts as well as financial accounts and balance sheets; however, some discussion on the further breakdown of Monetary Financial Institutions
- Some countries mentioned **problems in relation to the “more advanced ambitions” for the breakdowns based on control**



Main outcomes of the meeting



Discussion of general templates (3):

- Further breakdown of “**other accounts receivable/payable**”, as part of the “targets”, was being questioned => agreed to move this breakdown to the “more advanced ambitions”
- Further consideration should be given to **the details of transactions and positions for the “more advanced ambitions” of sector breakdowns**
- Quite a lot of discussion on the template for **non-financial assets** => a new proposal has been put forward in the survey



Main outcomes of the meeting



Discussion of template for shadow banking (more advanced ambition):

- Change **terminology** of “minimum” versus “encouraged” into, for example, “first tier” and “second tier”
- Important to look at possible synergies with the **FSB work on shadow banking**, both exercises can mutually reinforce each other
- Completion of the various details could eventually focus on the **main subsectors** within a country which are considered **relevant for tracking shadow banking** and similar activities



Main outcomes of the meeting



Discussion of template for from-whom-to-whom information (more advanced ambition):

- More or less **general agreement** on the proposed template for collecting FWTW-information
- Several countries noted that compiling FWTW-information is an **intrinsic part of compiling** financial accounts and balance sheets
- Quite a lot of details were already compiled at the national level, however **not everything may be disseminated**, due to quality considerations
- Some problems were mentioned in relation to the details of “level 3”, especially regarding the **breakdown of the Rest of the World** => further investigation



Main outcomes of the survey



Consultation on general templates

- **Financial accounts and balance sheets and current and capital accounts**
 - **High data availability** for the “**targets**”, both quarterly and annual frequencies
 - **Medium to low data availability** for the “**more advanced ambitions**”, both quarterly and annual frequencies
 - S11 and S12 breakdowns into **foreign controlled and domestically controlled** usually not (yet) available in most of the respondent countries
- **Confirmation of general compliance with SNA 2008** (with **engagement of providing metadata** on major existing divergences) and **high degree of data integration** (across institutional sectors) for most of the respondent countries



Main outcomes of the survey



Consultation on general templates (cont.)

- **Financial accounts and balance sheets**, both quarterly and annual frequencies
 - **Consolidated data**: high availability (for most of the sectors) in most of the respondent countries
 - **Other changes on the volume of assets and revaluations account**: data available in about half of the respondent countries
 - **Further breakdown of “other accounts receivable/payable”**: high data availability
 - **Further breakdown of S12 into central bank (S121), other deposit-taking corporations (S122) and money-market funds (S123)**: high data availability



Main outcomes of the survey



Consultation on general templates (cont.)

- **Current and capital accounts**, both quarterly and annual frequencies
 - **Quarterly data at current prices, seasonally adjusted:** medium availability
 - **Quarterly data adjusted for price changes, both seasonally adjusted and non-seasonally adjusted:** low availability
 - **Annual data adjusted for price changes:** low availability



Main outcomes of the survey



Consultation on general templates (final)

- **New proposal** for the template for **stocks of non-financial assets**, with a less detailed sector breakdown (annual frequency only):
 - **High data availability** for the “**targets**” in most of the respondent countries:
 - Sectors: S1, S11, S12, S13 and S14+S15
 - Assets: fixed assets (and details); inventories; land (and details).
 - **Low data availability** for the “**more advanced ambitions**” in most of the respondent countries:
 - Sectors: S128+S129, S14 and S15
 - Assets: produced non-financial assets; valuables; non-produced non-financial assets; natural resources; mineral and energy reserves; contracts, leases and licenses; goodwill and marketing assets.



Main outcomes of the survey



Consultation more advanced ambitions

- **Shadow banking**, both quarterly and annual frequencies (only stocks) – **data availability**
 - **Sector breakdown: A couple of countries can provide details**, but for most of the respondent countries coverage is low (tier 1) to nil (tier 2)
 - **Instrument breakdown: A couple of countries can provide details**, but for most of the respondent countries coverage is low to nil (tier 1) and nil (tier 2)
- Mapping with FSB data collection?
- Information from the OECD Institutional Investors database?



Main outcomes of the survey



Consultation more advanced ambitions

- **From-whom-to-whom information**, both quarterly and annual frequencies (both flows and stocks) - **data availability**
 - **Sector level 1: high to medium** in **slightly more than half of respondent countries** and **low to nil** for **(almost) the other half**, for the relevant instruments
 - **Sector level 2: high to medium** in most of respondent countries (and low for the remaining ones), for the relevant instruments
 - **Sector level 3: high to medium** in **half of the respondent countries** and **low to nil** for **the other half**, for the relevant instruments



Way forward



- **Lots of progress** has been made in many countries, very encouraging, but ...
- ... **more work** still needs to be done
- **Compilation of sector accounts considered important and highly relevant:**
 - Helps to further align and improve financial statistics
 - High user demand for a wide variety of purposes
- **Next steps:**
 - Further consolidation of survey results
 - If needed, further revisions to the templates
 - Final consultation of G-20 economies
 - Commitment of G-20 economies to the agreed templates



**Thank you for your
attention!**

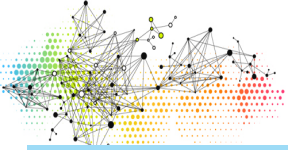
A complex network diagram with nodes and connecting lines, overlaid on a background of colored dots in shades of green, yellow, orange, and red. The dots are arranged in a pattern that suggests a flow or gradient from left to right.

Thematic Workshop on Financial Soundness Indicators

Global Conference of the Second Phase of the G-20 Data Gaps Initiative (DGI-2)

June 14-15, 2017

Washington D.C., USA



Contents

Part I. Background

- ❖ **DGI-2 Recommendations II.2 and II. 3**
- ❖ **Relevant Outcomes of the 2016 DGI Global Conference**

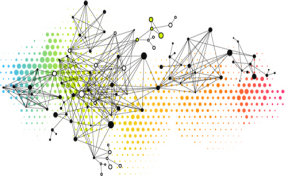
Part II. 2017 Thematic Workshop on FSIs

- ❖ **Structure**
- ❖ **Attendance - Objectives**

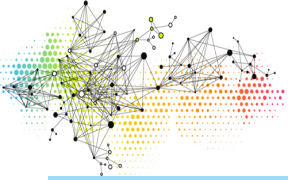
Part III. Main Takeaways from the 2017 Workshop on FSIs

- ❖ **Additional Indicators**
- ❖ **Scope and Coverage**
- ❖ **Bank by Bank Data**
- ❖ **Concentration and Distribution Measures**

Part IV. Appendix (Additional Information)



Part I. Background



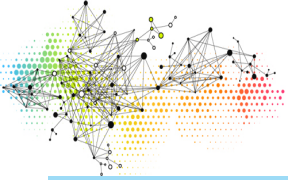
DGI-2 Recommendation II.2

Recommendation

The G-20 economies to report the seven Financial Soundness Indicators (FSIs) expected from SDDS Plus adherent economies, on a quarterly frequency. G-20 economies are encouraged to report the core and expanded lists of FSIs, with a particular focus on other (non-bank) financial corporations. The IMF to coordinate the work and monitor progress.

Action for 2017

IMF to hold a Financial Soundness Indicators (FSIs) Workshop in early 2017 to discuss the expanded list of FSIs and the draft of the revised FSIs Compilation Guide.



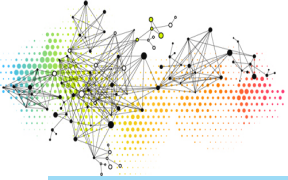
DGI-2 Recommendation II.3

Recommendation

The IMF to investigate the possibility of regular collection of CDMs for FSIs. G-20 economies to support the work of the IMF.

Actions for 2017 and 2018

- IMF to hold an FSIs Workshop in early 2017 to discuss the feasibility of regular collection of CDMs.
- Based on the FSIs Workshop discussions and following a cost-benefit analysis, IMF staff, in consultation with relevant stakeholders, to decide in 2017, on the feasibility and timing of regular collection of CDMs.
- If a decision is made to start data collection, IMF to start working on the implementation phase including finalization of list of CDMs by mid-2017 with an intention to start data collection in 2018.



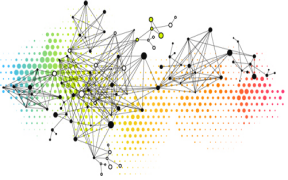
Relevant Outcomes of the 2016 DGI Global Conference

DGI-2 Recommendation II.2

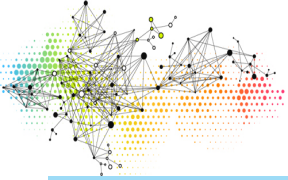
- To capture the “shadow banking system”, it was suggested that FSIs should not only focus on the size and financial statements of OFCs but also on their activities that would help understand their complexity, building up on the FSB shadow banking survey. The upcoming FSI workshop would provide an avenue to discuss such matters.

DGI-2 Recommendation II.3

- The participants agreed with the importance of concentration and distributional measures from a financial stability point of view. Some participants pointed out that standard measures may not always be relevant for all economies; therefore the recommendation should also focus on encouraging collection of granular data (e.g. loan-by-loan data), which would facilitate distributional analysis.
- Clarification of the distinction between the intention of the “target” and the intention of the “more advanced ambition” is needed.



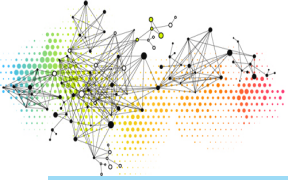
Part II. 2017 Thematic Workshop on FSIs



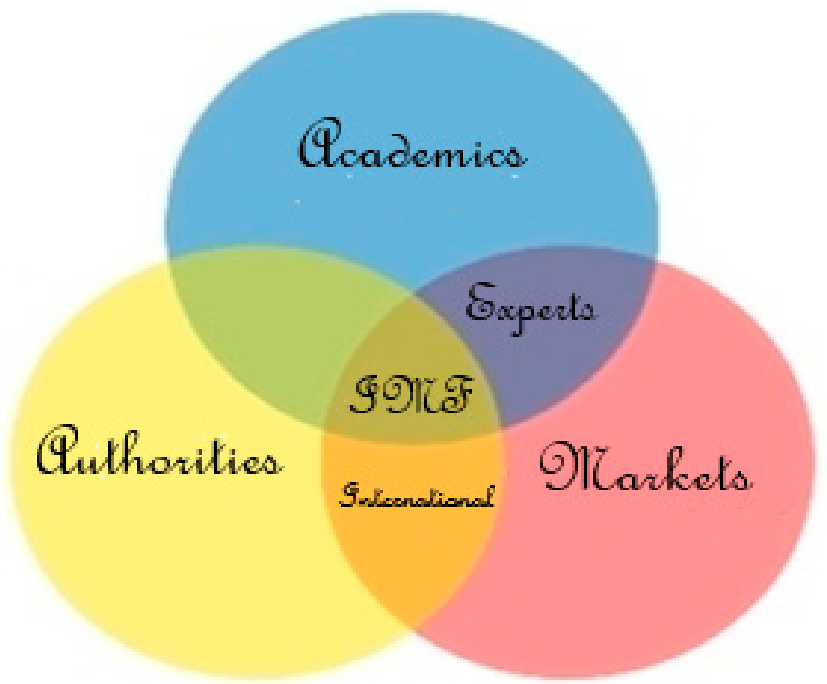
Structure

User's Workshop
(April 26-27, 2017)

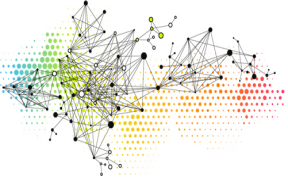
FSI Reference Group Meeting
(April 28, 2017)



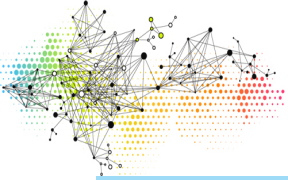
Attendance and Objectives



- Over eighty participants from thirty-six countries and seven international organizations.
- High profile data users, including Academics, Experts, Market Specialists, and Policy Makers. Many compilers attended as well
- The workshop/meeting were designed to help DGI participating countries to address implementation of Recommendations II.2 and II.3.
- The events were also meant to ascertain the usefulness of the FSIs, to inform the selection of a priority list of FSIs, and to advise on aspects of the Revised FSI Compilation Guide



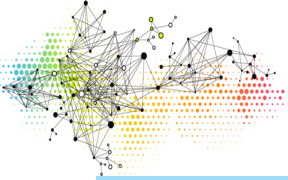
Part III. Main Takeaways from the 2017 Workshop on FSIs



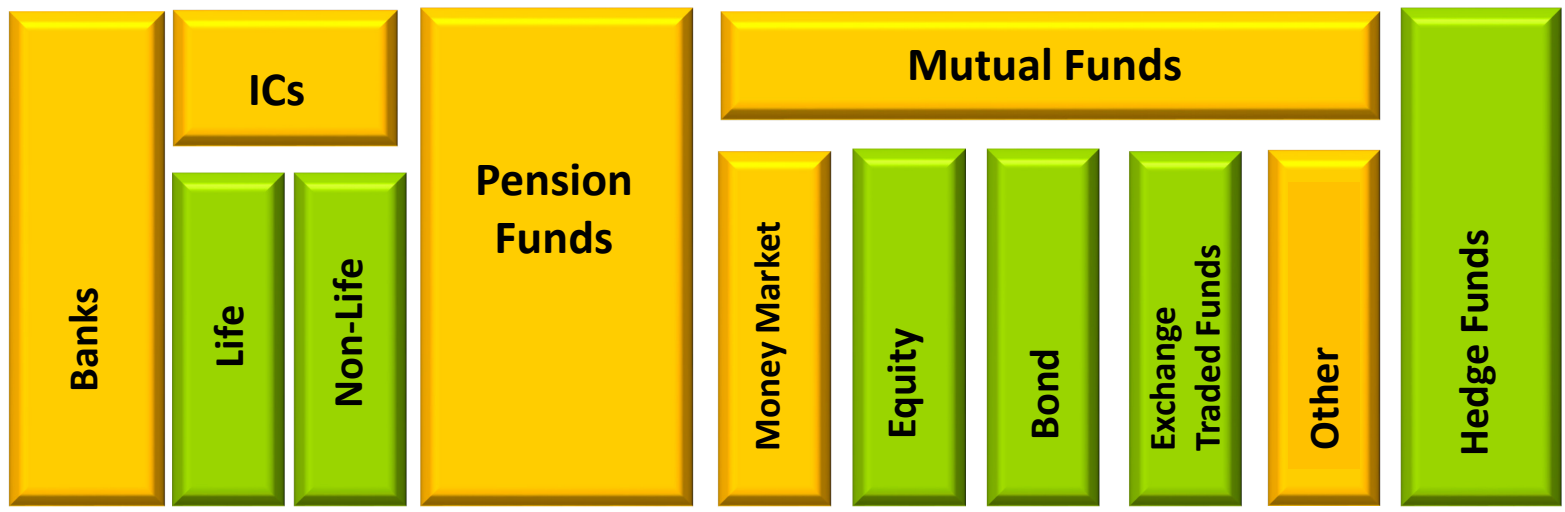
Main Takeaways: Additional Indicators



| Broad Measures | Insurance Corporations | Pension Funds | Investment Funds |
|---|--|--|--|
| <ul style="list-style-type: none">Credit/GDP gap* | <ul style="list-style-type: none">SizeSolvencyLeveragePerformance | <ul style="list-style-type: none">SizeSolvencyLeveragePerformance | <ul style="list-style-type: none">SizeLeverageInterconnect ednessCross-jurisdictional activityComplexityLiquidity |

* A detailed list of suggested FSIs for macroprudential analysis is provided in the Appendix

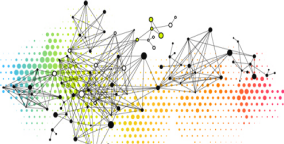


Main Takeaways: Scope and Coverage



 Current revised Guide
 Suggested Improvement

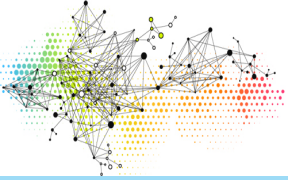
- The revised list of FSIs disaggregate the OFC sector between insurance corporations, pension fund, money market mutual fund, and other
- Further breakdowns of insurance corporations between life and non-life, and of mutual fund between money market, equity, bond, and ETFs were proposed during the workshop



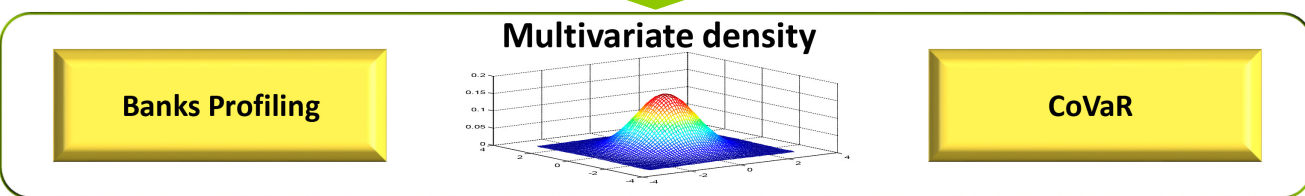
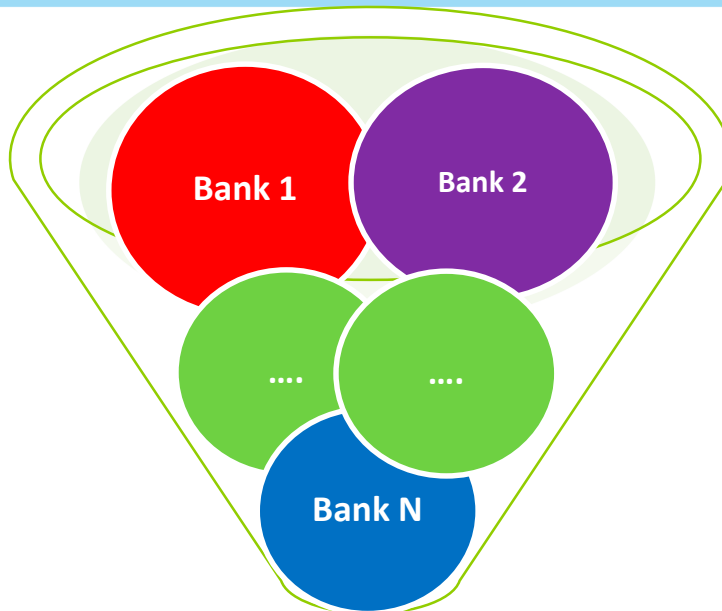
Main Takeaways:

Core FSIs are indispensable inputs

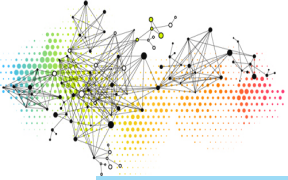
- Inform macroprudential policy decisions, but need to be supplemented by other indicators
- Users priorities are seen as enhancing availability, timeliness, reliability, and comparability of existing FSIs
- IMF proposal to add FSIs for sub-sectors of Other Financial Corporations (Insurance, Pension Funds, Money Market Funds) is fully in line with users needs
 - Recognition that the provision of data for the non-deposit takers (non-banks) sectors is more challenging
 - IMF proposal does not fully address users' detailed data requirements but is a first step in the right direction



Main Takeaways: Bank by Bank FSIs

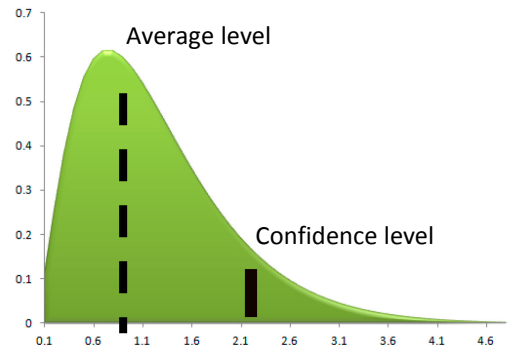


- Strong need for distributional information and more granular data
- Bank by bank data are essential in deriving systemic risk indicators from different perspectives (multivariate analysis, pseudo CAMELS profiling, CoVaR, etc.)
- Pillar 3 disclosure requirements will be explored to provide easy access to bank by bank FSIs

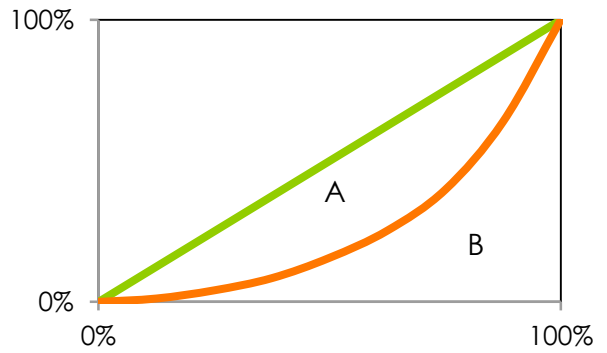


Main Takeaways: Usefulness of CDMs

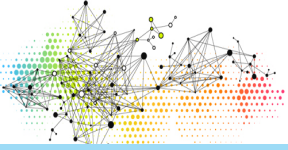
Distribution measures



Concentration measure

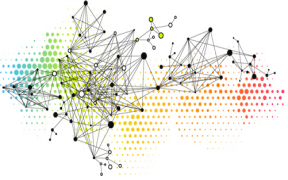


- Descriptive statistics and econometric analysis suggest that CDMs provide further insights for financial stability analysis
- CDMs are useful and, for many, available with minimal extra burden as bank-by-bank FSIs are compiled
- Both users and compilers supported the regular collection of CDMs but requested IMF to further investigate the reporting thresholds that would preserve confidentiality

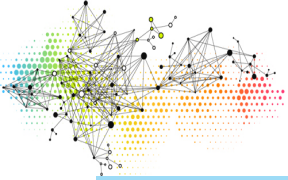


Main Takeaways: Revised FSI Guide

- Participants supported the updated list of FSIs proposed in the 2013 IMF Board Paper
 - Agreed with alignment with the latest regulatory framework
 - Emphasis on a timely and comparable set of core FSIs
- Participants supported updates to the methodological framework for compiling FSIs
 - Promotes comparability by better aligning with agreed standards
- Agreed to rely on written procedures to close remaining issues
 - Includes adjustments to the 2013 list of FSIs
- Participants agreed with moving ahead with CDMs
 - IMF will finalize the list of CDMs and the FSIs to which they apply
 - IMF will determine the reporting thresholds for CDMs and quartiles that preserve the confidentiality of individual reporters



Part IV. Appendix: Additional Information

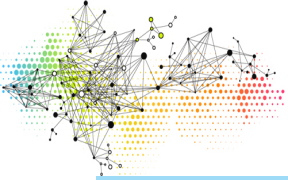


Additional FSIs for Macroprudential Policies (MPs): Indicators that Signal the Need for Implementation of MPs

| | Broad-based (Capital) Tools | Sectoral Tools (Households, Housing sector) | Sectoral Tools (Corporate) | Liquidity Tools |
|--------------------|--|---|--|--|
| Core indicators | <ul style="list-style-type: none"> • Credit /GDP gap‡ | <ul style="list-style-type: none"> • Household loan growth* • House prices (nominal and real growth) ‡ • House price-to-disposable income ratio‡ • House price-to-rent ratio • Share of household loans to total credit* • Share of mortgage loans to total credit • House price-to-rent ratio • Mortgage loan growth | <ul style="list-style-type: none"> • Corporate loan growth‡ • Share of corporate loans to total credit‡ • Commercial property prices* • Commercial real estate credit* • Share of FX loans‡ | <ul style="list-style-type: none"> • Loan-to-deposit (LTD) ratio* • Share of noncore funding to total liabilities* |

* an indicator that is an FSI or that can be constructed using the underlying series for FSIs.

‡ some elements of this indicator can be constructed or approximated using FSIs.

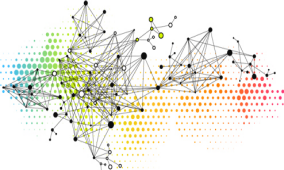


Additional FSIs for Macroprudential Policies (MPs): Indicators that Signal the Need for Implementation of MPs

| | Broad-based (Capital) Tools | Sectoral Tools (Households, Housing sector) | Sectoral Tools (Corporate) | Liquidity Tools |
|------------------------------|---|---|---|--|
| Additional indicators | <ul style="list-style-type: none"> • Credit/GDP‡ • Credit Growth* • Asset price deviations from long-term trends‡ • Under-pricing of risk in financial markets (low volatility/spreads)‡ • Debt service to income ratios‡ • Leverage on individual loans or at the asset level • Wholesale funding ratio (noncore funding) ‡ • Exports and resulting current account deficits | <ul style="list-style-type: none"> • House prices by region and by types of properties • Lending standards • Loan to value ratios • Loan-to-income ratio* • Debt service to income ratio* • Share of FX loans and interest only loans‡ | <ul style="list-style-type: none"> • Corporate leverage (debt to equity ratio)* • Corporate credit gap‡ • Debt-service ratio* • Lending standards • Average debt service to income ratios on commercial real estate loans • Average loan to value ratios on commercial real estate loans • Share of FX loans and extent of natural hedges | <ul style="list-style-type: none"> • Share of liquid assets* • Maturity mismatches • Securities issuance • Unsecured funding • FX positions* • Gross capital inflows |

* an indicator that is an FSI or that can be constructed using the underlying series for FSIs.

‡ some elements of this indicator can be constructed or approximated using FSIs.

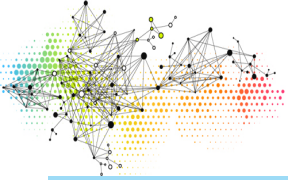


Additional FSIs for Macroprudential Policies (MPs): Indicators that Signal the Need to Relax MPs

| | Capital Tools | Households Tools | Corporate Tools | Liquidity Tools |
|-----------------|--|--|---|--|
| Core indicators | <ul style="list-style-type: none"> • High frequency indicators of balance sheet stress, such as bank credit default swap (CDS) spreads • Lending rates/spreads* • Credit growth* • Default rates and nonperforming loans (NPLs)/arrears‡ • Indications of credit availability from lending surveys | <ul style="list-style-type: none"> • Housing prices‡ • Volume of real estate transactions • Spreads on household loans • Prices of mortgage backed securities • Household loan growth (change in stock)* • Slowing growth of new household loans (flow) • Increasing household NPLs/arrears | <ul style="list-style-type: none"> • High frequency indicators, e.g., corporate CDS spreads, bond yields • Lending rates/spreads* • Corporate loan growth‡ • Corporate default rates/NPLs/arrears • Indications of credit availability from lending surveys. | <ul style="list-style-type: none"> • Spread between interbank rate and policy/swap rate • Funding costs in the wholesale market • Recourse to central bank liquidity windows • Swap rate of local currency against FX and FX implied volatility • Gross capital inflows |

* an indicator that is an FSI or that can be constructed using the underlying series for FSIs.

‡ some elements of this indicator can be constructed or approximated using FSIs.



Compilers' Views to Enhance Usefulness of FSIs

Consensus to make greater efforts to develop FSIs that are reliable, cross-country comparable, well-defined, and compiled with integrity

FSIs and underlying series

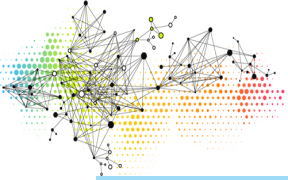
- Modify some FSIs to enhance analytical value (e.g. "sectoral" distribution of loans)
- Harmonize definitions and data series to enhance comparability (prescriptive)
- Improve metadata to highlight differences

Methodology

- Fine-tune definitions of sectors
- Deal with units lacking source data
- Addressing group consolidation issues

Participants' request

- More guidance on real estate prices
- Timeliness improvement
- More user-friendly FSI website



Countries' Experiences to Enrich the Revised *FSI* Guide

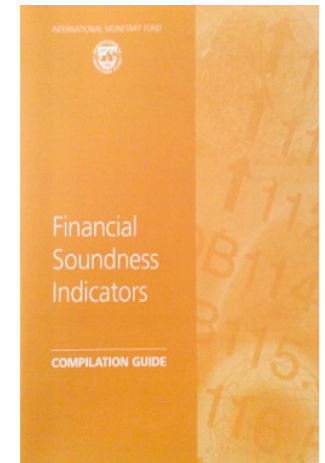
Accounting

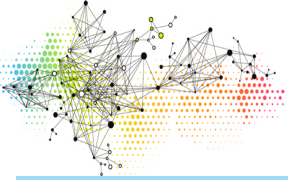
- Reporting gains and losses
- Asset valuation
- Loan impairment

Bank supervision

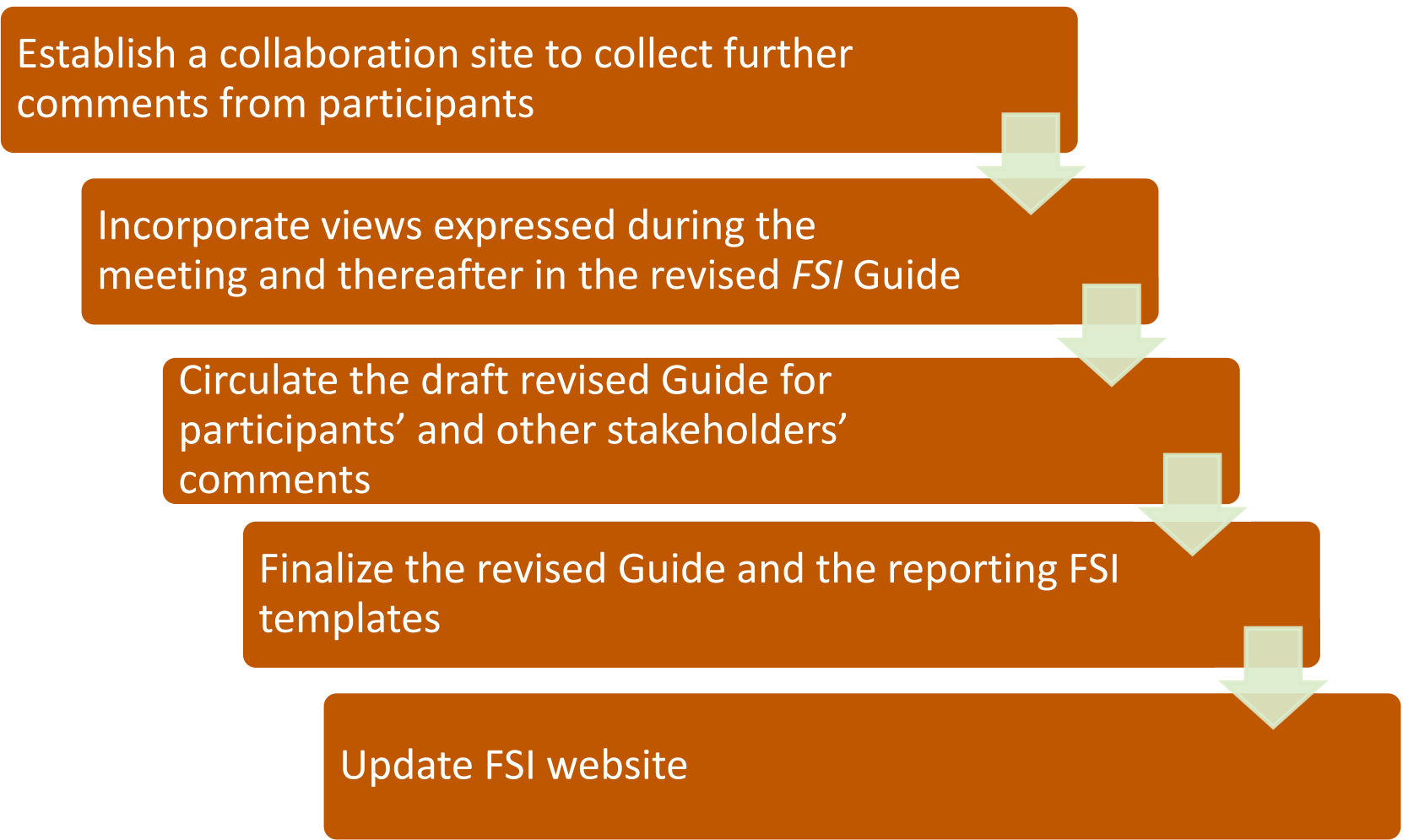
- Group consolidation
- Reporting of regulatory series
- Dealing with adoption of different Basel Accords

Issues pertaining to specific group of countries (developing vs developed)





Remaining Work to Finalize the Revised FSI Guide



DGI -- A USER'S PERSPECTIVE ON EXTERNAL STATISTICS

Views are those of the authors
and not necessarily those of the
IMF

Gian Maria Milesi-Ferretti

Road map

- Focus on international accounts and related datasets
- My perspective: work on international financial linkages, especially with Philip Lane, which started 20 years ago

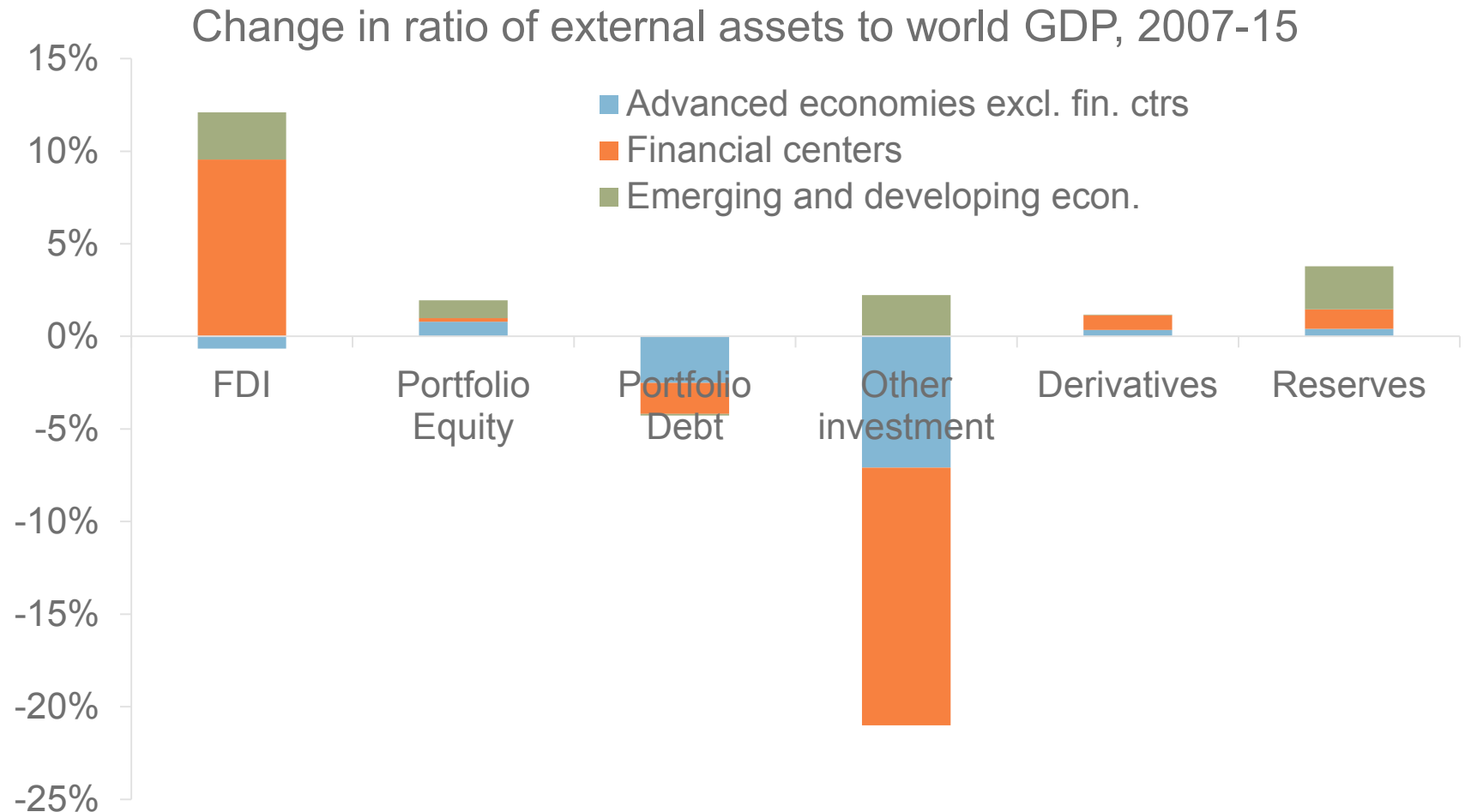
Recent research

- Latest work with Philip Lane: IMF WP 17/115.
- Global IIP dataset (212 economies), 1970-2015.
- Special focus on financial centers, both “large” (e.g. United Kingdom; Netherlands) and “small” (Luxembourg; Cayman Islands).

Heavy use of datasets

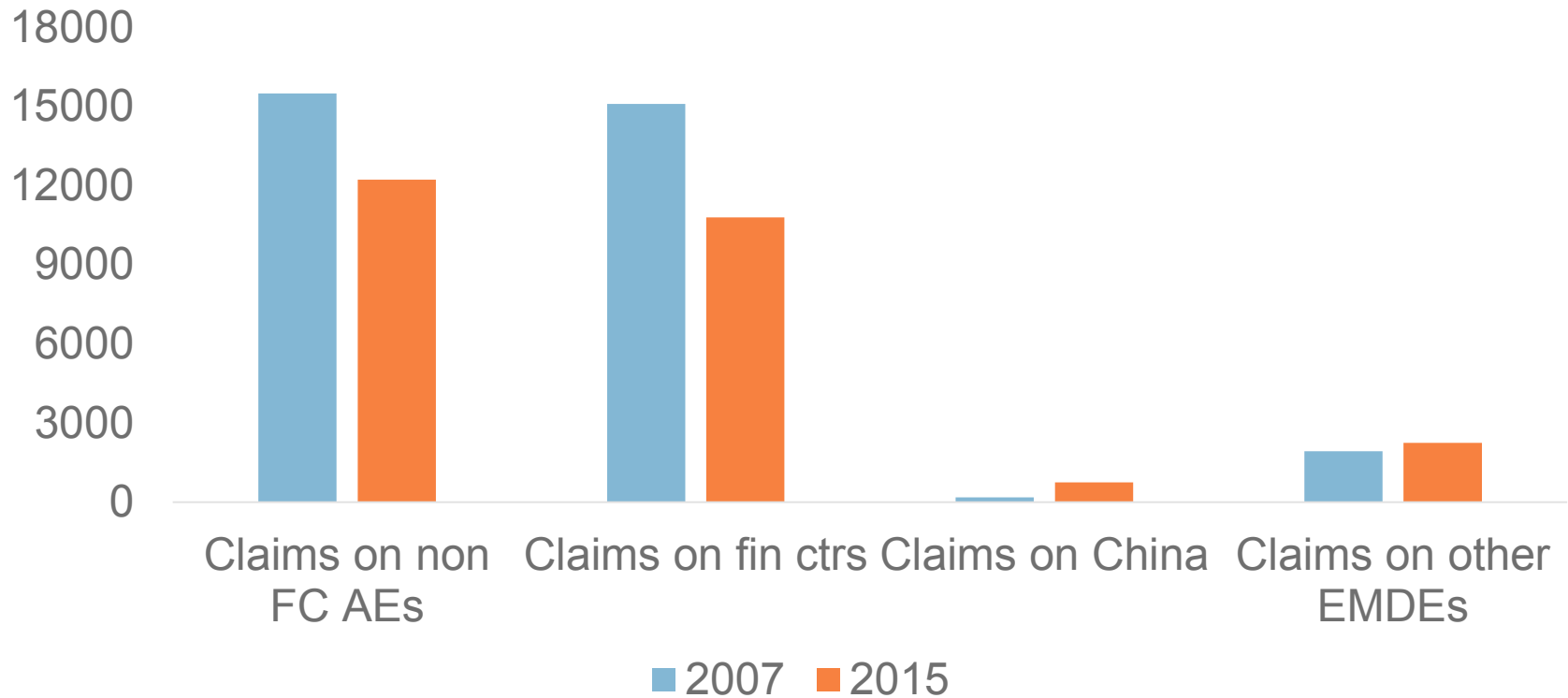
- IIP statistics
- CPIS
- CDIS

Documenting international financial integration: What has changed?



The retrenchment of global banking

Claims of BIS-reporting banks, 2007 vs 2015
(billions US dollars)

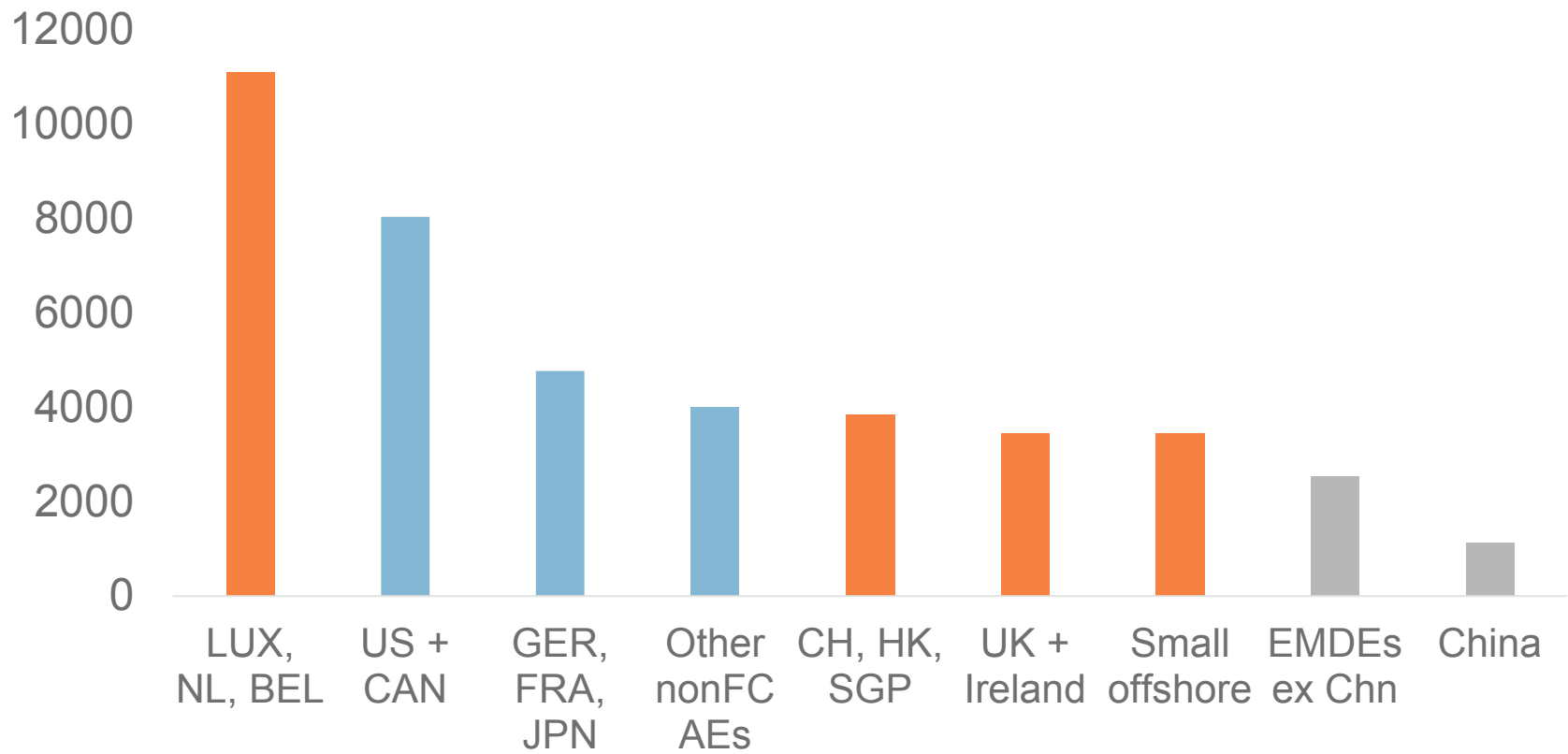


FDI in financial centers

- FDI largest component in financial centers' external claims and liabilities
- Half of world's FDI claims are booked by FCs
- Factors explaining rising FDI:
 - ▣ Boom in SFEs/SPVs
 - ▣ Re-domiciling of MNCs to fin. ctrs. (e.g. Ireland).
- Big challenge in interpreting exposures, financial linkages, and even aggregate IIP statistics

FDI in financial centers—some figures

Global FDI claims (billions US\$)



More data: benefits and challenges

□ CPIS

- Invaluable data source. Additional info on “whom to whom” very useful
- Examples of use: portfolio exposures to different euro area countries by other euro area members vs “outside” countries
- Challenges: intermediation by investment fund industry can make it difficult to assess exposures

Sectoral accounts/balance sheet data

- Help integrate IIP perspective. Examples:
 - ▣ Valuation changes
 - ▣ Change in sectoral positions vs changes in aggregate IIP



Thank you



G-20 DGI-2 Implementation in India: Progress and Challenges

IMF-FSB Global Conference on G-20 Data Gap Initiative (Phase-II)

Washington DC
June 14-15, 2017



Financial Sector Risk Monitoring - I

■ Financial Soundness Indicators

- ❑ Recommended FSIs under the revised framework are compiled on quarterly basis with timeliness of one quarter.
- ❑ Data on OFCs (*i.e.*, NBFCs, MFs and FIs) are compiled and submitted on quarterly basis.
- ❑ Other regulators have role in FSIs on MMFs, Insurance Cos and PFs and HFCs.

■ Derivatives

- ❑ Reporting arrangement for market participants executing trade in OTC derivatives in India report to a CCIL-managed Trade Repository (TR). Trade details of transactions executed outside Indian can be reported to foreign TR with concurrence of foreign counterparty.
- ❑ Regular participant in the Triennial Survey of BIS.



Financial Sector Risk Monitoring - II

Securities Statistics

A. *Govt. securities*

- These cover around three-fourths of the o/s securities (Reserve Bank being debt manager has information) and is putting in place the system for quarterly G-Sec reporting to BIS as per HSS.

B. *Private corporate bonds*

- Detailed Information is available for External Commercial Borrowings.
- Information on all dimensions not available for private placement bonds which have predominance in corporate bond issuances (well above 90%).
- Securities and Exchange Board of India (SEBI) has taken steps for consolidation of debt securities – Would be in a phased manner.



Financial Sector Risk Monitoring - III

Shadow Banking

- Annual data on shadow banking for whom-to-whom tables are being submitted to FSB, though there is a lot of scope for improvement in this area on which efforts are being made.
- As 2015 was the first year of the FSB template based on economic function classification, there were some gaps in the data submitted. Based on that year's experience, however, significant improvement was made in data collection / submission in 2016 even with the enhanced conceptual framework intended a narrow measure of shadow banking through the FSB data templates.
- The possibility of quarterly data submission is yet to be explored for the FSB data collection exercise.
- **Concentration and Distribution Measures:** IMF Guidance.
- **G-SIFI:** No Indian bank / FI is identified as G-SIB/G-SII at present.



Property Prices

- Residential Property Price Index (RPPI) for All-India and ten cities are being compiled and disseminated. A Technical Advisory Committee of the National Housing Bank (with the Reserve Bank and other representatives) is working towards further methodological refinement.
 - No Official agencies are at present compiling Commercial Property Price Index (CPPI) for India.
-



External Liabilities / Assets - I

Co-ordinated Direct Investment Survey (CDIS)

- Reporting made mandatory under legal powers without threshold.
- Direct reporting by nearly 20,000 DI companies in Self-validating Form.
- Over 95 % DI companies are unlisted – OFBV method is used in absence of direct market valuation.
- Reference date is co-terminus with Financial Year.
- Both inward and outward investments are compiled.
- Foreign Affiliate Trade Statistics (FATS) is also collected through the same Form.



External Liabilities / Assets - II

Co-ordinated Portfolio Investment Survey (CPIS)

- Portfolio Assets being reported (Encouraged table on Liabilities are not being compiled).
- Data, including the sector of holder table, are reported.
- Frequency changed to half-yearly since 2014.

International Investment Position (IIP)

- i. Quarterly with a quarter's lag : *Implemented*
- ii. Separate Identification of OFCs : *Will be implemented next quarter*
- iii. Currency breakdown of Debt : *Efforts on to compile soon*



External Liabilities / Assets - III

International Banking Statistics

- Locational and Consolidated Banking Statistics are being compiled and reported since 2001.
- Stage-I and Stage-II enhancement data are being reported.

Cross-border Exposure of Non-bank Corporations

- IBS data separately identifies non-financial corporations.
- While SRF-4SR is prescribed for quarterly reporting, related data on cross-border exposure of non-bank financial companies are compiled on annual basis.



Household Distributional Information

(Expert Group to provide Methodology)

- Distributional aspects are important for parameters like income, consumption, saving and wealth of households: They are largely analysed from socio-economic surveys. Alignment of survey results with national accounts estimates is an interesting task especially when the economy is large and diverse.
- In case of a large country like India, conducting nation-wide socio-economic surveys with desirable statistical properties and timeliness, is a challenge.
- Due to large geographical coverage as well as resource and time constraints, socio-economic surveys on consumption and employment are conducted on thin-sample basis annually and full surveys are conducted on a quinquennial basis.
- For many parameters, distribution at sub-national level (rather than at national level) are considered due to regional diversity.



Sectoral Accounts

- The Reserve Bank compiles data relating to sectoral accounts flows on whom-to-whom basis, while the Central Statistical Office is entrusted with the compilation of non-financial assets/liabilities.
- Annual Flow-of-Funds accounts of Indian economy is compiled and released with a lag of 15-16 months. The reduction of time-lag to 9 months is challenging due to non-availability of comprehensive balance sheet data relating to non-financial corporations and need for data on financial assets/liabilities of states, rural co-operatives, local bodies which are very large in numbers, within seven months from year-end.
- Quarterly Flow-of-Funds accounts compilation has not been possible given the absence of financial flow / income statements from institutions such as co-operatives and local bodies, who are large in number and prepare only annual accounts.
- Given the spread of the economy with inherent economic structure having sizeable informal sector, compilation of FOF account on a quarterly basis remains a challenge.



THANKS





G-20 DGI-2 Implementation in Indonesia

*Global Conference on the G-20 Data Gaps Initiative (DGI-Phase 2)
Washington D.C.,
14-15 June 2017*

1. Progress for Implementing the DGI-2



Monitoring Risks in the Financial Sector

Rec #2: Financial Soundness Indicators (FSI)

- ✓ Indonesia has fully complied in reporting all the core indicators and most of additional set of FSIs with quarterly frequency, T+Q timeliness.
- ✓ Further improvements are in progress, particularly on OFCs and residential estate markets.
- ✓ RPPI has been submitted to BIS. Current RPPI is calculated by using chain index method. RPPI improvement by using hedonic method is in progress and will be finalized by end 2017.

Rec #3: Concentration and Distribution Measures (CDM)

- ✓ In early stage, BI in coordination with Indonesia FSA is in the process of reviewing the methodology used and data availability of CDM.

Rec #4: Globally Systemically Important Financial Institutions

- ✓ This recommendation is not applicable to Indonesia. Indonesia is not a home country for GSIFs

Rec #5: Shadow Banking

- ✓ Indonesia has submitted Annual Shadow Banking Monitoring Exercise regularly to the FSB.
- ✓ Data gap analysis is being conducted to identify the available data for SFTs reporting to FSB.

1. Progress for Implementing the DGI-2

Monitoring Risks in the Financial Sector



Rec #5: Shadow banking (cont'd.....)

- ✓ There have been some challenges in completing the latest FSB template based on economic function classification, due to characteristic of Indonesia's NBFIs and financial products which do not fully fit to the categorization defined in shadow banking's economic function.
- ✓ Careful consideration should be put on the categorization of SB economic function since entities, despite having similar names or economic functions, may have different risk characteristics across jurisdictions due to differences in their business models, legal frameworks, and levels of financial development.

Rec #6: Derivatives

- ✓ Indonesia has participated in the BIS Triennial Survey since 2001. The 2016 Triennial Survey covers 30 commercial banks in Indonesia (95% market share). The data has been published on the BIS website.
- ✓ Data collected consists of
 - Turnover in notional amount of forex transactions and single-currency interest rate derivatives transaction data
 - Outstanding of forex, interest rate, equity, commodity, credit and other derivatives instruments on notional amounts and gross market values data

1. Progress for Implementing the DGI-2



Monitoring Risks in the Financial Sector

Rec #7: Securities Statistics

- ✓ Indonesia has submitted self commitments for reporting of securities statistics.
- ✓ The debt securities statistics have been compiled based on Handbook of Securities Statistics (HSS), covering both on issuers and holders breakdown on all sector institutions (except for external sector/RoW as issuer), and measured using face value. The data provided is mostly in stock, not in transaction data.
- ✓ This statistics provide various information including type of currencies, type of interest, type of maturity and market.
- ✓ Debt securities database is in securities by securities database as recommended.
- ✓ Core stock data at nominal values on debt securities issuance has been submitted to BIS, except the breakdown by interest rates.
- ✓ Looking forward, the development plan of debt securities statistics covers:
 - Develop more granular debt securities statistics by original maturity and enhance backdated time series gradually, while being noted on the limitation of data sources for longer series.
 - Enhance the coverage of sector institution particularly the issuance of RoW with counterpart.
 - Strengthen coordination with related parties to complete the breakdown by interest rate for stock data at nominal value.
 - Enhance IT supports.

1. Progress for Implementing the DGI-2

Vulnerabilities, Interconnectedness and Spillovers



Rec #8: Sectoral Account

- ✓ BPS (Statistics Indonesia- lead) and BI (Bank Indonesia) as compiler agencies have intensify coordination and collaboration to support data collection for the sectoral account recommendation fulfilment.
- ✓ Currently, authorities in Indonesia are working together to finalize the Sectoral Account Balance Sheet (SAB) for 2010 data, consist of current account, capital account, financial account and balance sheet as a baseline.
- ✓ Going forward, Indonesia will start to continue the compilation of SAB for 2011-2015 annual data.
- ✓ We also have submitted a questionnaire on the breakdown of instruments and sector institution on the data template of sectoral account in order to provide a more granular data.
- ✓ In general , Indonesia is on track in compliance with the G-20 DGI recommendation.

Rec #9: Household Distributional Information

- ✓ BPS conducts some periodical household surveys:
 - Quarterly – Special Survey on Household Consumption (SKKRT),
 - Bi-Annual – National Socio-Economic Survey (SUSENAS), focusing on household expenditures,
 - Annual – Special Survey on Household Savings and Investment (SKTIR) , capturing all activities i.e. production, income, expenditure, saving and investment.
- ✓ BPS disseminates Social Accounting Matrix (SAM) every 5 years.
- ✓ Gini ratio by consumption has been disseminated through SUSENAS annually, while research on Gini ratio by income has been carried out.

1. Progress for Implementing the DGI-2



Vulnerabilities, Interconnectedness and Spillovers

Rec #10: International Investment Position (IIP)

- ✓ Indonesia has published quarterly IIP with one quarter lag, consistent with BPM6 since September 2014. The process of back-casting quarterly IIP data for 2010 – 2013 remain in progress.
- ✓ Separate identification of OFCs → identifying the source of data
 - OFCs data of IIP Liabilities side: External Debt Statistics (EDS), IDX, Monthly Bank Report, Non Bank Direct Report.
 - OFCs data of IIP Assets side: the data from the Bank and Non Bank direct reporting
- ✓ Currency breakdown of debt:
 - BI has already published the remaining maturity of external debt liability in the BI website, on a monthly frequency, with 6-weeks lag.

Rec #11: International Banking Statistics (IBS)

- ✓ Fully complied on reporting of LBS stage-1 . Locational Banking Statistics (LBS) as part of IBS has been submitted on quarterly basis since 2012 (based on Stage 1 guidelines).
- ✓ LBS Stage 2 has been in the process of consultation with the BIS



Vulnerabilities, Interconnectedness and Spillovers

Rec #12: Coordinated Portfolio Investment Survey (CPIS)

- ✓ Reporting of the core table has been fully complied: Indonesia has already submitted semi-annual CPIS (1 core and 2 encouraged table of CPI tables i.e. PI assets by sector of resident holder and by currency of denomination of the securities held) with 7 months time lag.
- ✓ Indonesia would submit one additional encouraged table (table 4) on PI liabilities breakdown by economy of non resident holder

Rec #13: Coordinated Direct Investment Survey (CDIS)

- ✓ Target 1 on inward data w. Equity and debt split has been fully complied → Indonesia has participated in the IMF CDIS by submitting annual data on Inward Direct Investment (DI) position (breakdown by equity and debt instrument with nine months time lag).
- ✓ Last data submitted to the IMF is CDIS 2015 period (inward data).
- ✓ Going forward, in line with the effort to improve IIP assets and liabilities, by 2021 BI would likely be able to report both inward and outward direct investment.



Vulnerabilities, Interconnectedness and Spillovers

Rec #14: Cross Border Exposures on Non-Bank Corporations

- ✓ BI has reported the 4SR (OFCs) on a regular monthly basis, including items on cross border exposure based on the IMF template.
- ✓ Inter agency coordination is needed to get more granular dan longer historical data.

Rec #15: Government Finance Statistics (GFS)

- ✓ Indonesia has put significant efforts to adhere to the recommendation of GFS, including its breakdown in some recommended instruments on accrual basis.
- ✓ Indonesia has issued Indonesian GFS Manual that was adapted from the IMF's GFSM 2014.
- ✓ We have compiled the central, regional and general government statistics at national and regional level, both annually and quarterly on a modified cash/accrual basis.
- ✓ The quarterly regional and general government statistics have been compiled started from FY 2015 .
- ✓ Going forward, Indonesia will continue to enhance central, regional and general government statistics, both annually and quarterly on accrual basis.

1. Progress for Implementing the DGI-2



Vulnerabilities, Interconnectedness and Spillovers

Rec #16: Public Sector Debt Statistics Database (PSDS)

- ✓ Fully Complied. Reporting general and central government debt data. Indonesia has been submitting PSD data to the World Bank quarterly since 2009 for publication on the World Bank's website. Data were prepared and submitted by the MOF in collaboration with BI and other relevant agencies.

Rec #17: Residential Property Price Index (RPPI)

- ✓ Fully Complied. RPPI (Chain index method) on a quarterly frequency has already been submitted to BIS since 2012. The RPPI (in primary market) covers 16 big cities in Indonesia.
- ✓ Currently, calculating RPPI by using hedonic method remains ongoing and will be finalized by end 2017.
- ✓ Property price index in the secondary market has not published yet, as BI continues to improve the quality of data (i.e. increasing the coverage of survey area, number of respondent, etc).

Rec #18: Commercial Property Price Index (CPPI)

- ✓ Fully Complied. Data of office and retail price have been submitted to the BIS. Commercial Property Price Index (CPPI) has been constructed and published since the third quarter of 2015

2. Main Challenges



1. Data granularity are constrained with data availability particularly for NFCs
2. Inconsistency of data issues, triggered by different sources of data used by different compiler agencies for the certain type of statistics
3. Inter-agency coordination at the national level to collect and to consolidate the data
4. Data confidentiality for some items
5. Data collection problems: Issue on reporter coverage in “Direct Reporting” for compilation of IIP
6. Different national priorities with the DGI-2
7. Build integrated system for sectoral accounts compilation: entry, reconcile, and, manage time series

Continues supports from and consultation with the BIS, the IMF, the World Bank and other related IFIs are highly valuable to assist us in enhancing the statistical capacities, improving the methodology, in order to facilitate the fulfillment of DGI target of implementation as committed.



Thank You

Saudi
Arabia

Implementation of DGI-II

Conference on the G-20 (DGI-II)

Jun 14-15, 2017

Washington DC

Introduction

Saudi Arabia has committed to implement the G-20 Data Gap recommendations by:

- ❑ Establishing dedicated teams to implement these recommendations.
- ❑ Improving knowledge and awareness of the data providers and compilers by arranging workshops and training.
- ❑ Improving data quality by consistency checking.
- ❑ Improving coverage of data.

Progress for Implementing the DGI- II

- ***Recommendation II.2: Financial Soundness Indicators (FSIs)***
- Saudi Arabia reports the seven Financial Soundness Indicators (FSIs) expected from SDDS Plus adherent economies.
- ***Recommendation II.3: Concentration and Distribution Measures (CDM)***
- ***Recommendation II.4: Data for Globally Systemically Important Financial Institutions***
- This recommendation is not applicable for Saudi Arabia, as there is no G-SIBs.
- ***Recommendation II.5: Shadow Banking***
- Saudi Arabia is reporting annual shadow banking FSB survey to the BIS.
- ***Recommendation II.6: Derivatives***
- BIS is conducting the Triennial Central Bank Survey of foreign exchange and derivatives market activity. The last survey was conducted in 2016. SAMA participated in this survey.

- ***Recommendation II.7: Securities Statistics***
- Saudi Arabia participates in the BIS Securities Statistics database with quarterly reporting of securities issuance data.
- As per requirement of DGI.II, Saudi Arabia submitted Securities Statistics for the quarters Q1.2106, Q2.2016 and Q3.2016 to the BIS in market value.
- We will send soon quarterly data to the BIS on regular basis for market and nominal value.

- ***Recommendation II.8: Sectoral Accounts***
- Saudi Arabia is working on this issue, for all sectors (financial corporations, Non-financial corporations, Government sector, household sector, Non-profit institutions serving households (NPISHs) and, Rest of the world).

- Saudi Arabia is fully committed to the improvement of all statistics in this side, through the Standing Committee of the financial, economic and monetary data.

- ***Recommendation II.9: Household Distributional Information***
- GASTAT is currently conducting a household income and expenditure survey for 2017-2018.

- ***Recommendation II.10: International Investment Position (IIP)***
- Saudi Arabia submits quarterly IIP data to the IMF, with one quarter lag, consistent with the Balance of Payments and International Investment Position Manual, sixth edition (BPM6).

- As per requirement of the IMF, we submitted COFFER for quarters 2014-2016.
- As per DGI-II requirement, currency composition of central bank has been achieved and SAMA will work with ODCs and OFCs to provide currency composition of their external financial assets and liabilities.

- ***Recommendation II.11: International Banking Statistics (IBS)***
- As per requirement of DGI.II, in March 2017 Saudi Arabia submitted Q1.2016 IBS data to BIS on test basis and we received some comments on the data. We expect to send soon IBS data to the BIS on regular basis.

- ***Recommendation II.12: Coordinated Portfolio Investment Survey (CPIS)***
- Saudi Arabia reports semi-annual CPIS data to the IMF with a maximum six months timeliness. As per requirement of DGI.II, SAMA with other relevant agencies will work to collect data on sector of holder.

- ***Recommendation II.13: Coordinated Direct Investment Survey (CDIS)*** The General Authority for Statistics and Saudi Arabian General Investment Authority jointly have intention to collect inward data on CDIS.
- ***Recommendation II.14: Cross-Border Exposures of Nonbank Corporations***
- Saudi Arabia reports IBS and securities issuance data that separately identifies non-financial corporate sector.
- The OFCs of Saudi Arabia has no big Cross-Border Exposures.
- ***Recommendation II.15: Government Finance Statistics***
- The State Budget Classification Guide has been prepared in accordance with the GFSM 2014.
- Effort has been made to align expenditures with the GFSM 2014 and efforts are under way to align expenditure data for a time series from 2010-2015.

Recommendation II.16: Public Sector Debt Statistics

- The DMO unit currently compiles data on a quarterly basis, which SAMA publishes on an annual basis. The level of coverage both for the stock and transactions figures appears to be very good for budgetary central government.

- ***Recommendation II.17: Residential Property Prices***
- Saudi Arabia compiles and publishes data on RPP for the quarters from Q1.2015 up to Q1.2017.
- The data is available for relevant international organizations.

- ***Recommendation II.18: Commercial Property Prices***
- Saudi Arabia compiles and publishes data on CPP for the quarters from Q1.2015 up to Q1.2017.
- The data is available for relevant international organizations.

- ***Recommendation II.19: International Data Cooperation and Communication***
- Saudi Arabia disseminates data to the PGI website through IMF and, is willing to work closely with the IAG agencies to ensure timely dissemination of data on the PGI website.

| <i>Recommendation</i> | <i>Challenges</i> |
|---|--|
| <i>Derivatives</i> | <i>Islamic Banks do not report derivatives as there is no guide for them to report.</i> |
| <i>Securities Statistics</i> | <i>From-whom-to-whom statistics by 2021</i> |
| <i>International Investment Position (IIP)</i> | <i>Collecting data from non-financial corporation and to provide currency composition of their external financial assets and liabilities.</i> |
| <i>International Banking Statistics (IBS)</i> | <i>We submitted IBS data to the BIS for Q1.2016 and they provided feedback on that data. Now, we are collecting data for Q2 & Q3 2016. We have solved methodological issues related to IBS data. Technical issues are our challenges that prevent us to provide data on regular basis.</i> |
| <i>Coordinated Portfolio Investment Survey (CPIS)</i> | <i>The challenge is that we do not have data on non-financial sector.</i> |

| Recommendation | Challenges |
|--|--|
| <i>Sectoral Accounts</i> | <i>For financial sector, Saudi Arabia has an intention to collect data on SRFs. The main challenges are to collect data for the non-financial sector. Weakness response for the income data, large number of establishments do not have final financial statements, difficult to obtain the data on quarterly basis and difficult to get Multiple subsectors for assets and liabilities.</i> |
| <i>Household Distributional Information</i> | <i>Households do not provide accurate data on their income distributions or their wealth.</i> |
| <i>Government Finance Statistics</i> | <i>Harmonization of the data between the new and old classification.</i> |
| <i>Public Sector Debt Statistics</i> | <i>More work will be needed to further improve both the coverage level (e.g. bringing it up to Central and General Government level and ultimately the Public-Sector level) and depth</i> |
| <i>Coordinated Direct Investment Survey (CDIS)</i> | <i>It is difficult to collect outward CDIS</i> |



**TÜRKİYE CUMHURİYET
MERKEZ BANKASI**

Turkey's Progress in Implementing the DGI-2 and Key Challenges Ahead

Global Conference on the Second Phase of the G-20 Data Gaps Initiative (DGI-2)

Washington D.C., June 2017

OUTLINE

- I. Turkey's Current Status of Implementation**
- II. Ongoing & Future Work Regarding G-20 DGI-2 Recommendations**
- III. Communication of G-20 DGI in Turkey**
- IV. Conclusion**

Turkey's Current Status of Implementation

DGI-Phase 2

| STATUS OF IMPLEMENTATION OF THE DGI-2 TARGETS | TR |
|---|----|
| Recommendation II.2. Financial Soundness Indicators (COMMON PRIORITY) | |
| Recommendation II.6. Derivatives (BIS Semiannual Survey) | |
| Recommendation II.7. Securities Statistics (COMMON PRIORITY) | |
| Recommendation II.8. Sectoral Accounts (COMMON PRIORITY) | |
| - Dissemination of non-financial accounts transactions (Annual data) | |
| - Dissemination of non-financial accounts transactions (Quarterly data) | |
| - Dissemination of stocks of non-financial assets (Annual data) | |
| - Dissemination of financial accounts and balance sheets (Annual&Quarterly data) | |
| Recommendation II.10. International Investment Position | |
| Recommendation II.11. International Banking Statistics (COMMON PRIORITY) (Reporting of LBS) | |
| Recommendation II.12. Coordinated Portfolio Investment Survey (COMMON PRIORITY) | |
| Recommendation II.13. Coordinated Direct Investment Survey | |
| Recommendation II.14. Cross-border Exposures of Non-bank Corporations | |
| Recommendation II.15. Government Finance Statistics (COMMON PRIORITY) | |
| Recommendation II.16. Public Sector Debt Statistics (COMMON PRIORITY) | |
| Recommendation II.17. Residential Property Prices | |
| Recommendation II.18. Commercial Property Prices | |

Rec.II.2 Financial Soundness Indicators

Target: Reporting of Seven FSIs w Q frequency, T+Q timeliness

- BRSA currently compiles the 7 FSIs quarterly.
- However, the remaining data which are reported in the same file with those 7 FSIs take longer to be completed.
- If the IMF agrees to receive the two data sets separately, the BRSA will be able to meet the timeliness criteria for the 7 FSIs.

Rec.II.3 Concentration and Distribution Measures

Target: Contribute to the discussions

- BRSA is committed to participate in the implementation process regarding the concentration and distribution measures based on the outcomes of the discussions.

Rec.II.7 Securities Statistics

Target: Report Core data on Debt Securities Issuance Statistics in line with the HSS

- Turkey reports debt securities issues statistics consistent with the HSS to the BIS.
- Interest rate type information will be included to Turkey's reporting of Debt Securities Statistics.

Rec.II.8 Sectoral Accounts

Target: Disseminate non-financial, financial accounts and balance sheet data

- **NFA** : Compiled first in December 2016 for 2009 – 2015 period in compliance With SNA – 2008 and ESA 2010.
- Consist of Non-Financial Corporations, Financial Corporations, General Government, Households and Non-profit Institutions Serving Households
- **FA** : Compiled quarterly in line with SNA – 2008 and ESA 2010.
- Quarterly FA of Turkey include all instruments including F3, F4 and F52.
- Future work: w-t-w tables for loans and deposits
nonfinancial and financial accounts consistency check

Rec.II.10 International Investment Position

Target: Provide quarterly IIP data including currency breakdown and OFCs

- Turkey provides IIP data to the IMF consistent with BPM6 on a quarterly frequency and maximum of one quarter timeliness.
- Currency breakdown of IIP has been reported to the IMF for 2016 as of end of May 2017.
- Separate identification of OFCs is not currently available for all data breakdowns but BOP division is planning to conclude remaining work before 2019.

Rec.II.11 International Banking Statistics

Target: Fully implement the agreed IBS enhancements

- LBS and CBS are reported quarterly to the BIS compatible with the requirements of Stage 1&2 enhancements.
- The IBS that are reported to the BIS do not include domestic positions in domestic currency because the consistency checks between domestic positions in domestic currency and national monetary and financial statistics haven't been completed yet.

Rec.II.12 Coordinated Portfolio Investment Survey

Target: Reporting of semi-annual CPIS data including sector of holder

- The CBRT currently reports CPIS data, including the sector of holder table, on a semi-annual frequency.
- Moreover, Turkey is able to report CPIS data on a quarterly frequency on demand.

Rec.II.13 Coordinated Direct Investment Survey

Target: Reporting inward and outward data split by equity and debt

- Turkey participates in the CDIS reporting inward and outward data split by equity and debt on an annual frequency and with a maximum of nine months timeliness.
- Turkey has both inward and outward net equity and net debt data on an annual frequency.

Rec.II.14 Cross-border Exposures of Non-bank Corporations

Target: Provision of IBS and Securities data separately identifying the NFC sector

- IBS and securities issuance data that the CBRT currently compiles separately identify the non-financial corporate sector.

Rec.II.15 Government Finance Statistics

Target: Disseminate quarterly General Government Data in line with GFSM 2014

- Annual GFS tables of General Government Sector is regularly delivered to IMF from 2008 by Ministry of Finance
- Quarterly GFS tables of GG is delivered as of 2015 for 2016 Q3 data.

Rec.II.16 Public Sector Debt Statistics

Target: Reporting general and central government debt data

- Gross central government debt position is reported with an instrumental coverage that includes SDR, currency and deposits, debt securities and loans; in both original and remaining maturities.

Key Challenges for Reporting General Government Debt

- Difficulties in compiling other than central government data. Particularly *domestic debt data of local governments* (LG) and *social security institutions* (SSI).
- *Frequency* is still to be one of the main obstacles to consolidate subsectors in terms of quarterly compilation and dissemination.

Rec.II.17 Residential Property Prices

Target: Compilation and publishing RPPI in line with the Handbook on RPPI17/1

- A monthly index starting from January 2010 was first released on official website of the CBRT on March 9, 2012.
- The CBRT provides residential property price index statistics including both HPI and the new housing price index to the BIS and Eurostat monthly.
- Hedonic House Price Index for Turkey (2010=100), which covers all type of houses, has been published since March, 2016.
- Existing House Price Index for Turkey (2010=100), which starts from January 2010, has also been published since January, 2017.

Rec.II.18 Commercial Property Prices

Target: Encouraged reporting of available CPPI

- The CBRT launched a study for constructing a commercial property price index at the end of 2014.
- The next steps will cover analyzing the data in detail, finalizing the methodology to be implemented and constructing a commercial property price index (CPPI).
- Quarterly data is collected from the banks. Data collecting & cleaning processes are still ongoing.
- The aim is to produce descriptive statistics and sub-indexes for specific types of commercial properties within 2017.

Communication of G-20 DGI in Turkey

Official Statistics Programme (5 year period)

Reliable, timely, transparent&impartial data at national&international level

G-20 DGI is included in OSP for 2017-2021.

Communication &administration of the DGI process is improved.

CBRT trainings related to DGI concepts provide better coordination&collaboration

- Turkey is in a well position regarding the targets for the second phase of the G-20 DGI process.
- The inclusion of the G-20 DGI in the Official Statistics Programme facilitated the incorporation of the DGI recommendations in the national statistics agenda.



**TÜRKİYE CUMHURİYET
MERKEZ BANKASI**

Turkey's Progress in Implementing the DGI-2 and Key Challenges Ahead

Global Conference on the Second Phase of the G-20 Data Gaps Initiative (DGI-2)

Washington D.C., June 2017



Werner Bier
Chairperson of the WGSD
European Central Bank,
Deputy Director General
Statistics

Recommendation 7 in the G20 Data Gaps Initiative – Phase 2 (DGI-2)

Global Conference on DGI-2
Washington, 15 June 2017

Overview

- 1 Recommendation II.7
- 2 Progress on the implementation of Recommendation II.7
- 3 Follow up on Recommendation II.7

Recommendation II.7:

*“G20 economies to provide on a **quarterly frequency debt securities issuance data** to the BIS consistent with the Handbook on Security Statistics (HSS) starting with sector, currency, type of interest rate, original maturity and, if feasible, market of issuance. Reporting of **holdings of debt securities** and the **sectoral from-whom-to-whom data** prescribed for SDDS Plus adherent economies would be a longer term objective. BIS, with the assistance of the Working Group on Securities Databases, to monitor regular collection and consistency of debt securities data.”*

Recommendation II.7: **Tables on Securities Statistics**

PGI website:

<http://www.principalglobalindicators.org/?sk=E30FAADE-77D0-4F8E-953C-C48DD9D14735&ss=1452784383161>

- **Table 1.1:** Debt securities issues, stocks at nominal value
 - **Table 1.2:** Debt securities issues, stocks at market value
 - **Table 1.3:** Debt securities issues, net transactions at market value
-
- **Table 2.1:** Debt securities holdings, stocks at market value
 - **Table 2.2:** Debt securities holdings, net transactions at market value
-
- **Table 3.1:** From-whom-to-whom debt securities issues and holdings, stocks at market value

Core data

- By **2021** G20 economies to report **debt securities issuance** statistics consistent with the HSS
 - With breakdowns by issuing sector, currency, maturity, type of interest rate and, if feasible, market of issuance;
 - For stocks at nominal and market value and for transactions;
 - With periodicity of one quarter and timeliness of four months.
- By **2018**, as **intermediate target**, G20 economies to ensure that the most important breakdowns are reported
 - By sector: (1) non-financial corporations, (2) financial corporations, (3) general government, (4) households including non-profit institutions serving households;
 - By currency: (1) domestic currency, (2) foreign currencies;
 - By original maturity: (1) short-term, (2) long-term;
 - By market of issuance, if feasible: (1) domestic, (2) international.

More advanced ambitions

- **Debt securities issuance statistics** by **2021** with
 - Full sector and subsector breakdown
 - Full detail on the original maturity of long-term securities
- **Debt securities holdings statistics** by **2021** with
 - Breakdowns by holding sector, currency, maturity, and type of interest rate
 - With periodicity of one quarter and timeliness of four months
- **Debt securities statistics from-whom-to-whom** by **2021**
 - Consistent with data prescribed for SDDS Plus adherent economies
 - With periodicity of one quarter and timeliness of four months

G20 self-commitments

- On the basis of the reporting templates **G20 economies provided self-commitments** on their data provision for the different data sets
 - All G20 economies have provided self-commitments
 - FSB economies have also provided self-commitments
 - Self commitments were included in the First Progress Report of the G20 DGI-2 presented to the G20 FMCBG
 - All self-commitments have been published on the PGI web site

BIS monitor of reported series by G20 economies

| Breakdowns | Number of jurisdictions reporting data as of May 2017 |
|--------------------------------------|---|
| | G20 (of 16) |
| Sector of issuer: key sectors | 14 |
| selected sub-sectors | 13 |
| Market of issue | 9 |
| Currency of issue | 10 |
| Maturity of issue: original maturity | 16 |
| remaining maturity | 6 |
| Interest rate of issue | 4 |
| Nominal value | 15 |
| Market value | 1 |
| Flows | 4 |

Progress on methodological issues (1/2)

- The **WGSD offers on-going support on methodological questions** (e.g. nominal value, content of breakdowns) through a series of **Complementary Notes** to the reporting templates
- The Complementary Notes are circulated to the G20 economies and published on the PGI web site
 - Complementary Note No 1 (CN 1) on accrued interest for fixed interest rate debt securities (circulated)
 - Complementary Note No 2 (CN 2) on the classification of debt securities by interest rate type (being finalised)
 - Other possible Complementary Notes being considered

Progress on methodological issues (2/2)

- A **Course on Securities Statistics organised by the IMF** took place on 8-12 May 2017 in Washington. All G20 economies plus a number of other countries were invited to the course
 - Based on the Handbook on Securities Statistics (HSS)
 - Special focus on the valuation principles and the practical calculation of nominal value and market value
 - Also covering the derivation of stocks and flows, the definition and features of securities, classification of securities
 - Including the G20 DGI-2 Recommendation 7 and an introduction to security-by-security databases
- The course could take place every two years, alternating with the G20 DGI Recommendation 7 Workshop

Progress on operational issues

- The **WGSD is preparing** a Data Structure Definition (DSD) for Securities Statistics by reusing the existing DSD for Sector Accounts
 - This approach decreases the implementation and maintenance costs for data senders and recipients
 - Ensures and easy cross alignment of the Securities Statistics with the Sector Accounts
- The **WGSD is preparing further information on the intended publications** (PGI website, WGSD website)
- The WGSD will further encourage and facilitate **cooperation across economies** and communicate progress through an enhanced website being prepared

Workshop in 2018 hosted by the IMF

- The WGSD is organising a **follow-up Workshop in 2018** in order to assess progress and to discuss common implementing issues within the framework of the Handbook on Securities Statistics
- The Workshop will serve to **revisit and update the G20 self-commitments** for 2018 and 2021 targets
- The Workshop will also address **links between market international standards** (e.g. ISOs, such as the ISIN or Classification of Financial Instruments (CFI) and Legal Entity Identifier (LEI)) **and international statistical standards**
- The Workshop will also cover **security-by-security databases** and their use to produce macro Securities Statistics

Thank you for your attention

BIS monitor of reported series

- 16 G20 countries
 - AR, AU, BR, CA, CN, GB, IN, ID, JP, KR, MX, RU, SA, TR, US, ZA
- 20 euro area jurisdictions (19 member countries + euro area)
 - Including 4 G20 jurisdictions: DE, FR, IT, EA
- 19 non-G20 countries outside euro area
 - 2 offshore centres: HK, SG
 - 5 advanced economies: DK, IS, NO, NZ, SE
 - 12 emerging market countries:
 - 4 European: CZ, HR, HU, PL
 - 8 Non-European: CL, CO, IL, LB, MY, PE, PH, TH
- Total: 55 jurisdictions

Data Gaps Initiative : the user's perspective by the Working Group on International Financial Architecture (IFA WG)

Presentation by Jacques Fournier, Banque de France,
on behalf of Guillaume Chabert – French Treasury,
co-chair of the IFA-WG

Washington, Global Conference of the G20 Data
Gaps Initiative, 14-16, June 2017

Extending the IFA-WG to 2017 : Why?

- Declaration at the Antalya G20 leader's summit (Nov. 2015) :
«**a stable and resilient international financial architecture is a key element to foster strong, sustainable and balanced growth, as well as financial stability**».
- IFA-WG mandate : several objectives – objective 1 “**improve the analysis and monitoring of capital flows and risks, and learn from country experiences to enhance policy responses** »
 - » *More details on IFA-WG mandate, see appendix.*

The roadmap of the IFA WG in 2017

- Progressing the work undertaken in 2016 to improve the analysis and monitoring of capital flows and management of risks stemming from excessive capital flow volatility,
- Advancing the work on improving debt sustainability and debt restructuring processes

(source : terms of reference annexed to the IFA WG co-chairs summary, as endorsed at the G20 Finance Ministers and Central Bank Governors, Baden Baden, March 2017)

IFA WG : why a focus on indebtedness ?

- Since 2010/2011, **large international capital flows** and **accumulation of debt**, notably by the **non-financial corporates** (*)
- **Two decisive trends over the recent years:**
 - **1. Saving as Indebtedness** are more and more global, for most countries
- Which is fostering growth...
- But creating new risks for financial stability and growth sustainability
- Requesting therefore a vigilant monitoring

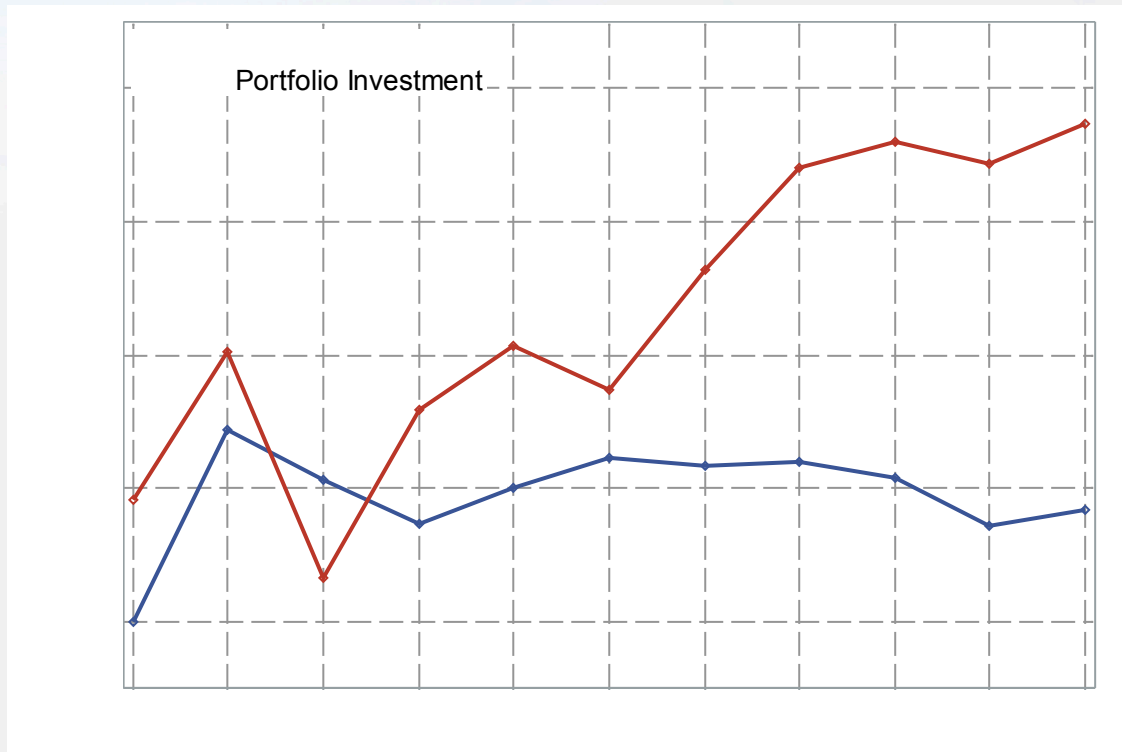
(*) see in particular : International capital flows and financial vulnerabilities in emerging market economies: analysis and datagaps – Note to the G20 IFA-WG – Tarashev et alii, BIS, August 2016

IFA WG : why a focus on indebtedness?

- **2. Indebtedness does not mean only bank loans but more and more bond issuances**
 - Which create new challenges for financial stability monitoring...
 - ...for macro-prudential measures and for curative actions when needed (including debt restructuring) and...
- ...to begin with , **increased measurement challenges**

Indebtedness does not mean only bank loans but more and more bond issuance

Portfolio investments (assets) vs other investments (assets) in countries reporting international investment positions (Bn USD)



Source : International Investment Positions, IMF

The DGI-2 from the IFA-WG perspective

- **Phase II of the Data Gaps Initiative (DGI-2) is warmly welcome by the IFA WG**
 - Beyond the analysis of vulnerabilities, interconnections and spillovers, the datasets covered by DGI-II are particularly relevant for meeting the **macrofinancial policy needs**
 - Many **DGI-2 recommendations** are of particular relevance for the analysis of capital flows for instance :
 - R7 and 8 on securities statistics and on sectoral accounts and balance sheets ;
 - R10 on the international investment position ;
 - R11 (international banking statistics), 12 & 13 (the coordinated securities portfolio and direct investment surveys), 14 (non-bank corporations crossborder exposures)

The DGI-2 from the IFA-WG perspective

- **Further progress is expected on a few important topics** that have been flagged by most countries in the IFA WG discussions:
- Currency breakdown for loans and securities
- Residual maturity on those debt instruments
- Currency Hedges, at least natural hedge from exports/imports
- To be looked at: the issue of the non-listed companies financial statements
- Extending the number of participating countries to COFER

DGI-2 responds to most of the IFA-WG expectations

| Selected recommendations of the 2016 IFA-WG report and core DGI-II recommendations to support them | Loans | Securities markets |
|--|---|---|
| Breakdowns by currency | Available in the BIS IBS framework for the banks, to be introduced in the IIP for all sectors | Available in the CPIS framework, need to improve the completeness of the data |
| Breakdowns by residual maturity | Would estimates be possible? | Elementary data usually available to make estimates |
| Hedging | Further investigation needed. Develop estimates of natural hedges from Balance of Payments data ? | |
| Measure of global exposures (residence and nationality perspectives / inclusion of off-shore funding) | Available in the BIS – IBS framework for bank exposures. Need to measure the exposures of non-banks (non bank financial institutions and non financial corporates) | |
| Promote sharing and transparency between creditors and debtors / transparency regarding macroeconomic indicators on debt sustainability / improve debt restructuring processes | International Data Cooperation and Communication, Promotion of data-sharing between G20 economies (reco. #19 & #20) Need to design step-by-step approaches, and to define commitments at country level. | |

CONCLUSION

- The work program of the IFA WG underlines the wide range of purposes that the Data Gaps Initiative addresses:
 - Interconnection and spillovers between the large economies (primary goal of the DGI-1 after the 2007 financial crisis),
 - « Emerging Macro-financial policy needs », as stated in the First progress report of DGI-2,
 - Support the discussions on the design of the international financial architecture, as highlighted by the specific interest of the IFA WG.
 - **The IFA WG is looking forward to developing dialogue and views sharing with the DGI-2 actors, in the view to pursuing a mutual understanding between the producers and users of key indicators.**

Thank you for your attention

APPENDIX

- Additional documentation : the IFA-WG work program

2016 Working program of the IFA WG (1/2)

- Objective 1 : improve the analysis and monitoring of capital flows and risks, and learn from country experiences to enhance policy responses
 - Sub-objective A : have a clearer analysis of trends in capital flows and stocks, and of international exposures
 - Sub-objective B : enhance surveillance and monitoring of emerging crossborder risks
 - Sub-objective C : draw lessons from country experiences
- Objective 2 : Ensure the adequacy of the Global Financial Safety Net (GFSN)
- Objective 3 : Advance IMF reform
- Objective 4 : Improve debt sustainability and debt restructuring process
- Objective 5 : Examine broader use of the SDR and support the development of local currency bond markets

IFA WG working program on the analysis and understanding of capital flows in 2017

- Encouraging more regular thorough discussions among G20 countries on :
 - Global liquidity measures
 - Spillover and spillback effects
 - Best practices : sharing on experiences of national and multilateral early warning systems and frameworks (holding of an early warning system workshop in Korea in June)
- Emphasis on :
 - Completing the existing IMF-FSB bi-annual Early Warning Exercises and BIS Global Liquidity and Early Warning Indicators
 - Extending the number of participating countries to COFER
 - Supporting the ongoing work of the IMF, FSB and BIS on the role of macroprudential policies
 - Compilation by the IMF of a granular database of country-reported macroprudential measures

Brazil

Policy relevance of data emerging from DGI

DGI Global Conference
Washington, June 2017

Outline

I. Policy relevance of data emerging from DGI

II. Creation of the Statistics Department (Estat) at the BCB

III. Statistical Production Project

Policy relevance of DGI recommendations

- Production and dissemination of high quality and timely economic and financial data, addressing data gaps, is a fundamental priority in the post-crisis world.
- Increased interconnectedness across sectors and jurisdictions expands the scope for surveillance and risk monitoring.
- The availability of good quality indicators have been crucial for the stability of the Brazilian financial system over the last ten years.
- DGI recommendations provide guidance for economies to seek adherence to more advanced methodological standards.

Policy relevance of DGI recommendations

- **Financial Soundness Indicators (FSIs)**
 - The whole set of FSIs allows for detailed and comprehensive analyses of the financial system and its institutions.
 - Brazil compiles and disseminates all core FSIs. The Financial Stability Committee (Comef) of the BCB benefits intensively from the FSIs.

Policy relevance of DGI recommendations

- Sectoral accounts

- Policy makers welcome the effort to compile and disseminate more timely financial accounts to shed light on funding patterns and interconnectedness across the different sectors of the economy (including cross-border exposures).

Policy relevance of DGI recommendations

- **Coordinated Portfolio Investment Survey**
 - Brazil reports quarterly data for the CPIS.
 - Timely data on portfolio investment assets and liabilities is essential to assess the sustainability of the external accounts.
 - BCB estimates portfolio investment data on a monthly basis based on actual data complemented with estimated figures.

Policy relevance of DGI recommendations

- International Banking Statistics
 - Brazil reports IBS since 2002.
 - Increased complexity of thorough assessment of international exposures of the banking system.
 - Stage 2 enhancements are burdensome for reporting banks but are welcome to improve the assessment of the expanding international activities of Brazilian banks.

Policy relevance of DGI recommendations

- **Govt. Finance Statistics and Public Sector Debt Database**
 - Responsibilities shared by the National Treasury and BCB.
 - Urgency of fiscal adjustment calls for improved public finance statistics. Continued adherence to international standards is important to reinforce credibility.
 - Enhanced data on sub-national public finance statistics is welcome for policy-making.

Policy relevance of DGI recommendations

- **Residential Property Prices**

- Housing prices increased sharply over the last 15 years fueled by a housing credit boom. Residential prices' indices were made available to assess sustainability of the housing sector.
- Indicators showed residential prices accommodation and pointed to decreasing risks to credit sustainability.
- Work is underway to compile improved indicators.

Creation of the Statistics Department (Estat)

- BCB has approved the creation of Estat due to the increased importance of statistics for policy-making and to the increasing demand on statistical activities, in order to better address those challenges.
- The new Department, Estat, will:
 - Have its primary focus on statistical production;
 - Seek excellence on statistical production and dissemination with a clearer responsibility for continuous improvement;
 - Work to adopt international standards (BPM 6, GFSM 2014, MFSM 2016, IBS Phase 2, HSS, etc.);
 - Participate actively and effectively in national and international statistical forums.

Creation of the Statistics Department (Estat)

Estat will be responsible for compiling statistics on:

- **External Sector**
- **Public Finances**
- **Monetary and Credit**
- **Market Expectations**
- **Sectoral Accounts**
- **Foreign Capitals**

Statistical Production Project (2017 - 2019)

- Many of the statistical improvements to be conducted by the Estat will be coordinated through the Statistical Production Project.
- The Project is a coherent group of actions sharing a common objective: **“To enhance the compilation of different statistical datasets, aiming for the alignment with the most advanced international standards”**.
- The Project:
 - Has been endorsed by the Executive Board of the BCB;
 - Has dedicated funding;
 - Is subject to accountability rules.

Statistical Production Project (2017 - 2019)

Bilateral Balance of Payments (BoP) Statistics

- Bilateral compilation of relevant items of the BoP.
- The main objective is to provide enhanced data on relevant BoP items vis-à-vis Brazilian major partners.
- Will also contribute to the consolidation of the business register for the identification of economic groups.

Statistical Production Project (2017 - 2019)

Securities and International Banking Statistics (IBS)

- **Securities Statistics:** expansion of coverage, detail and dissemination of securities statistics, according to the Handbook of Securities Statistics (HSS - BIS).
- **International Banking Statistics:** implementation of IBS Stage 2 enhancements, as proposed by the BIS.

Statistical Production Project (2017 - 2019)

Public Finances Statistics

- Adherence to GFSM 2014.
- Focus on improvements of sub-national data – expanding coverage and consolidating databanks.

Sectoral Accounts

- Ongoing work on financial accounts in partnership with IBGE.
- Eliminating data gaps.
- Improving timeliness and periodicity.

Statistical Production Project (2017 - 2019)

Monetary Statistics

- Adherence to MFSM 2016.
- Enhanced coverage and detail of “Other Financial Corporations” data.
- Convergence among BCB’s credit databanks (granular vs. aggregated data).

Thank you!

Statistics Department (Estat)



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Users' Perspective on the DGI-2

Ekaterina Prokunina,

Bank of Russia

Washington D.C.
June 2017



Strategy of Statistical Activity of the Bank of Russia for the period of 2016-2020

- One of the goals of the Strategy is systemic development and improvement of the statistical process “based on the requirements of advanced international statistical standards and initiatives aimed at filling the gaps in data in the aftermath of the 2008-2009 global financial and economic crisis, improving data quality and increasing their international comparability”.
- Within the framework of achieving the set Goal, the Bank of Russia has developed a Plan to implement the recommendations set out in the DGI-2. In addition, the Strategy provides for carrying out “targeted surveys of groups of macroeconomic statistics users” aimed at monitoring the demand for statistical information.



The Position of the Russian Federation with regard to the implementation of the G-20 Data Gaps Initiative (Central Bank view)

| Recommendations | The position at the beginning of implementation of DGI-1 (2009) | The position at the end of implementation of DGI-1 (2015) | The position at the beginning of implementation of DGI-2 (2016) |
|---|---|--|--|
| II.2: FSIs | Semi-annual data + metadata | Quarterly 12 core FSIs (of DTC) and 14 out of 28 encouraged FSIs | |
| II.7: BIS data collection on securities + Handbook on Securities Statistics | Quarterly debt securities data on central government sector broken down by maturity and interest rate | Quarterly debt securities data broken down by economic sector, interest rate, maturity, market, and currency (commercial data) | Debt securities issuance statistics on domestic market for stocks with breakdowns by issuing sector/subsector and national/foreign currency on a quarterly basis from 2013Q3 (Central bank data) |
| II.8: BSA, financial accounts, sectoral data | Quarterly GDP data, annual national accounts by institutional sector No data on accumulation accounts (except for capital account) | Annual Sectoral Financial Accounts and Financial Balance Sheets from 2012 | Quarterly Financial Accounts and Financial Balance Sheets for 2015Q1-2016Q1 |



The Position of the Russian Federation with regard to the implementation of the G-20 Data Gaps Initiative (Central Bank view)

| Recommendations | The position at the beginning of implementation of DGI-1 (2009) | The position at the end of implementation of DGI-1 (2015) | The position at the beginning of implementation of DGI-2 (2016) |
|-----------------|---|---|---|
| II.10: IIP | Annual IIP data for the Russian Federation Quarterly IIP data for the banking sector of the Russian Federation | Quarterly IIP data for the Russian Federation with separate identification of OFCs starting from 2014 | Data on currency composition of debt claims on nonresidents (in accordance with Table A9-1 of BPM6) |
| II.11: IBS | | | The Russian Federation data have been included in the BIS locational banking statistics |
| II.12: CPIS | Annual CPIS data | Semi-annual CPIS data | Quarterly CPIS data since 2017 |
| II. 13: CDIS | FDI presented according to the asset/liability principle | FDI presented according to the directional principle starting from 2013 data | Already implemented at the level of <i>More advanced ambitions</i> (from 2013 data) |



Policy Relevance of the Data Emerging from the Implementation of DGI-2 (internal users)

- Macroeconomic forecasting, monitoring of inflation risks, forecasting developments in the economic sectors for the purpose of implementing the monetary policy
- Assessing financial stability of the financial sector and interdependencies amongst separate subsectors
- Analysis and stress-testing of specific markets (mortgage lending, transactions with derivatives)



Recommendation II.6: Derivatives (including participation in BIS surveys)

Reports of banks with more than 90% share in the total turnover on the domestic FX market (153 banks in April 2017). Domestic banks and the Moscow Exchange use the monthly reports to estimate and forecast the FX and OTC derivatives' market transactions volumes with breakdown of contracts by counterparty type, instrument type and currency pair, to estimate activities on the OTC derivatives market and calculate the banks' share of the domestic market.

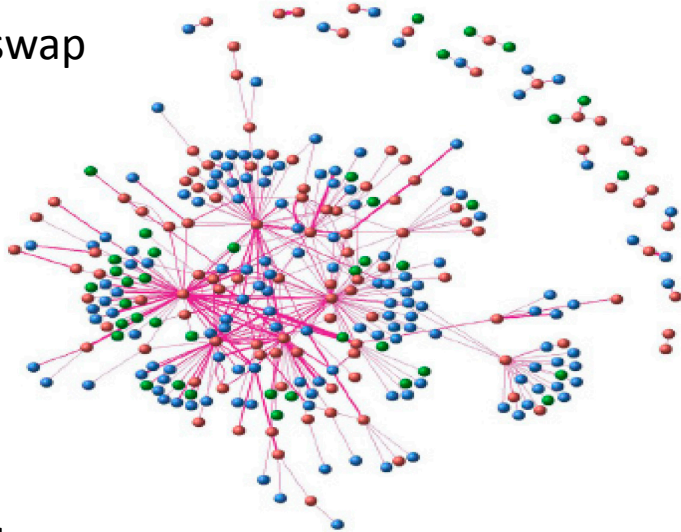
Repository reports containing information on OTC transactions with FX swaps, interest rate swaps, FX and interest rate swaps, FX options and CDS.

The Bank of Russia publishes on a monthly basis reports on foreign exchange and derivatives' transactions compiled according to the guidelines of the Bank for International Settlements (BIS) for the BIS Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives' Market Activity.

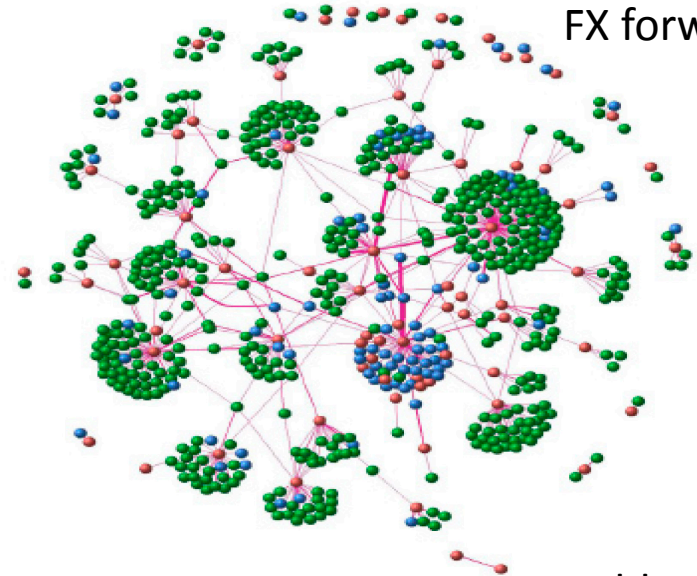
The information is used by analytical departments of the Bank of Russia for representing the market situation and conducting stress-tests.

FX and IR derivative market graphs, basing on opened positions for 30 Dec. 2016

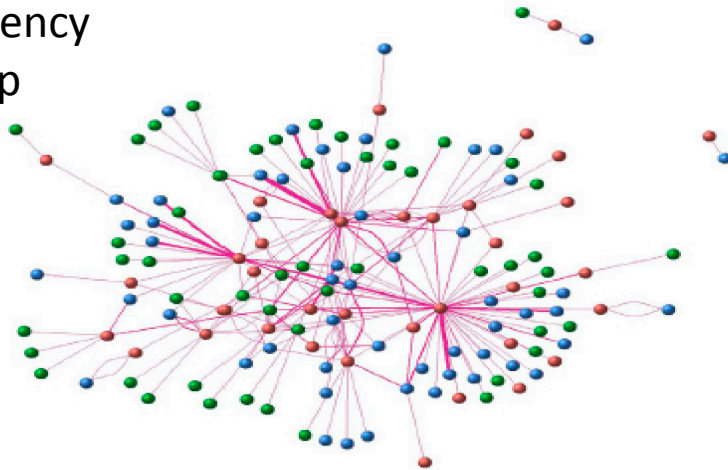
FX swap



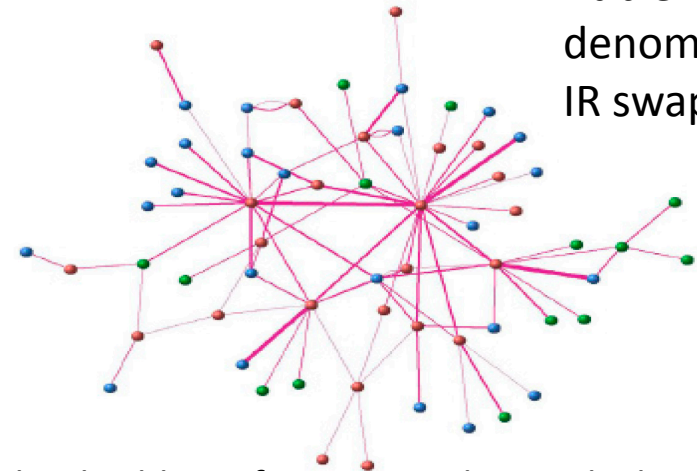
FX forward



IR and cross-currency swap



Ruble denominated IR swap

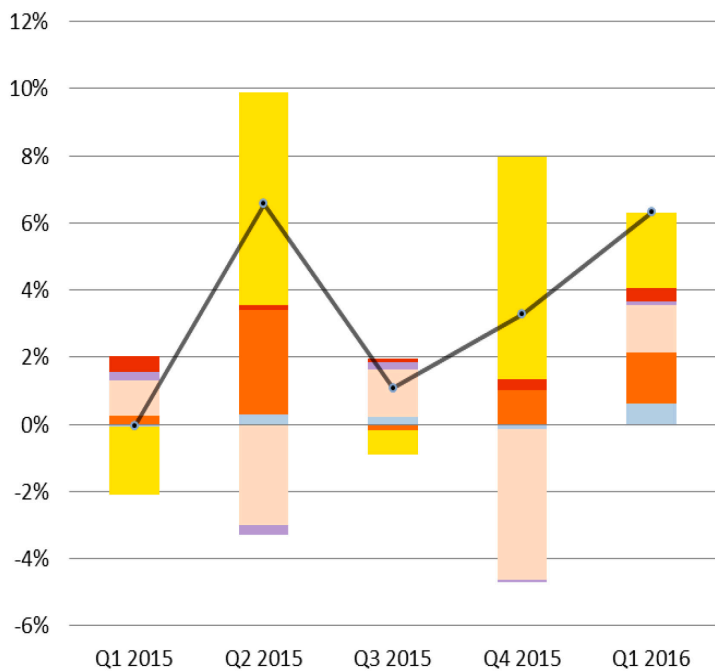


Red peaks stand for credit organizations, green – for non-banks, blue – for non-residents. Thickness of a line represents the volume of an opened position.



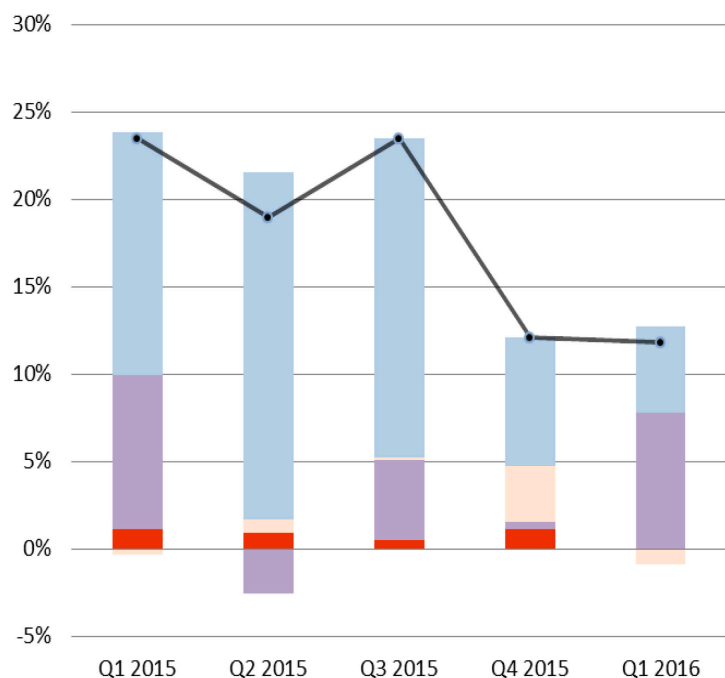
Recommendation II.8: Sectoral Accounts

Households' financial investment, as % of GDP



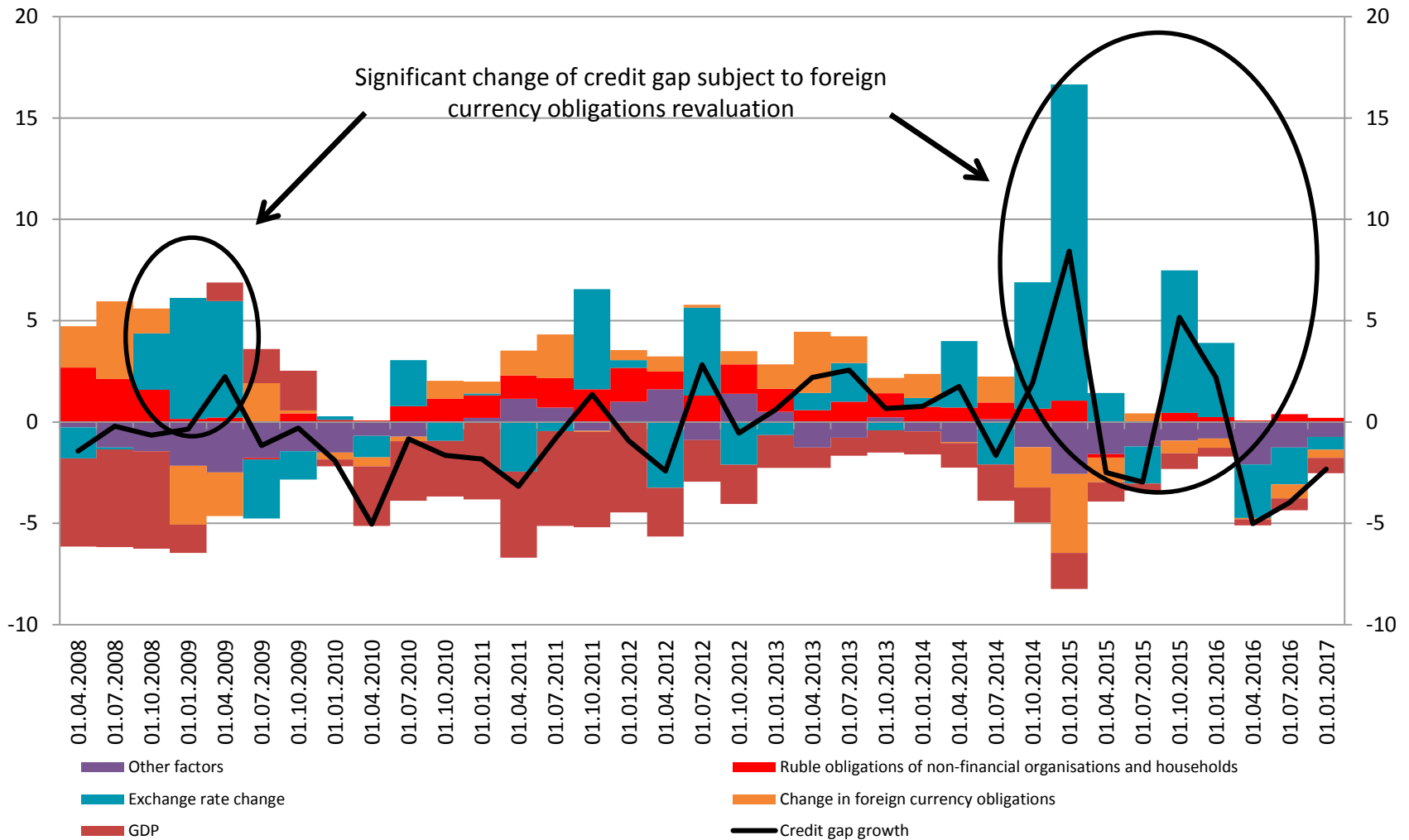
- Currency and deposits
- Loans
- Insurance & pension schemes
- Debt securities
- Equity and investment fund shares
- Other accounts receivable
- Total

Non-financial corporations' financing, as % of GDP



- Debt securities
- Loans
- Equity
- Other accounts payable
- Total

Contribution of individual factors to credit gap change (broad definition, percentage points)





Recommendation II.9: Household Distributional Information (information on income, consumption, saving, and wealth for the household sector consistent with the SNA concept)

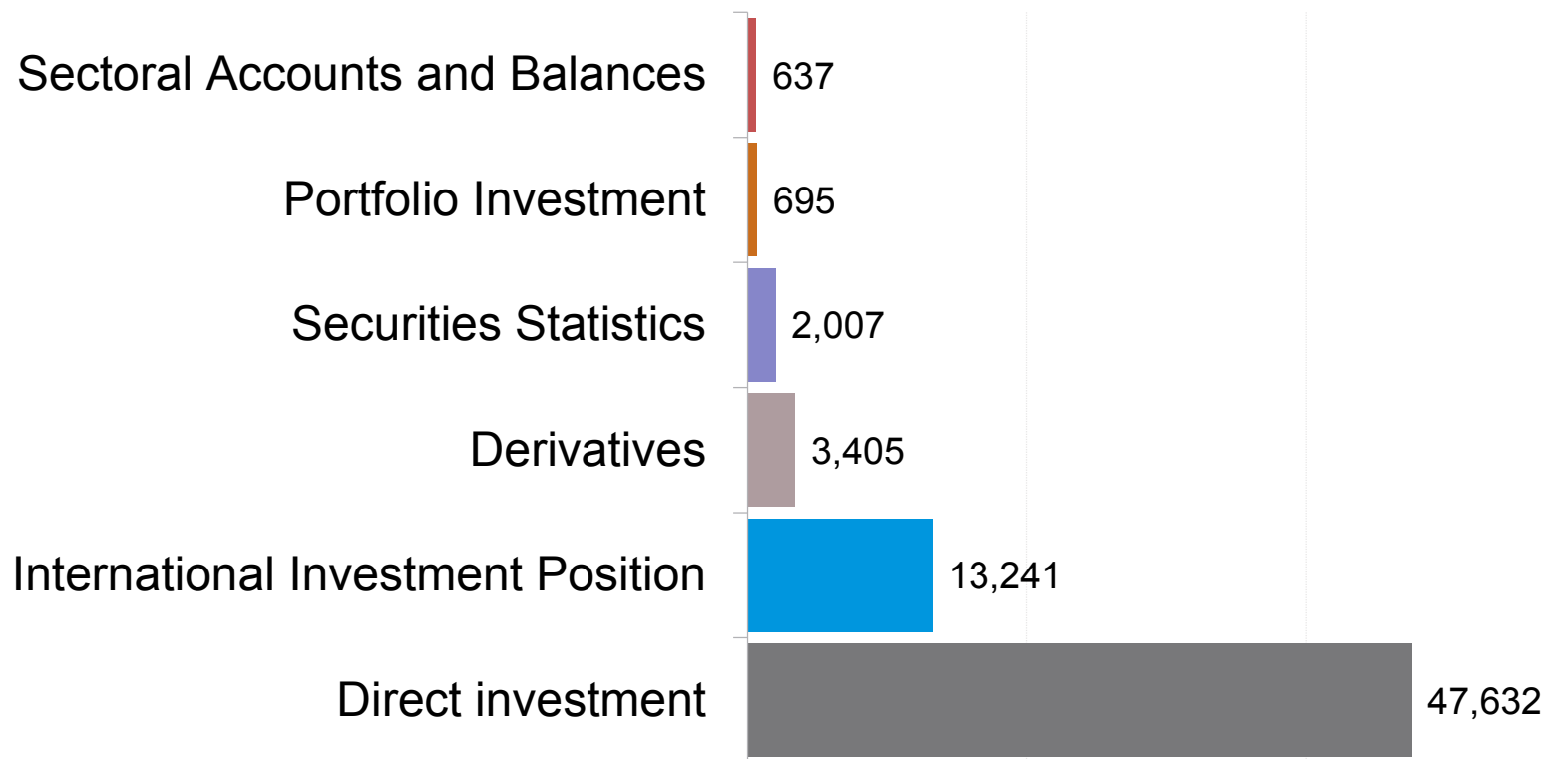
Annual “Russia Longitudinal Monitoring Survey of Health and Economic Welfare of Households” is conducted by the National Research University Higher School of Economics

Data are used for analysis and assessment of the norm of saving (measuring the propensity to save of household groups with varying income levels) and for building the consumption models.



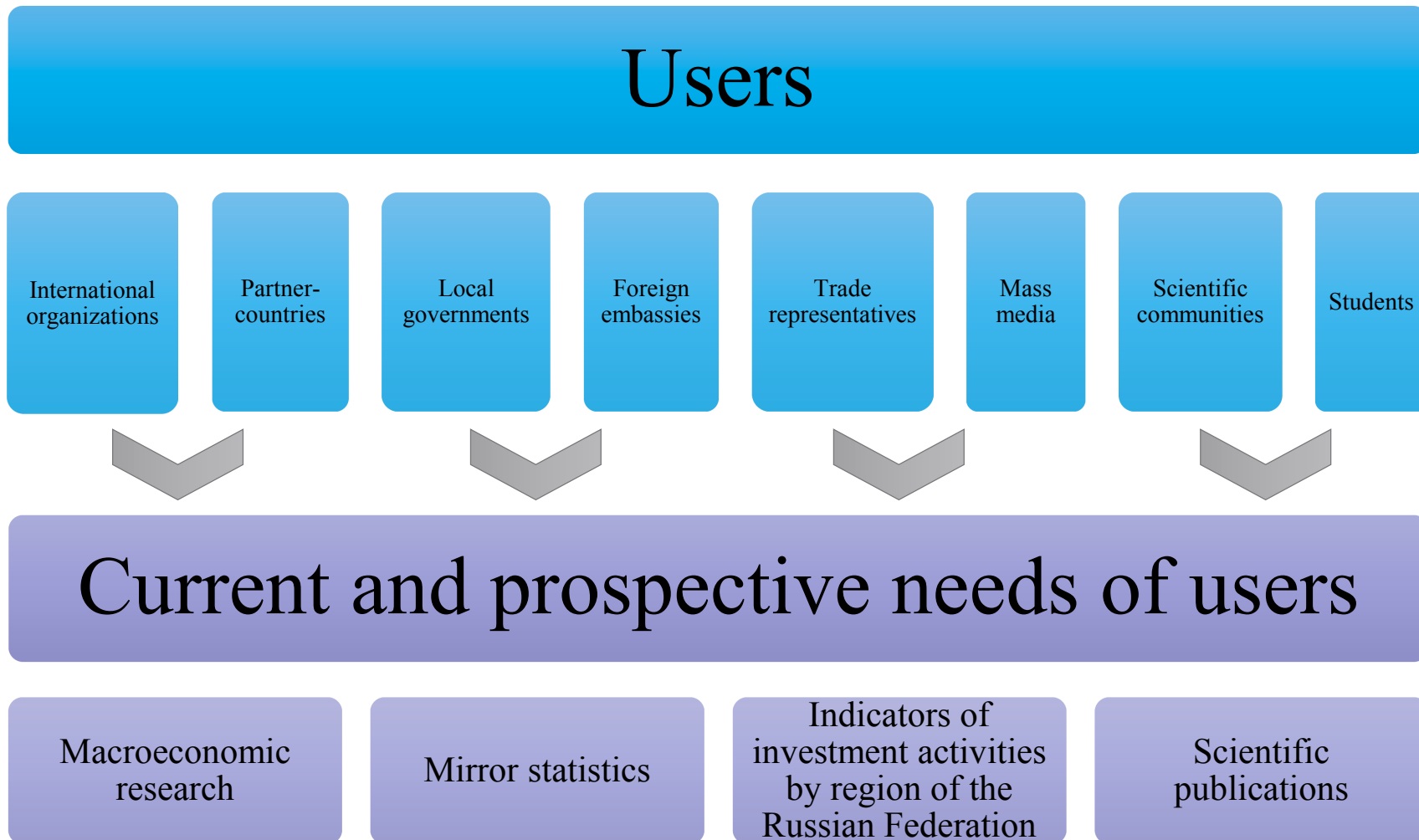
Demand for selected data categories

Number of requests for selected data published on the Bank of Russia web page for Jan-Apr 2017 (hits)





Recommendation II.13: Coordinated Direct Investment Survey (CDIS) Dissemination of foreign direct investment statistics





Users' Wishes for the Data Included in DGI-2 Recommendations

| Recommendations | Users' Wishes |
|---|---|
| II.5: Shadow Banking (assets and liabilities of the shadow banking system, including securitization transactions) | A recommendation needs to be provided to the FSB regarding the methodology of determining the interconnectedness of banks with shadow banking entities |
| II.9: Household Distributional Information (information on income, consumption, saving, and wealth consistent with the SNA concept) | <ul style="list-style-type: none">• Request for access to more detailed information• Request for increased periodicity of data releases (quarterly in lieu of annual publications) |
| II.12: Coordinated Portfolio Investment Survey | <ul style="list-style-type: none">• Request for data compilation in the format of “from-whom-to-whom” matrix• Request for presentation of portfolio investment data on liabilities by country• Request for presentation of portfolio investment data by Russia’s region• A wish that the volume of confidential information be reduced |
| II.13: Coordinated Direct Investment Survey | <ul style="list-style-type: none">• Request for presentation of data in the form of a database• A wish that the time lags for data releases be reduced• Request for data presentation in the format of “country-type of economic activity” matrix |
| II.15: Government Finance Statistics (consolidated data, federal and local government levels) | Request for increased periodicity of data releases |
| II.16: Public Sector Debt Statistics | <ul style="list-style-type: none">• Request for increased periodicity of data releases• Request for data presentation on transactions on a gross basis rather than on a net basis |
| II.17: Residential Property Prices | Request for broadening the BIS database by including data on the emerging markets |



New Understanding of Data Sharing: Link to Recommendation II.20 of DGI-2

- Interest is growing on behalf of both internal (Research and Forecasting, Monetary Policy, and Financial Stability departments) and external information users (other central banks, international organizations, research organizations) in further data detail
- Meeting the granular data requirements commands elaboration by the Bank of Russia of algorithms of data anonymization and those of compliance with the confidentiality principles
- Under the auspices of the Eurasian Economic Commission, the participating countries attempt to formulate the legal grounds for organizing possible mirror statistical data comparisons of external sector statistics



The Need for Developing Closer Interaction with Users

- Educating the users (e.g. promoting the use of PIVOT tables)
- Conducting questionnaire surveys to monitor users' demand for statistical information
- Communicating with users via various means (during meetings with analysts at the Bank of Russia, meetings with statistical information users on Thomson Reuters grounds, lectures for journalists writing on economic topics)



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Thank you!

The UK Enhanced Financial Accounts

Frankie Kay

Director of Economics Statistics Transformation

14-15 June 2017

The Enhanced Financial Accounts

- **Background**
 - The user imperative
 - Motivation
 - The UK Flow of Funds development
- **The Enhanced Financial Accounts**
 - What are the Enhanced Financial Accounts?
 - Our approach
- **International context**
 - EU picture
 - International comparisons

The user imperative

High quality financial statistics are required for:

- Macro-economic analysis
- Macro-prudential policy
- Informing effective policy to alleviate risks

But there is also an increasing need to answer emerging questions:

How can we better understand the UK's financial stability?

- detailed sector breakdowns
- whom-to-whom statistics

How big is the UK hedge fund sector?

- identify UK hedge funds
- improve sectoral coverage with new data sources

Who owns government debt?

- whom-to-whom statistics
- better rest of world sectoral detail

Who is financing the current deficit?

- detailed sector breakdowns
- better rest of the world sectoral detail

What type of credit is fuelling the growth in consumer debt?

- detailed information on type of lending e.g. car finance, bank loans, pay day loans
- unsecured / secured loans split

Motivation

- International consensus that flow of funds statistics would improve financial stability and prudential analysis:
 - Bank of England
 - Barker Review of the UK National Accounts, 2014
 - Independent Review of UK Economic Statistics, Bean, 2016
 - IMF: Special Data Dissemination Standard plus (SDDS+)
 - IMF: G20 Data Gaps Initiative



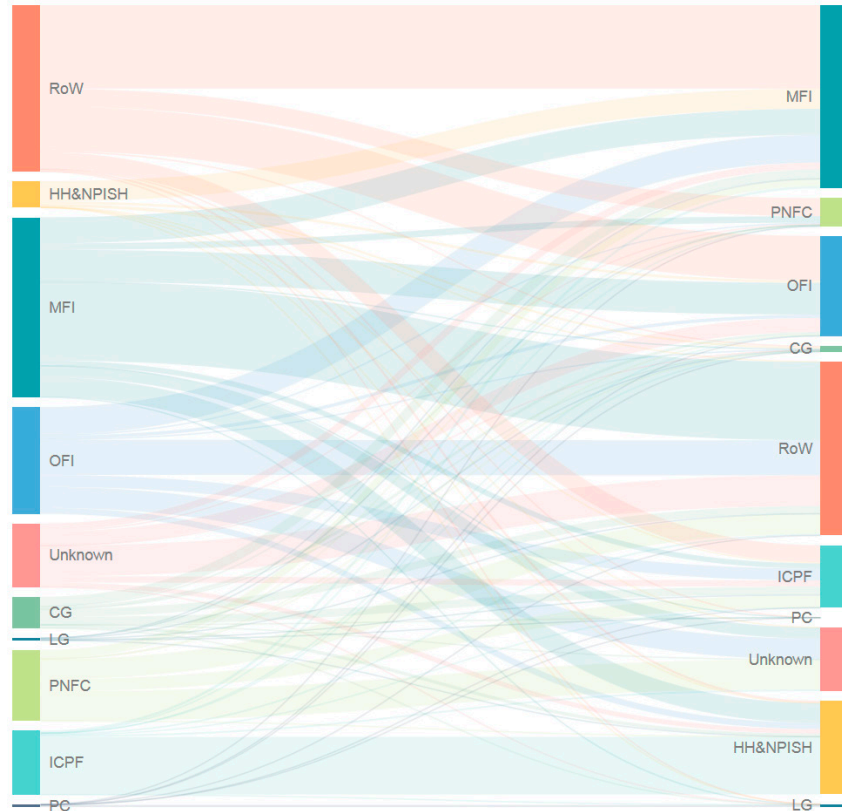
The UK Flow of Funds

- Joint initiative between the Bank of England and ONS
- Established December 2014
 - Review availability and quality of flow of funds data
 - articles and matrices published July and November 2015
 - search: 'flow of funds' on ONS website
 - Historic flow of funds data published January 2016
- Funding secured to develop enhanced financial accounts, 2015
- International visits – lessons learned from others, 2015

Visualising the Financial Accounts

Liability

Asset



| | |
|------------|---|
| PC | Public Corporation |
| PNFC | Private Non-Financial Corporation |
| MFI | Monetary Financial Institutions |
| OFI | Other Financial Intermediaries and Financial Auxiliaries |
| ICPF | Insurance Corporations and Pension Funds |
| CG | Central Government |
| LG | Local Government |
| HH & NPISH | Households and Non-Profit Institutions Serving Households |
| RoW | Rest of the World |
| Unknown | Unknown |

What are the Enhanced Financial Accounts?

- Improve the quality, coverage and granularity of the UK's financial statistics, including counterparty information
- Ideally use record-level data to improve the coverage, flexibility to change and detail, covering:
 - Balance sheets
 - Transactions
 - Revaluation - price changes, exchange rate changes
 - Other changes in volume - e.g. reclassifications, theft, uncompensated seizures
 - Connecting issuers to holders / creditors to debtors
- For UK economic sectors, interactions with the rest of the world and across financial instruments

currently
published

to be published
2017

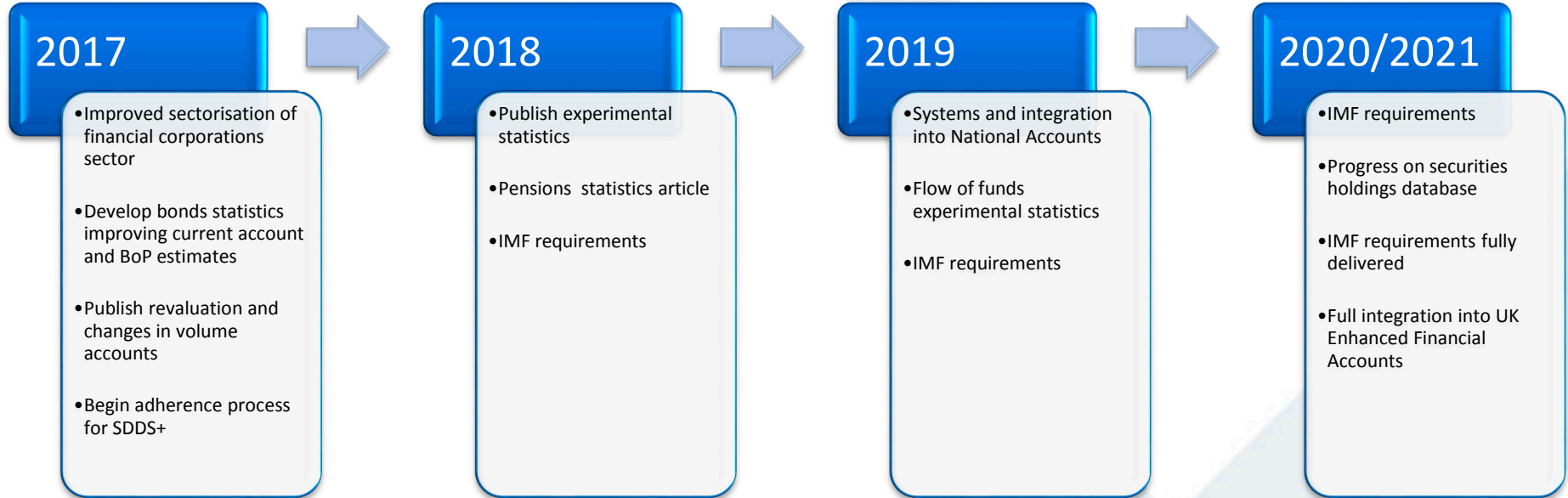
enhanced
financial
accounts
proposal

| | | | | | | |
|----------------------------|---|---|---|---|---------------|-------------|
| Non-financial corporations | Public corporations | Private corporations | Non-commercial real estate | SME | | |
| | | | Commercial real estate | Large | | |
| Financial corporations | Monetary Financial Institutions (MFI) | Central Bank | Other monetary financial institutions | Other deposit taking-corporations | Ring-fenced | |
| | | | | | Other | UK-owned |
| | | | | | Foreign-owned | |
| | Financial corporations except MFIs and Insurance corporations and pension funds (ICPFs) | Non-MMF investment funds | Collective investment schemes excl. hedge funds | Institutional | Open-ended | Leveraged |
| | | | | | | Unleveraged |
| | | | | | Closed-ended | Leveraged |
| | | | | | | Unleveraged |
| | | | | Retail | Open-ended | Leveraged |
| | | | | | | Unleveraged |
| | | | | | Closed-ended | Leveraged |
| | | | | | | Unleveraged |
| | | | Exchange traded funds | | | |
| | | | Hedge funds | | | |
| | | | Private equity funds | Buyout | | |
| | | | | Other | | |
| | | Other financial intermediaries, except MFIs and ICPFs | Financial vehicle corporations engaged in securitisation transactions | | | |
| | | | Security and derivative dealers | | | |
| | | | Financial corporations engaged in lending | Include a split of type of lending e.g. mortgages, auto, consumer credit, business) | | |
| | | | Specialised financial corporations (incl. central counterparties) | | | |
| | | | Financial auxiliaries | | | |
| | | | Captive financial institutions and money lenders | | | |
| | | | Insurance companies | Life insurance | | |
| | | | General insurance | | | |
| | | Pension funds | Defined benefit | | | |
| | | | Defined contribution | | | |
| General government | Central government | | | | | |
| | Local government | | | | | |
| Households and NPISH | Households | | | | | |
| | Non-profit institutions serving households (NPISH) | | | | | |

Enhanced Financial Accounts – the approach

- Record-level data from administrative, regulatory and commercial data sources:
 - Reduce the burden on British businesses
 - More complete population coverage than sampled surveys -> robust estimates of lower-level aggregates
 - Flexible to evolving requirements and ad hoc demands, without requiring the lengthy process of survey (questionnaire) development

Timetable for delivery: 2017 and beyond



The UK Enhanced Financial Accounts

Frankie Kay

Director of Economics Statistics Transformation

14-15 June 2017



A Framework for the Monitoring of DGI-2 Implementation

Global Conference of the Second Phase of the G-20 Data Gaps Initiative (DGI-2)

June 14-15, 2017

Washington D.C., USA

Overview

- DGI-2 Monitoring Framework: “Traffic Lights” Approach
- “Traffic Lights” Approach
- Next Steps
- Questions

DGI-2 Monitoring Framework: “Traffic Lights” Approach




- Healthy **peer pressure** and **policy support**, the two key drivers of the DGI work, need to be maintained
- At the first year of the DGI-2, a monitoring framework would help **track the progress** in implementation, **acknowledge the accomplishments**, and **serve as a benchmark** for the following years.
- A **draft “traffic lights” approach** was developed to monitor G-20 economies’ status in the implementation of targets/intermediate steps on a regular basis.

“Traffic Lights” Approach

- A **flexible approach** is adopted in the implementation of the intermediate steps.
- The **preliminary draft of the “traffic lights” approach was shared with G-20 economies** in advance of the Conference for their views/comments.
- The **table is revised based on the comments** received from G-20 economies.

“Traffic Lights” Approach

- Each G-20 economy is assessed and colors were assigned based on **explicit criteria** (e.g. frequency, timeliness, coverage) that are outlined in the targets and intermediate steps.
- **Metadata is important:** Country/recommendation **specific issues are being clarified in the footnotes** to facilitate interpretation of the table.

| | |
|---|---|
|  | Target/Intermediate Target met. |
|  | Target/Intermediate Target partially met. |
|  | Target/Intermediate Target NOT met. |

“Traffic Lights” Approach

- Some recommendations/targets require **further IAG guidance** before monitoring starts (e.g., Rec. II.4. target 4 Rec. II.5 targets 2 & 3, Rec. II.8, Rec. II.17, Rec. II.18).
 - Labelled with

| |
|----|
| ** |
|----|
- Others have a **qualitative nature** hence cannot be monitored based on the traffic lights approach (e.g., Rec. II.19 and Rec. II.20)
 - Not included in the table.
- Not all recommendations/targets are relevant for all economies
 - Labelled with

| |
|-----|
| N/A |
|-----|

“Traffic Lights” Approach

Participants will be walked through the revised “traffic lights” table....

Next Steps

- The **“traffic lights”** table will be further improved based on the feedback during this Conference.
- Going forward, the table will be updated and included in the annual DGI Progress Reports. Based on the participants’ views, it could be included in the Second Progress Report of the DGI-2
- A **similar table** is being developed **to monitor IAG members’ progress.**
- A monitoring table could also be considered for the **“more advanced ambitions”** along the way.

Questions

- What are the participants' views on the overall monitoring framework?
- Do participants have any suggestions to further improve the framework?
- Do participants agree with the inclusion of the “traffic lights” table in the Second Progress Report of the DGI-2?
- Further written comments/feedback are welcome **by June 30, 2017.**



FINANCIAL
STABILITY
BOARD



The Way Forward with the DGI-2

Global Conference of the Second Phase of the G-20 Data Gaps Initiative (DGI-2)

June 14–15, 2017

Washington D.C., USA

Overview

- Next Steps in 2017
 - Continued work on advancing DGI-2 agenda
 - Preparation of the Second Progress Report
- Work Program for 2018
 - Consultation with participating economies
 - Coordination among IAG members
 - Synergies with other relevant initiatives
- Questions for Participants

Next Steps in 2017

- **Ongoing work on the DGI-2 recommendations** according to the action plans
- **Finalize outcomes** of the Global Conference
- **Quarterly IAG meetings** (June, September, and December 2017)
- Possible **bilateral meetings** (e.g., in the context of the IMF/World Bank Annual Meetings in October 2017)
- IMF and the FSB, in coordination with the IAG and in consultation with the participating economies, will prepare the **Second Progress Report** for the October 2017 meeting of the G-20 Finance Ministers and Central Bank Governors (FMCBG)

Timeline for the Second Progress Report on DGI-2

- **June 14-15:** Discussion on the monitoring framework and the format of consultation/coordination going forward
- **End-July:** Draft report to be sent to the participating economies for comments
- **Mid-August:** Comments due from the participating economies
- **Mid-September:** Report to be submitted to the G-20 Secretariat
- **October 12-13:** G-20 FMCBG Meeting; endorsement on the DGI expected from the FMCBG through the Communiqué

Work Program for 2018

- **Work will continue** according to the action plans supported by the G-20 Leaders and as further agreed during the 2017 thematic workshops
- **Possible modalities** to carry forward the work in 2018 are listed in the following slides for feedback by participating economies

Consultation with Participating Economies

- **Continued engagement** with the participating economies
- **Format** of consultation process:
 - **Thematic Workshops**
 - ❖ Securities Statistics
 - ❖ Other?
 - **Annual Global Conference**
 - **Possible regional meetings**
 - **Bilateral meetings**
- **Annual Progress Report to the G-20 FMCBG**: assessment of progress in the implementation of the action plans

Coordination Among IAG Members

- **Continued consultation and coordination** among the IAG member agencies
 - Quarterly IAG meetings
- **Monitoring progress:** assessment of progress in the implementation of the DGI-2 action plans based on the “traffic light” approach
 - Progress by participating economies
 - Progress by the IAG members

Synergies with Other Relevant Initiatives

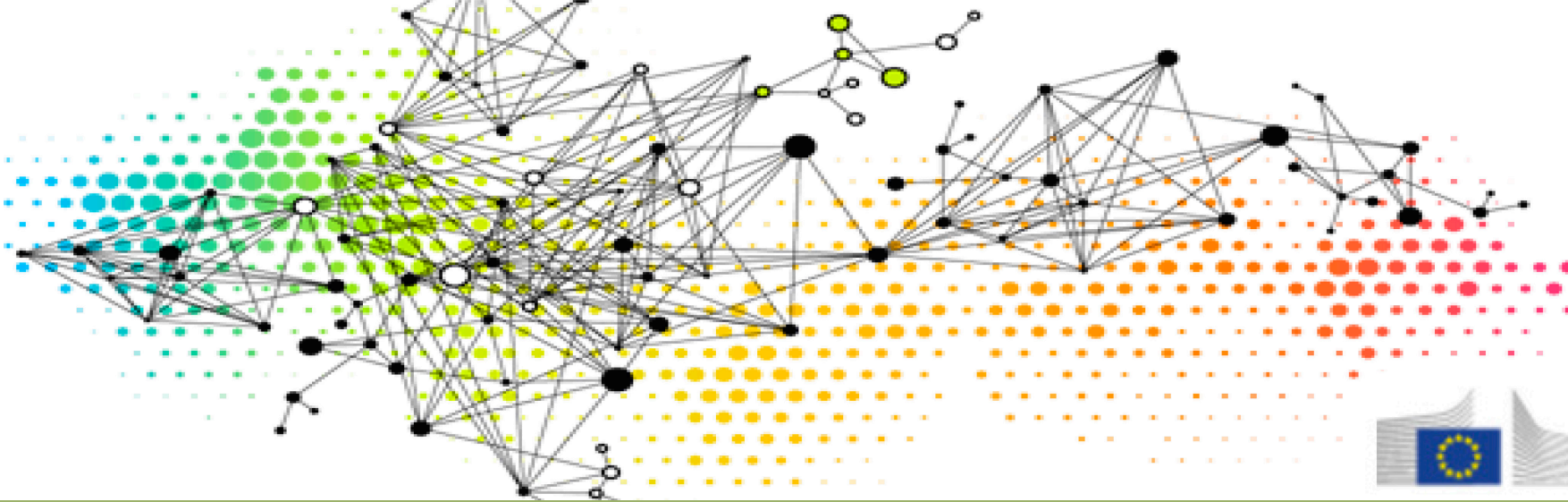
- Measurement of the digital economy/G-20 Sherpa
- IMF's Special Data Dissemination Standard Plus
- SDMX/DSDs
- Legal Entity Identifier
- G-20 International Financial Architecture Working Group

Questions for Participants

- What are the participants' views on the format of consultation/coordination during remaining months of 2017 and in 2018?
- Any further ideas for improving cooperation and coordination among and between participating countries and the IAG members and the FSB Secretariat?
- Do participants see the need for further guidance/inputs to facilitate implementation of the DGI-2 recommendations?
- Other views?

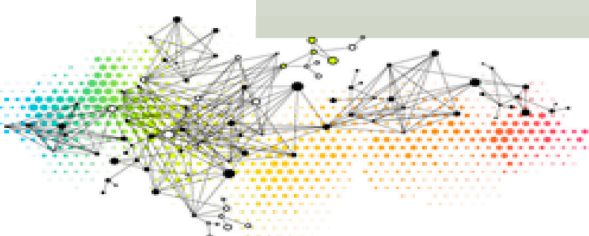


THANK YOU!



International Data Sharing and Role of SDMX

Global Conference of the Second Phase of the G-20 Data Gaps Initiative (DGI-2)
June 14-15, 2017
Washington D.C., USA

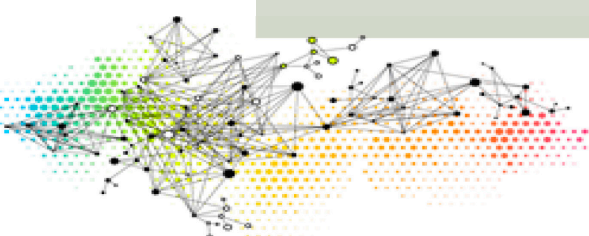


Recommendation # II.19

IAG – International Data Cooperation co chaired by Eurostat and IMF

- Aim
 - ▣ Foster data cooperation
 - ▣ Timely standardized data transmission
 - ▣ Reduce data reporting burden on countries
 - ▣ Consistent data dissemination across organizations

- Scope
 - ▣ Pilot 1: GDP
 - ▣ Pilot 2: Sectoral Accounts
 - ▣ Pilot 3: Balance of Payments

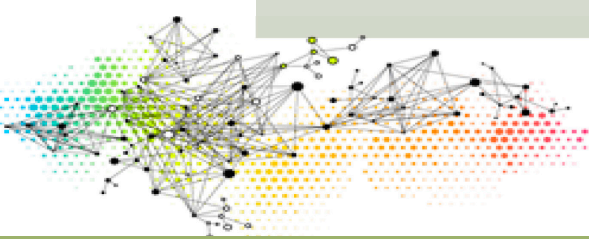


Role of SDMX

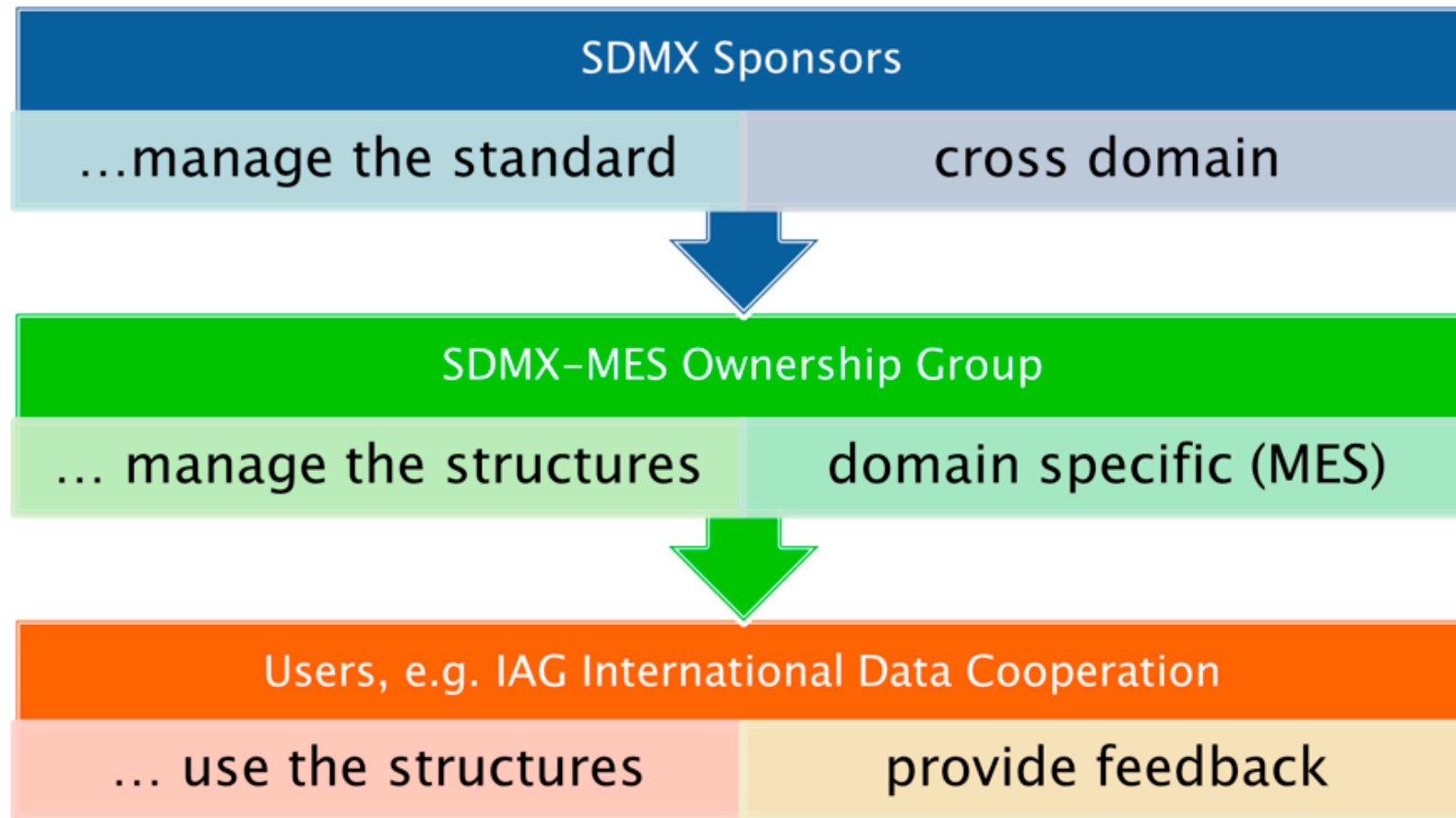
Accepted Open standard for statistical data and metadata exchange

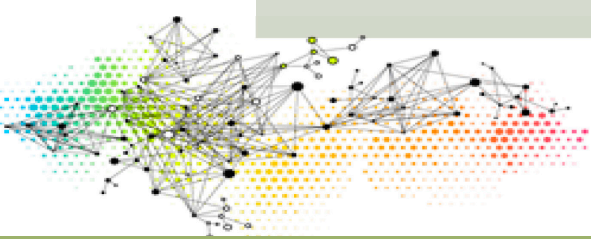
Developed jointly by BIS, ECB, Eurostat, IMF, OECD, UN and the World Bank

- ❑ Common taxonomy for data and metadata make sharing and consumption simpler
- ❑ Statistical and technical guidelines
- ❑ Technical standards - common tools can be leveraged
- ❑ Streamline data exchange
- ❑ Reduce reporting burden on countries and collection burden on IOs
- ❑ Effort focus shifts from technology to content



Governance Overview





IDC Governance

IDC Steering Group *(reports to IAG)*

Statistical
Implementation
Group

Technical
Implementation
Group

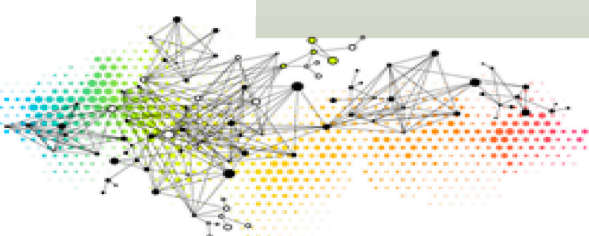
GDP

SecAcc

BOP

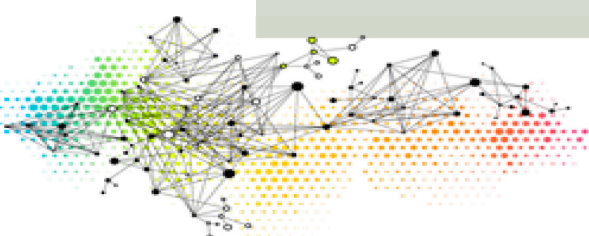
SDMX

Data
Exchange



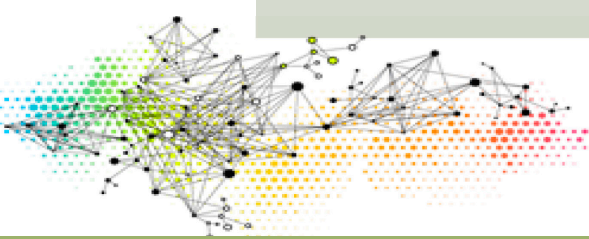
Role of Statistical Implementation Group

- Oversee the respective pilots from the content side (work on templates, country coverage and metadata)
- Can issue change requests for DSDs to SDMX-MES Ownership Group
- Available DSDs
 - ▣ 1 DSD for BOP (incl. IIP)
 - ▣ 7 DSDs for National Accounts (5 for SNA2008 / ESA2010, 2 for SNA93)
 - ▣ 1 DSD for FDI
 - ▣ Price Indexes (in progress)

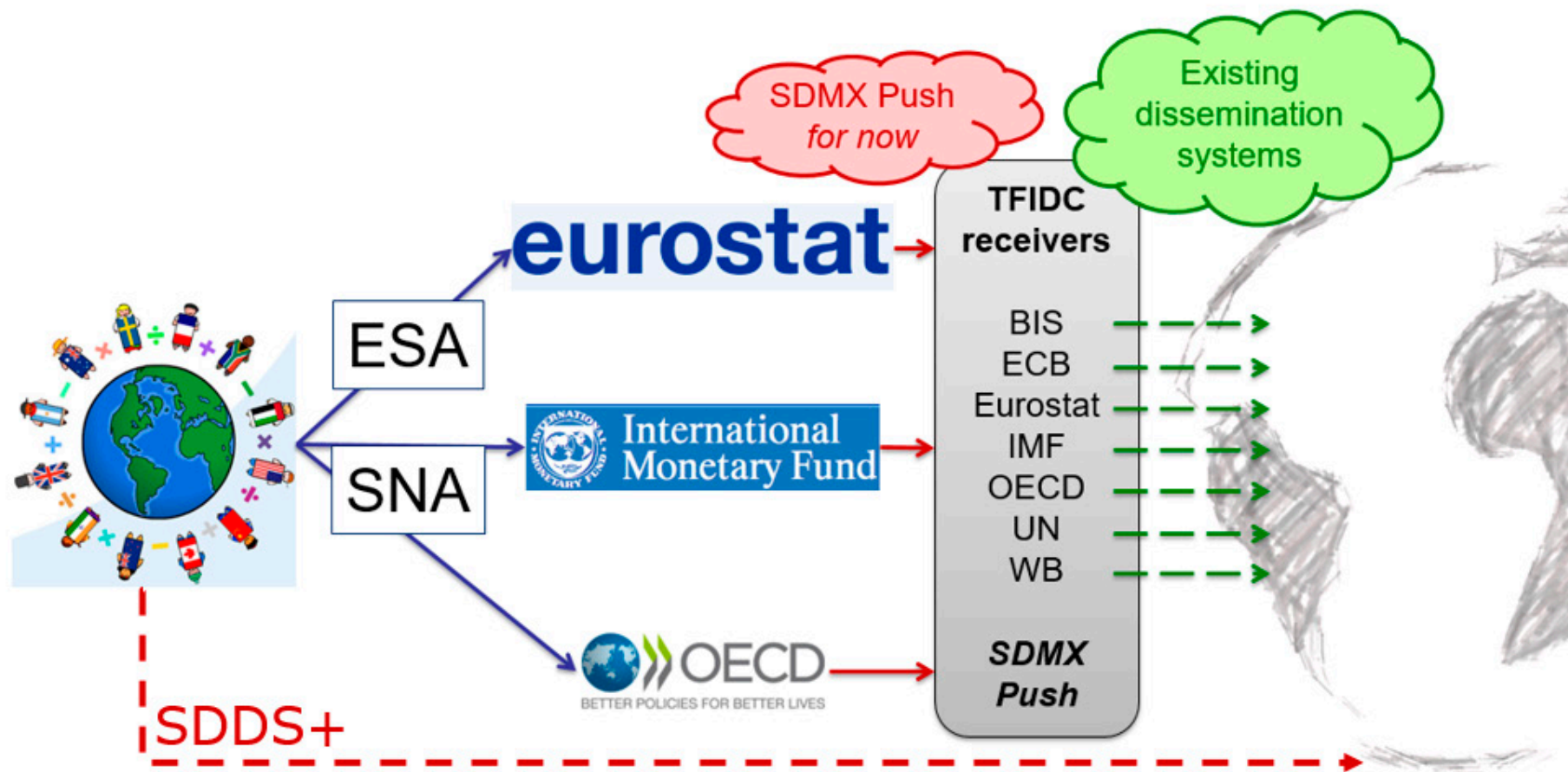


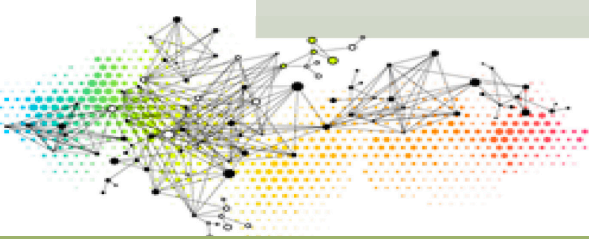
Role of Technical Implementation Group

- Oversees technical implementation of IDC pilots based on existing technical standards
- Liaise with SDMX governance bodies (SWG, TWG) in case there is feedback or request to the general SDMX standards (TWG) and/or guidelines (SWG)
- Pilots:
 - Pilot 1: GDP – in production
 - Pilot 2: Sector Accounts – in testing
 - Pilot 3: BOP – in preparation

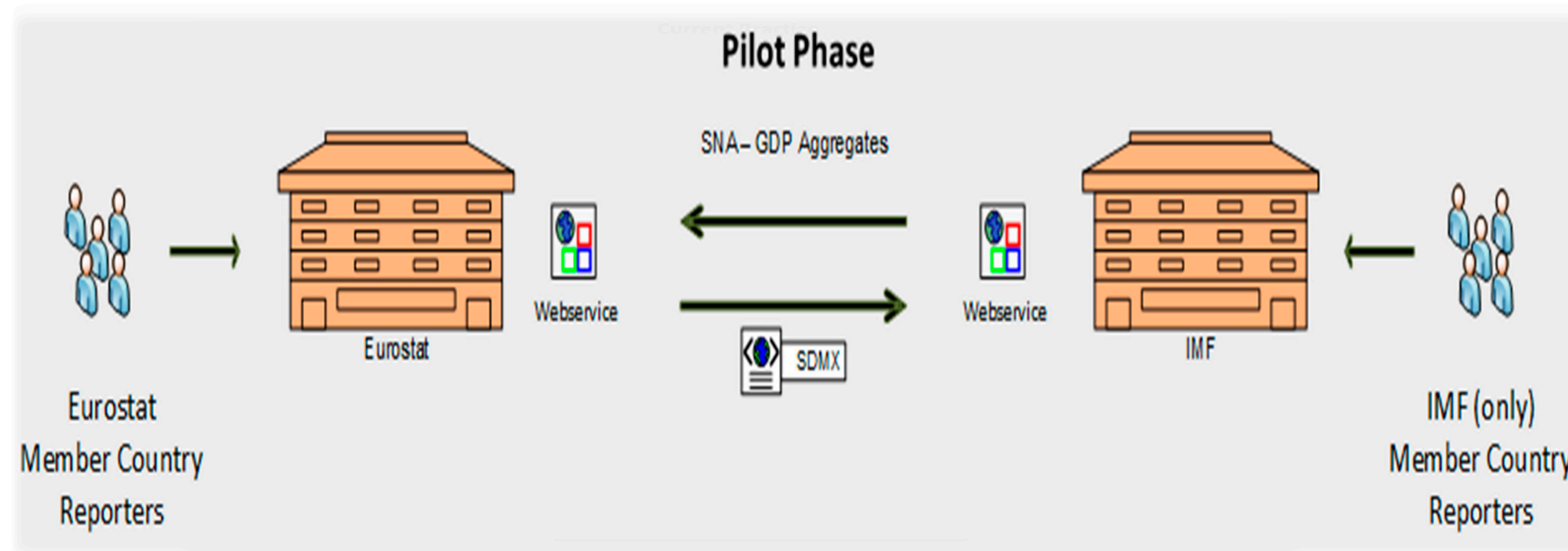


Data Cooperation – Current Setup



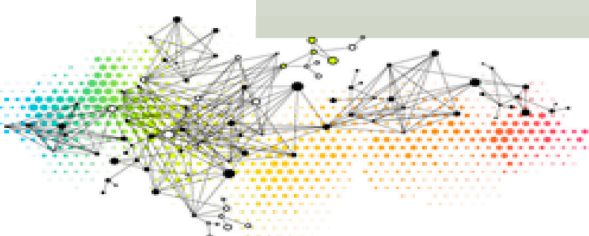


Pull data exchange for GDP Pilot 1



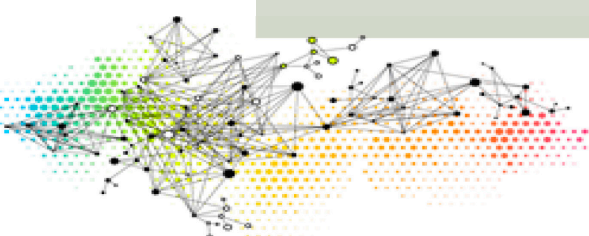
Benefits

- Reduced reporting burden on countries
- All organizations disseminating same data
- Data processing/validation burden reduced on collection organizations
- Reduced manual work



Pull data exchange for GDP Pilot 1

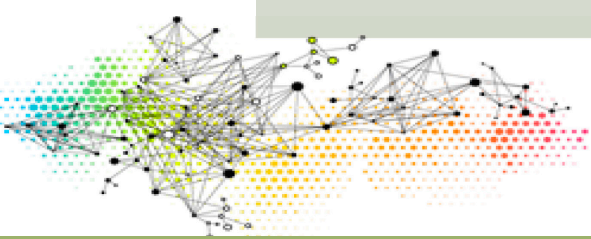
- Challenges faced:
 - Content streamlining takes time and subject matter experts involvement
 - Dedicated teams are preferred during the implementation phase
 - Technical implementations at each organization may not be fully compliant to standards and at times require adjustments
 - Testing requires coordination across organizations and needs planning due to availability and time differences



Examples of SDMX in action

- Within the European system SDMX is used as a standard for data exchanges
- IOs are using SDMX for streamlined data exchange
 - ▣ Pilot 1: GDP (pull mechanism implemented)
- IMF is leveraging SDMX for the Data Standards Initiative
 - ▣ core of SDDS Plus and eGDDS standards
- AfDB is promoting within their membership by offering common tools under the African Information Highway (AIH) initiative

*Commercial companies have started offering out of the box support for SDMX



Questions?

Thank you



MEASURING GDP IN A DIGITAL ECONOMY

Global Conference on the G-20 Data Gaps Initiative
Washington DC, June 14 – 15, 2017

Presented by
Peter van de Ven (OECD) and Gabriel Quirós (IMF)



Contents



- Background
- Some potential mismeasurement issues addressed:
 - New forms of intermediation services
 - Consumers as producers
 - Free and subsidised consumer products
 - Cross-border flows
 - Prices and volumes
- Some results of the OECD survey of country practices
- Conclusions and way forward



Background



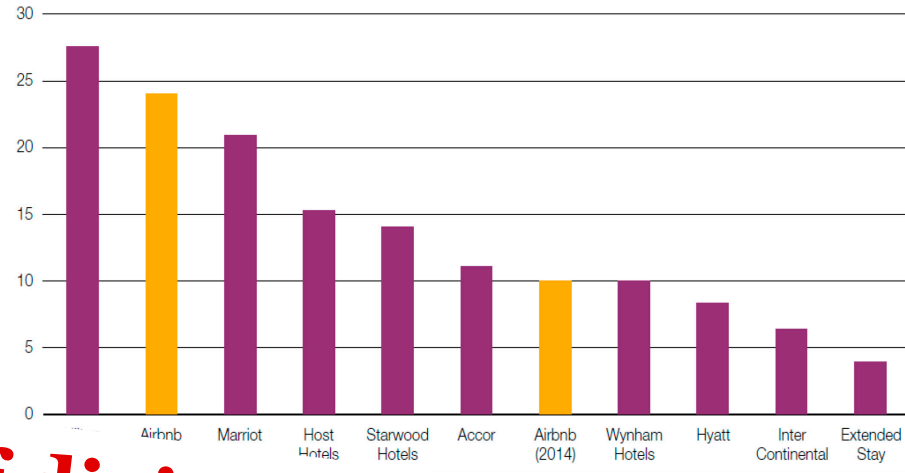
Increased prevalence of 'new' transformative (digital) technologies ...

Mismeasurement of digital economy??

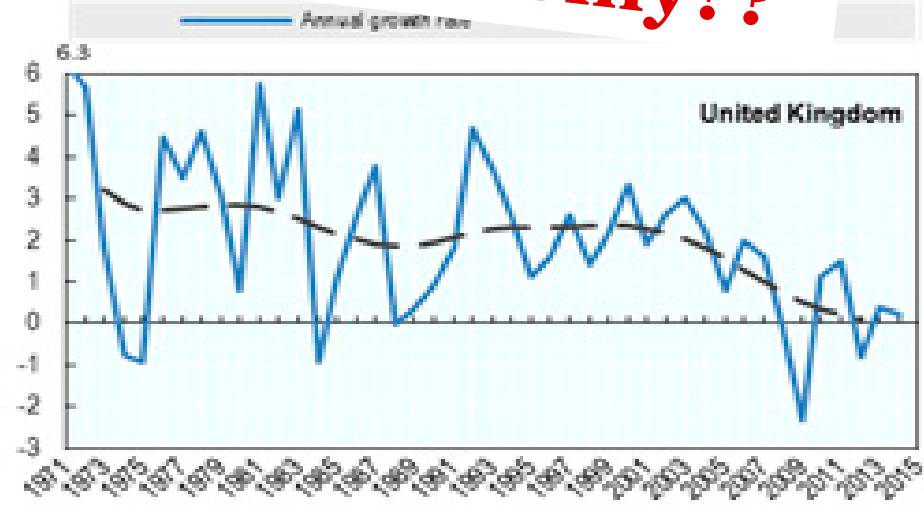
but ...

... declining productivity

Market capitalisation of Airbnb (£ Billions)



Source: The Telegraph.





Very present in the public debate



Charles Hulten:
“Valuing the Net and the wide range of applications... is challenging.... and their omission or undervaluation surely affects GDP.”

Charles Bean:
“statistics have failed to keep pace with the impact of digital technology”

Diane Coyle: *The pace of change in OECD countries is making the existing statistical framework decreasingly appropriate for measuring the economy*

THE WALL STREET JOURNAL.

Silicon Valley Doesn't Believe U.S. Productivity

The U.S. Underestimates Growth



FINANCIAL TIMES

The internet and the productivity slump

ComputerWeekly.com

Why we're measuring the digital economy in the wrong way

The Economist

Technological progress often raises productivity in ways that statistical agencies struggle to detect



The ill-defined nature of the issue has not helped

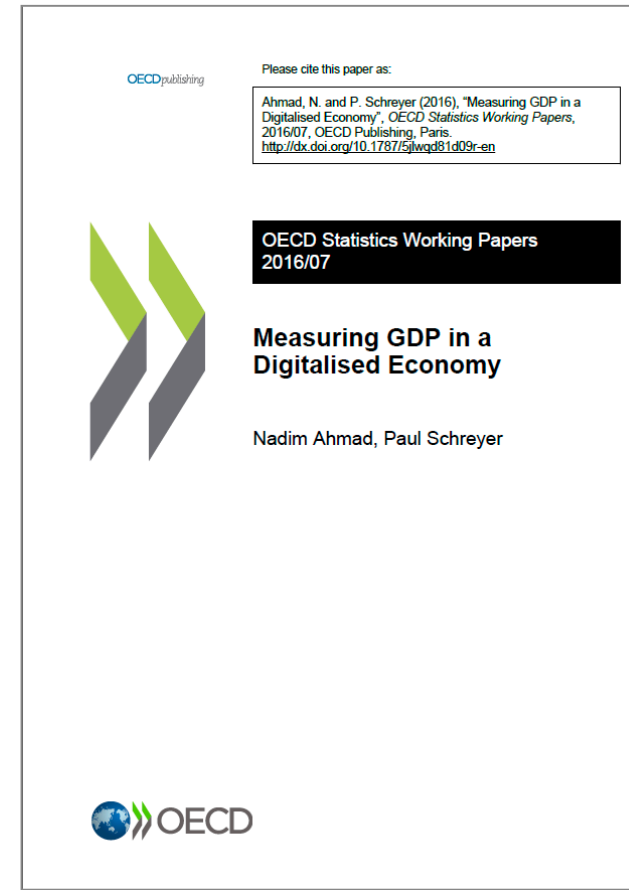


There is often confusion between:

- **Conceptual** versus **compilation** issues
- **Consumption** versus **welfare**
- **Volume** versus **nominal**

Recent **OECD** paper published in **2016** reviews these issues more systematically

Followed up by **OECD-IMF Interim report** published in **2017**





Some potential mismeasurement issues addressed



Issue 1: New forms of intermediation services



New forms of intermediation of Peer-to-Peer services



- Digital platforms provide **intermediation services** that facilitate peer-to-peer transactions
- Underlying transactions are **not new**, but more **pervasive** and **provided differently**:
 - Taxi reservation service => *Uber*
 - Travel agent => *Booking.com*
 - Hilton online reservations => *Airbnb*
 - Banks => *Peer-to-peer lending and crowdfunding*





Issues and solutions



Covered by SNA concepts:

- **Margin service** provided by intermediary
- (Occasional) **self-employed** providing the relevant service

Measurement issues (1):

- **Under-declaration** of output by occasional self-employed, but ...
- ... in case of Airbnb existing imputation for owner-occupied dwellings ...
- ... also note that output \neq value added; shift from final consumption to **intermediate consumption**
- **Digital intermediaries** are increasingly asked to **disclose turnover** from clients
- New approaches to measurement, **directly from intermediaries** (tax data, credit card data, big data)



Issues and solutions (cont.)



Measurement issues (2):

- **Increased use of durables** in production, e.g. cars used for taxi-services, to be (partly) treated as investments
- **Not a new phenomena and no impact on GDP** (shift from consumption to investment)
- Investment would increase by 0.04% in the UK if Uber drivers' expenditures on automobiles were recorded as investment
- **Classification as digital sector activity and by industry**



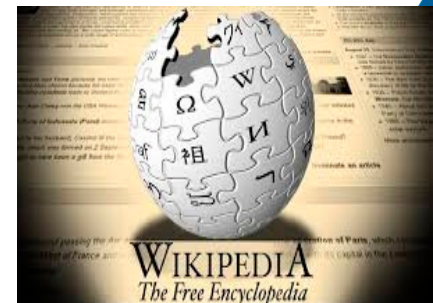
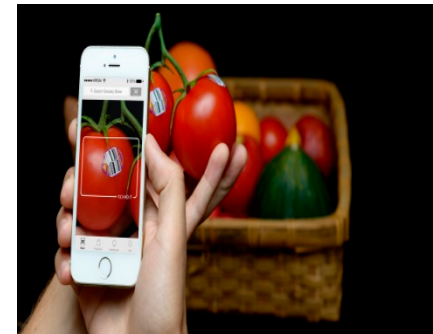
Issue 2: Consumers as producers



Consumers as producers: blurring of production boundary



- Internet access by households has led to **blurring** between household production for market purposes, own account production, consumption, leisure:
 - Own booking of hotels, flights by households
 - Self-check in at airports
 - Self-service at supermarkets
 - On-line banking
- Movement **from dedicated market producers out of market**
- Households generate **free assets**: Wikipedia, Linux
- Clearly, element of production but also leisure
- Not captured in GDP

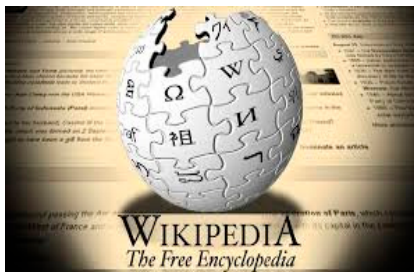




Issues and solutions



- **Is there a conceptual issue? => No**
- Joins traditional discussion about unpaid household activities, such as childcare, preparing meals, gardening
- Note: Unlikely to resolve productivity and growth puzzle



Value of free digital services provided by Wikipedia, range from 0.0004% to as much as 0.0094% of World GDP (OECD-IMF, 2017)

- **Further elaboration in a satellite account type of framework**



Issue 3: Free and subsidised consumer products



Free and subsidised consumer products



- **Free apps, search capacity** by Google, **social networking capabilities** through Facebook etc.
- Financing via **advertisements** or **data and databases**
- Frequently cited as **output that goes unnoticed** despite contribution to consumer welfare
- Advertising costs are covered in the SNA ...
- ... implicit transaction between consumer and software/media provider **not directly reflected in GDP**





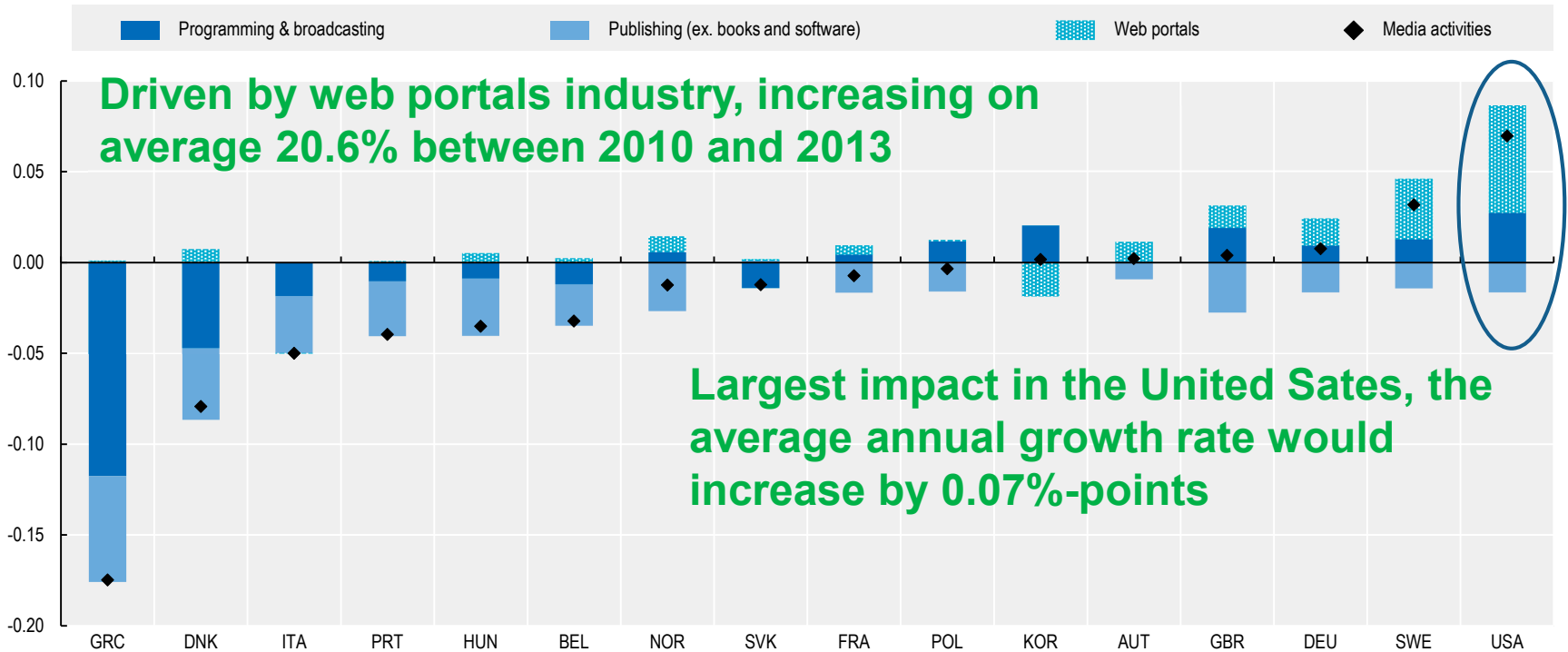
Issues and solutions



- Accounting issue: **who produces what for whom?**
- Some debate about **imputation of additional output and value added** of “information services”
- Note: a **very old problem** (i.e. broadcast television and radio)
- **Financing via advertising:** less than 0.5% of world GDP, impact on GDP growth 0.019% (Nakamura and Soloveichik, 2015)
- **Financing via data and databases:** Explicit sales of data are small, but companies use data for better services to users and for advertisers to better target audiences
- **Further elaboration in a satellite account type of framework**



Estimated impact of “free” media on GDP growth, 2009-2013



Average 2009-2013, percentage points

Notes: Data for BEL, KOR and POL refer to 2012-2013, for FRA, GRC to 2010-2013 and for the USA to 2011-2013.

Source: OECD calculations based on data from OECD SDBS database, OECD Annual National Accounts database and US Census Bureau data. The GDP deflator was used for deflation purposes.



Issue 4: Cross-border flows



Issues



- How to **classify and value** ICT-enabled cross-border services?
 - Do Uber's cross-border transactions represent **business services or transport services**?
 - Should the flows, if they are cross-border, be **recorded as the full cost paid by the consumer**, or **net receipts received** by company (e.g. Uber)?
- **IPPs** that give rise to royalties or licencing agreements are significant
- Associated **income flows** tend to be captured but:
 - International location of use and ownership of assets – what is **payment for service**, what is **property income**?
 - Allocation to countries biased by MNEs' **tax optimisation**



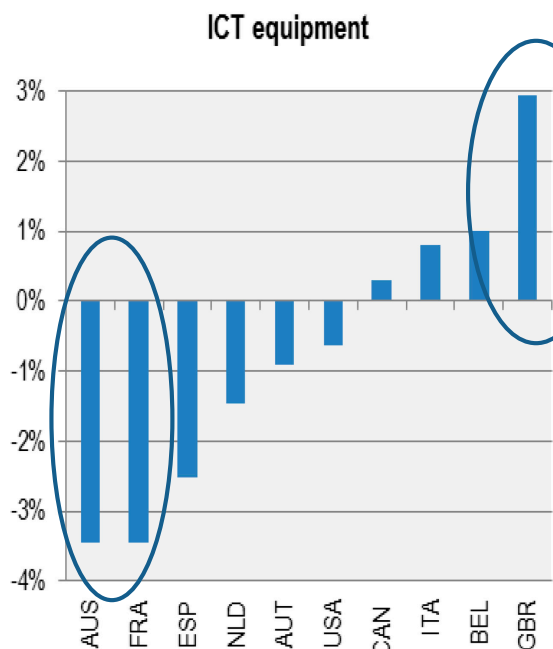
Issue 5: Prices and Volumes



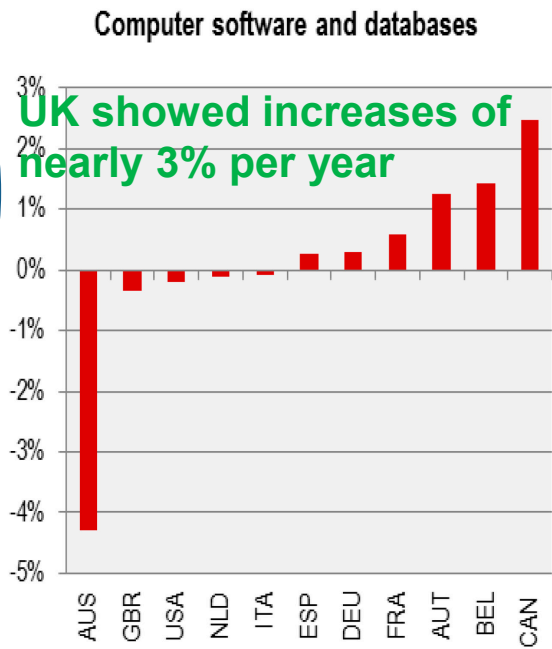
Price indices for ICT assets and communication services



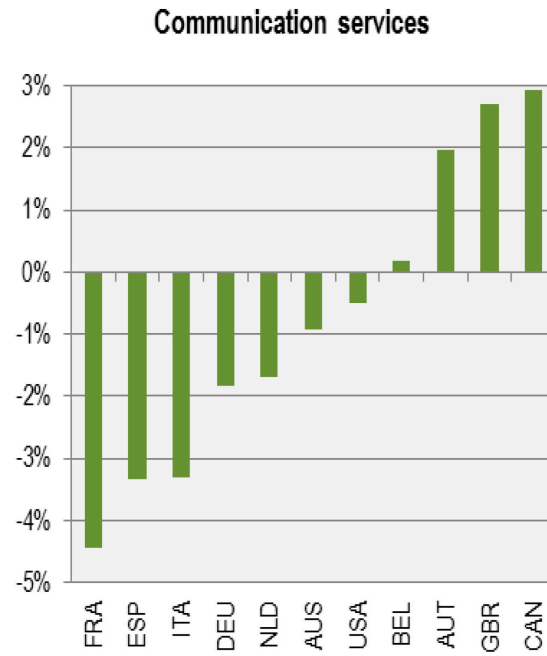
Average annual growth rate in percentage, 2010-2015 (or latest available year)



Australia and France showed declines of more than 3% per year



UK showed increases of nearly 3% per year



Notes: Data reported for Spain for ICT equipment and Computer software and database correspond to the period 2010-2014. Data reported for Austria for Communication services correspond to the period 2011-2015.

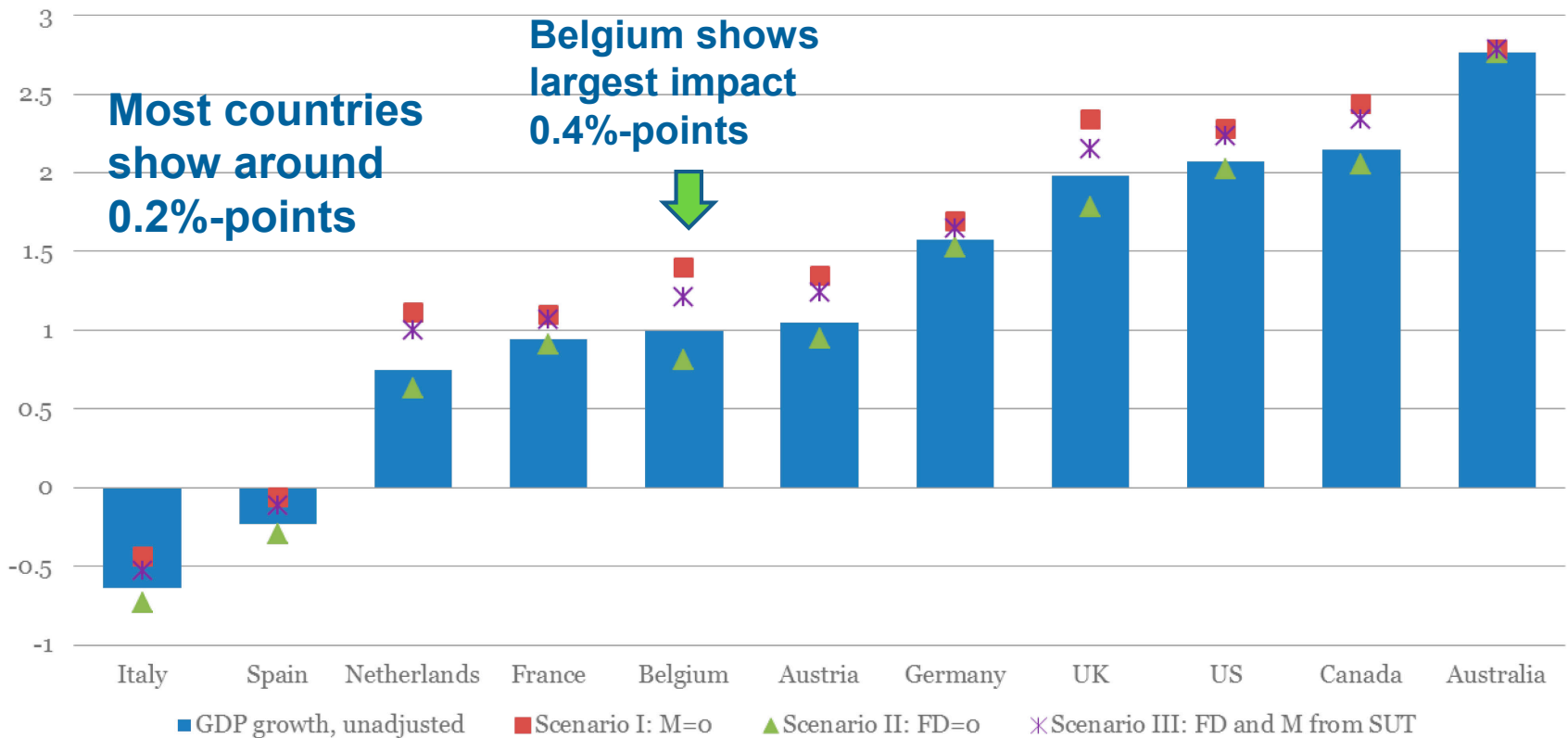
Source: OECD National Accounts Statistics, OECD Productivity Database, OECD Prices and Purchasing Power Parities database, Australian Bureau of Statistics, U.S. Bureau of Economic Analyses and Statistics Canada, February 2017



Aggregated impact of ICT assets and communication services



Average annual growth rate in percentage, 2010-2015 (or latest available year)
Using lower bound price indices

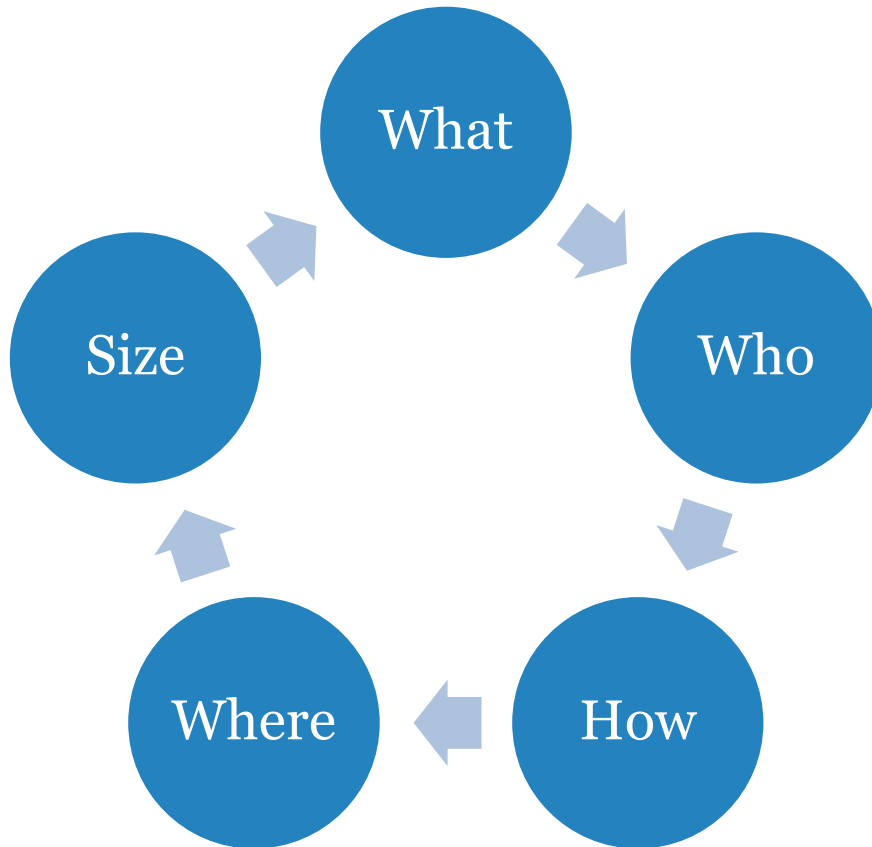




Survey of Country Practices



Survey on measurement of GDP in a digitalised economy



Aim: Take stock of current and best practices of OECD countries and key partners

29 country responses



Some results



- 6 countries capture **digital rentals in dwelling services** (e.g. Airbnb) mainly via tax records
- 3 countries have information on **P2P lending and crowdfunding**, captured through specific surveys and financial reports
- 5 countries accurately capture the **intermediation fees** charged by digital intermediaries
- 8 countries make a **distinction between investment and consumption** when a good can be used for dual purposes



Some results (cont.)



- 8 countries support the inclusion of an imputation for **free media**
- No countries have information on household production of **free assets**
- 4 countries have information on **cross border IPP** transactions
- 15 countries measure investment in and production of **databases**



Main conclusions and way forward



Conclusions and way forward



- **Conceptually, national accounts appear up to the task, but ...**
- **...measurement procedures** in some areas **may require improvement**
- **Mismeasurement is unlikely to explain productivity and growth slowdowns**
- Bear in mind that GDP is a measure of (market) production, **not an indicator of welfare**; it does not take into account consumer surplus
- **Is there a rising gap between GDP and welfare?**



Conclusions and way forward



- Whatever the case, there is a need to **complement GDP** with indicators on well-being and welfare (satellite accounts)
- Furthermore, regardless of the outcome of some conceptual discussions, there is a need for significantly **more data** on the digital economy
- **Exchange of best practices** will be helpful
- **Way forward:**
 - OECD project “Going digital”
 - Involvement in G-20 work (IMF/OECD)
 - Advisory Group on the Digital Economy



Conclusions and way forward



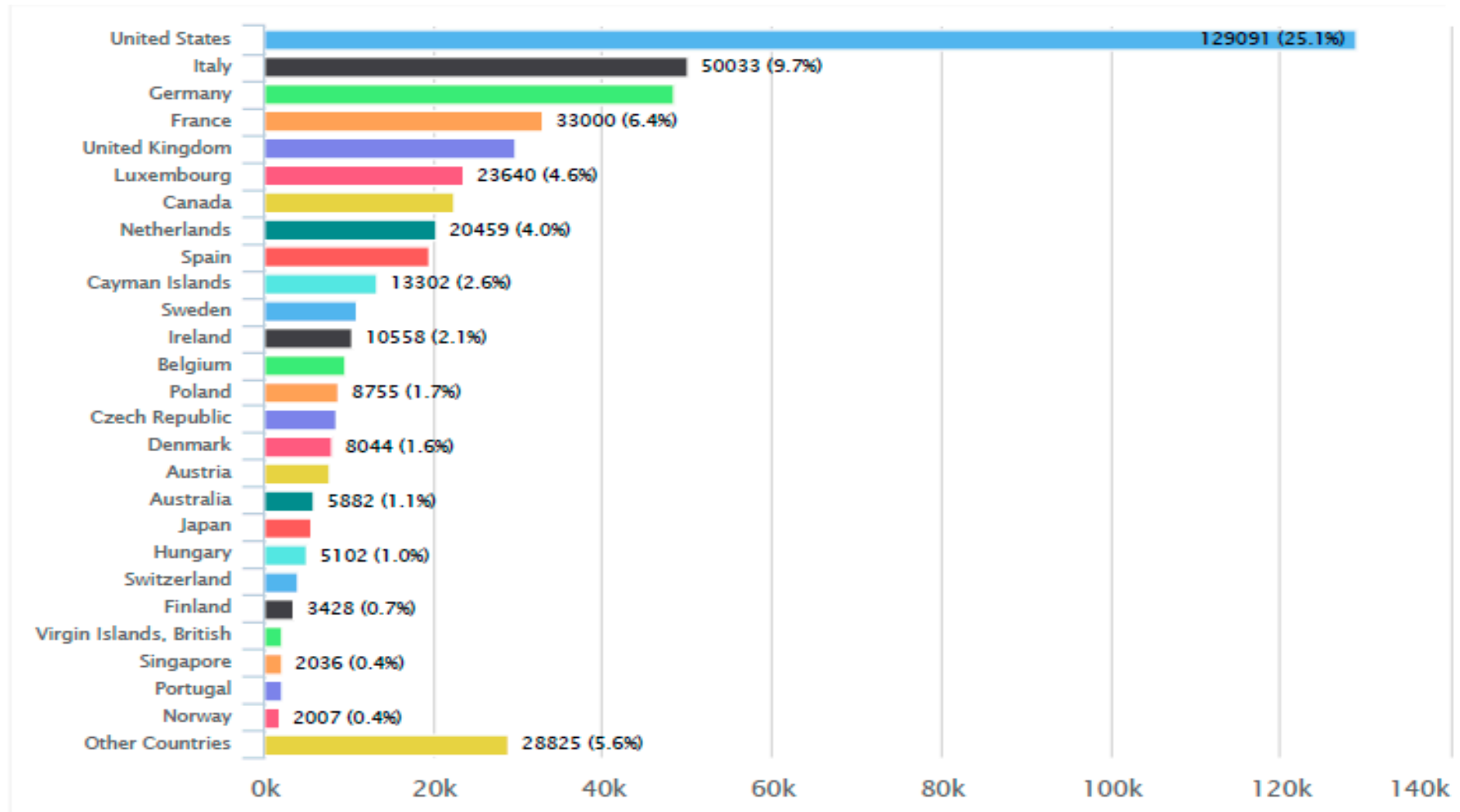
- Conceptual work may be needed on defining the digital sector and treatment of transactions in data
- Compilation issues may include own-account investment by data centre operators, classification of peer-to-peer transactions, and price indexes



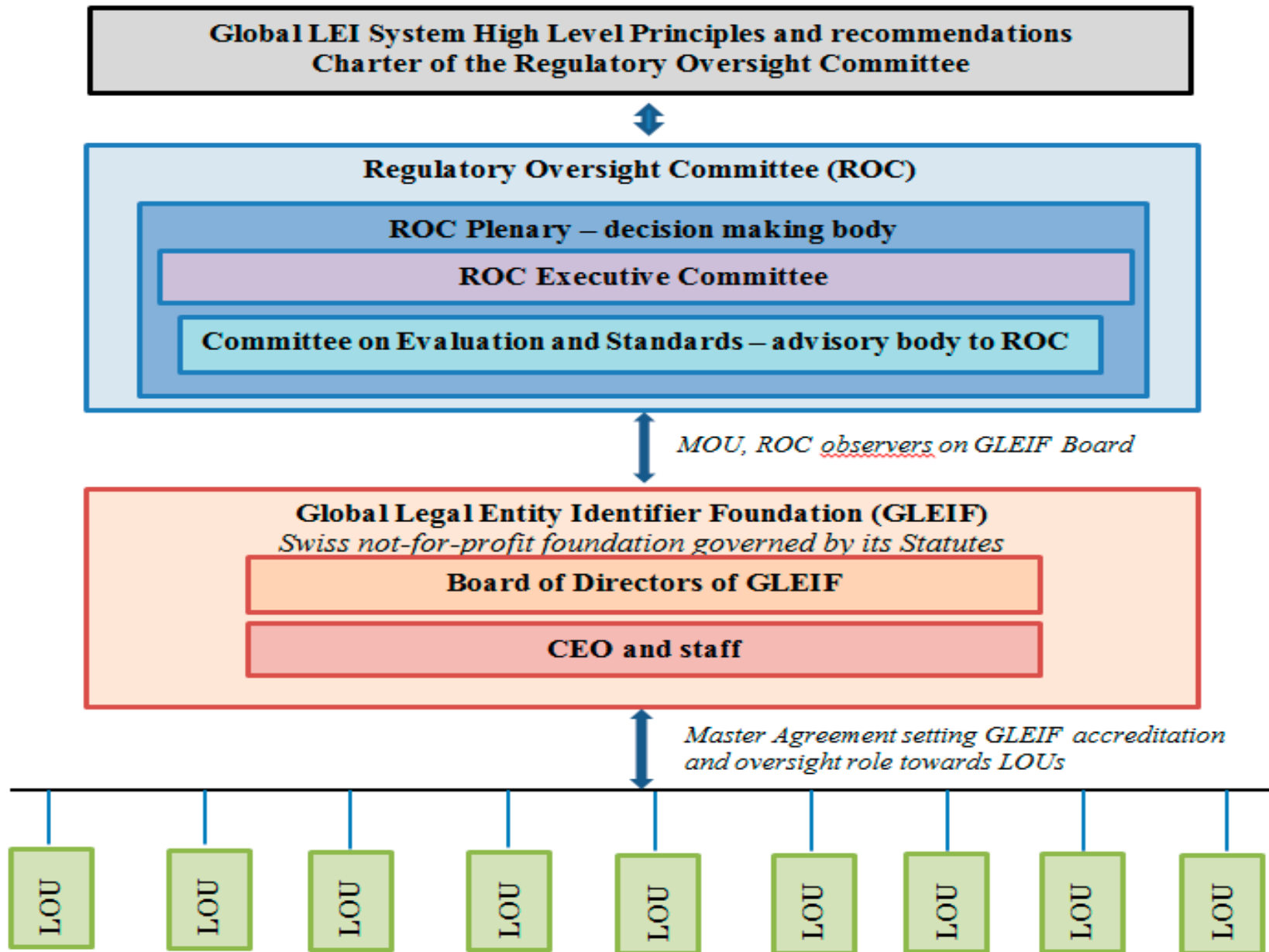
**Thank you for your
attention!**

- Brief update on the GLEIS
 - LEI adoption
 - Governance/Accreditation
 - The recent launch of the Level 2 data collection
 - Characteristics of the data to be collected
 - Relevance for statistical purpose --some high-level references
- Strategies to increase the LEI coverage
 - Support regulatory uses
 - Reduce registration costs
 - Enhance the LEI value for users (e.g. mapping with other identifiers)

More than 515,000 LEIs issued as of early June 2017. The LEI is available almost anywhere in the world (over 190 jurisdictions), although only some 70 jurisdictions so far have more than 100 LEIs.



- **Banks involved in correspondent banking:** SWIFT assessed that approximately 30% of the some 11,000 8-character BICs connected to its messaging network have an LEI (February 2016).
- **G-SIB** top entities generally have an LEI and for some, all consolidated subsidiaries have an LEI
- LEI coverage for **issuers** of debt securities, shares and investment fund units: 67% of total amount outstanding and market capitalization for EU residents and 45% worldwide (source: ECB, November 2015)
- 70-80% of major **CCP clearing members** (FSB Secretariat broad estimate for 10 major CCPs as of January 2016)
- Issue of **lapsed LEIs**: as of 4 April 2017, 30.6 % of LEIs not updated for more than one year.



- **LEI ROC report of 10 March 2016**, implementation started in May 2017
- **First step building on existing framework:**
 - **Entities will report relationship information to LOUs, which will verify the data based on public documents if available** (eg, list of subsidiaries in audited consolidated financial statements; regulatory filings), or other sources (especially for updates within accounting cycle)
 - **Information collected will be published** in the LEI System and therefore freely available for public authorities and market participants.
 - At this stage, only record relationship data that could be made public.
- **Information on parents would be part of the information that must be provided** by the entity to obtain an LEI (like its name and address), but option to decline providing this information for reasons that would be made public (e.g.: absence of a parent, legal obstacles and cases where disclosure would be detrimental to the entity or its parents).
- **Definition** of ultimate and direct parent based on **accounting consolidation** (as applying to the parent).

Data on parent entities: data sources

Example of IFRS disclosure
 BNP Paribas, consolidated financial statements, First half 2014, p. 75. This publication lists some 900 entities, including some 130 branches.
<https://invest.bnpparibas.com/sites/default/files/documents/2q14-cfs.32555.pdf>

| Name | Country | 30 June 2014 | | | | 31 December 2013 | | | |
|---|------------|--------------|------------|--------------|------|------------------|------------|--------------|------|
| | | Method | Voting (%) | Interest (%) | Ref. | Method | Voting (%) | Interest (%) | Ref. |
| Retail Banking - Belgium (cont'd) | | | | | | | | | |
| FV Holding N.V. | Belgium | | | | | | | | S3 |
| Immobilière Sauvenière SA | Belgium | Equity * | 100% | 99,9% | | Equity * | 100% | 99,9% | V1 |
| Special Purpose Entities | | | | | | | | | |
| BASS Master Issuer NV | Belgium | Full | - | - | | Full | - | - | |
| Esmée Master Issuer | Belgium | Full | - | - | | Full | - | - | |
| Retail Banking - Luxembourg | | | | | | | | | |
| BGL BNP Paribas | Luxembourg | Full | 66,0% | 65,9% | | Full | 66,0% | 65,9% | V1 |
| BGL BNP Paribas (Germany branch) | Germany | Full | 100% | 65,9% | | Full | 100% | 65,9% | E2 |
| BGL BNP Paribas Factor SA | Luxembourg | Full | 100% | 65,9% | | Full | 100% | 65,9% | V1 |
| BNP Paribas Lease Group Luxembourg SA | Luxembourg | Full | 100% | 65,9% | | Full | 100% | 65,9% | V1 |
| Colhylux SA | Luxembourg | Full | 100% | 65,9% | | Full | 100% | 65,9% | V1 |
| Special Purpose Entities | | | | | | | | | |
| Société Immobilière de Monterey SA | Luxembourg | Full | - | - | | Full | - | - | E2 |
| Société Immobilière du Royal Building SA | Luxembourg | Full | - | - | | Full | - | - | E2 |
| Retail Banking - Italy (BNL Banca Commerciale) | | | | | | | | | |
| Artigiancassa SPA | Italy | Full | 73,9% | 73,9% | | Full | 73,9% | 73,9% | |

[GOLDMAN SACHS GROUP, INC., THE \(2380443\)](#)

as of 02/27/2015

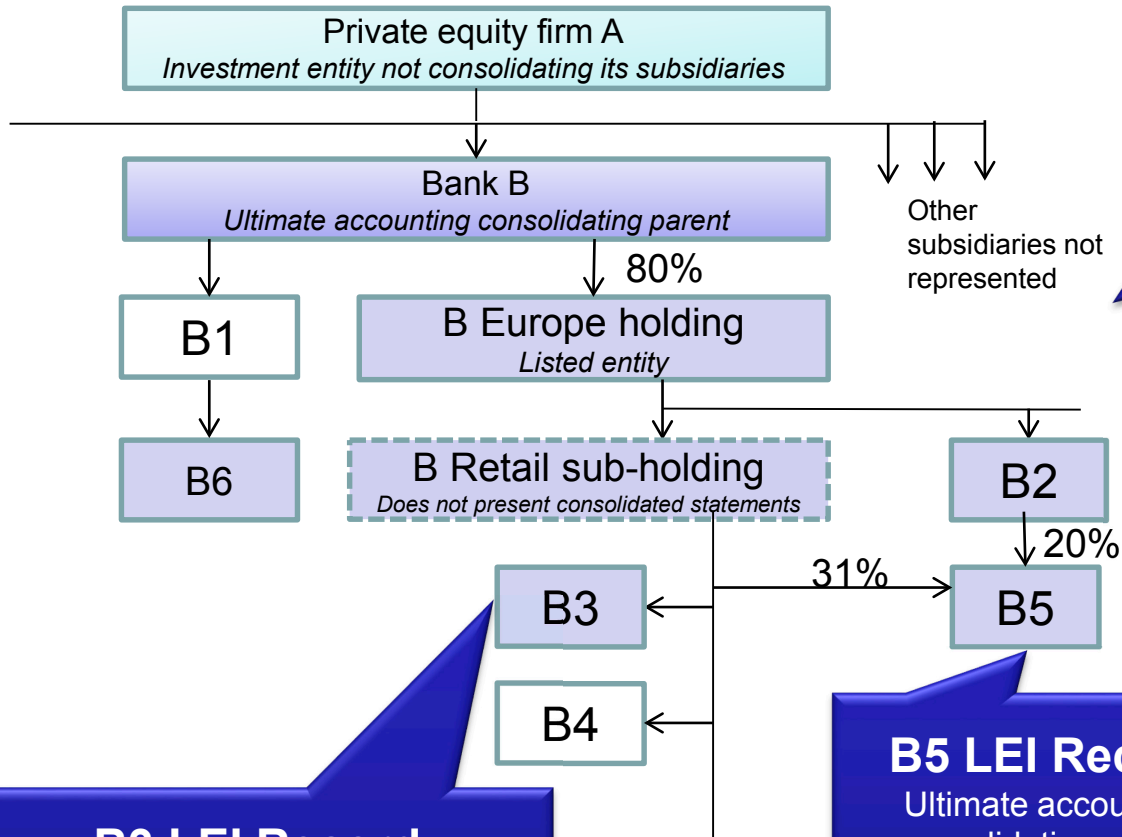
Hierarchy report with the following institution types: Commercial Bank, Cooperative Bank, Credit Union, Edge/Agreement Corporation, Financial Holding Company, Holding Company, Industrial Bank, Insurance Co. Broker/Agent/Underwriter, Nondepository Trust Company, Other Company, Savings Bank, Savings and Loan Association, and the Securities Broker/Dealer/Underwriter

Example of regulatory disclosure
 US Fed – reporting FR Y-10 (NIC Database) for Goldman Sachs Group INC. This list includes some 13000 entities. Entities that are not controlled are identified by a “+” sign
http://www.ffiec.gov/nicpubweb/nicweb/OrgHierarchySearchForm.aspx?parID_RSSD=2380443&parDT_END=99991231

| Seq Num | Name (RSSD ID) | Parent Seq | City | State or Country | Entity Type |
|---------|---|------------|-----------|------------------|--|
| 1 | * GOLDMAN SACHS GROUP, INC., THE (2380443) | | NEW YORK | NY | Financial Holding Company - Domestic |
| 2 | -* GOLDMAN, SACHS & CO. (1440528) | 1 | NEW YORK | NY | Securities Broker/Dealer |
| 3 | --* + AVENUE FINANCIAL HOLDINGS, INC. (3541483) | 2 | NASHVILLE | TN | Bank Holding Company |
| 4 | --* + ATLANTIC CAPITAL BANCSHARES, INC. (3555686) | 2 | ATLANTA | GA | Bank Holding Company |
| 5 | --* GS DIRECT, L.L.C. (3932317) | 2 | NEW YORK | NY | Domestic Entity Other |
| 6 | ---* GS DIRECT PHARMA LIMITED (3996935) | 5 | EBENE | MAURITIUS | International Nonbank Sub of Domestic Entities |
| 7 | ---* GS CHROMA HOLDINGS LIMITED (3996953) | 5 | EBENE | MAURITIUS | International Nonbank Sub of Domestic Entities |

- **Phase 1 could provide some baseline information** (e.g.: list of LEIs in the accounting perimeter of a group), in a standardised format, easily accessible to authorities and the public, provided entities keep the LEI status current.
- **Limitations of Phase 1, as implemented in 2017:**
 - **Simplified view**, e.g. concerning intermediary holding companies or complex control structures (see next slide).
 - Accounting definitions are for reporting relationships to investors on a **going concern basis**; may also affect the timeliness of information.
- **LEI ROC “will work on expanding the scope of relationship data in future phases, in consultation with relevant stakeholders.”**
 - Others have expressed the desire for more granular information on control/ownership (e.g. percentage of shares held), other group perimeters (e.g. regulatory perimeter), other investors in an entity, ...
 - Timing would take into account users needs and other constraints.

Data on parent entities: illustration



B3 LEI Record
 Ultimate accounting consolidating parent: Bank B
 Direct Accounting Consolidating Parent: B Europe Holding

B5 LEI Record
 Ultimate accounting consolidating parent: Bank B
 Direct Accounting Consolidating Parent: B Europe Holding

→ 100% control unless stated otherwise

B4 No fill = entity without an LEI

Utility of LEI for statistical purposes is widely recognized:

- The FSB noted in its Feasibility study on approaches to aggregate OTC derivatives data (2014) that the work on standardisation and harmonisation of important data elements is critical for any aggregation option;
- Mario Draghi (8th ECB Statistical conference in 2016) supported mandatory requirements regarding the use of the global Legal Entity Identifier;
- The Irving Fisher Committee work on data sharing (2015, 2016) also noted the importance of common identifiers to match micro data-sets and more generally the importance of developing common standards to facilitate granular data collection that may address different user needs.

Ongoing enhancements of LEI data may also support statistical work:

- Entity relationship information (L2 data) is widely used for compiling aggregate statistics (e.g. statistics on foreign direct investments or on foreign affiliates).
- “The combination of individual transaction reporting with a unique entity identifier and the incremental introduction of different types of data on the relationships between entities into the Global LEI System could offer new perspectives for consolidating or aggregating data using different perimeters” (IAG Reference document on *Consolidation and corporate groups: an overview of methodological and practical issues*, October 2015)

- **Continue to increase the number of rules and regulations requiring the LEI**
 - Sectoral approach, covering more and more entities
 - Limitation: financial sector regulators may not have authority on the counterparties of regulated entities
- **Some jurisdictions may adopt the LEI as a universal identifier for their domestic entities** (would require different pricing)
- **Incentivise voluntary adoption of the LEI**
 - **Reducing the price**, e.g. through greater competition.
 - **Facilitating issuance**, for instance with the concept of agents that would help collect the relevant documentation used for validation: a bank could be an agent for its client, or the top entity for group entities
 - **Increasing the benefits for users**: ongoing work by GLEIF and others to develop free mapping of LEI with other identifiers of entities (e.g: BIC) or financial instruments (ISIN), embed LEI in XBRL Taxonomy, ...

- **Over 50 national or regional rules** and regulations covering:
 - Argentina, Australia, Canada, 31 members of the European Union and European Economic Area, Hong Kong, Japan, Mexico, Russia, Singapore, Switzerland, US. (*Detailed table: <http://www.leiroc.org/lei/uses.htm>*)
 - New drafts or rules published recently in Brazil, India, South Africa.
- In half the cases, entities are required to acquire an LEI; in most other cases, LEI requested to be reported or used only if the entity already has one.
- Many areas:
 - **Derivative contract** reporting (Australia; Brazil, 7 Canadian provinces; EU; Hong Kong; India; Japan; Russia; Singapore; Switzerland; US)
 - **Banking supervision** (Argentina; EU; US)
 - **Insurance supervision** (US; EU)
 - **Entities rated by Credit Rating Agencies** (EU, US)
 - **Issuers of listed financial instruments, of securitised assets**

Price developments

- The GLEIF is in charge of accrediting new issuers since October 2016, leading to **new entrants and increased competition**
- **The three largest players displayed in May 2016 the following prices for first issuance/renewals:**
 - GMEI: USD 219/119
 - LSE: GBP 115/110 + VAT
 - WMD: EUR 140/90 + VAT
 - Other operators were cheaper but generally specialised in their domestic markets (e.g. Business registries)
- **Since May 2017, players with a global reach offer lower prices:**
 - Bloomberg started operating in May 2017 with prices of USD 75 for new LEIs and 50 for renewals.
 - GMEI: USD 100/80 since 31 May
 - LSE: GBP 115/70
- These prices include the GLEIF fee of currently USD 19 per LEI, likely to decrease with larger issuance.

Enhancing the value for users

- **LEI2BIC:** CPMI and FSB recommended that SWIFT and GLEIF develop a mapping between the BIC and LEI, likely to be implemented in the course of 2017.
- **LEI2ISIN:** GLEIF is working with ANNA on a mapping between LEI and ISIN
- **XBRL:** XBRL International released in May 2017 for consultation a new LEI taxonomy intended to provide a single and consistent way for regulators (and companies) to use LEIs within XBRL reports. This can support a common way to reference entities in reporting (e.g., potentially the reporting of related entities or subsidiaries in financial statements)
- The SWIFT community is discussing the inclusion of LEI in **payment messages**, following recommendations by FSB and CPMI
- Several GS1 entities (issuer of bar codes), have been accredited as LEI issuers, which could support LEI uses in **logistics**.