

**Twenty-Fifth Meeting of the
IMF Committee on Balance of Payments Statistics
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Data Sharing and Confidentiality

**Prepared by the Statistics Department
International Monetary Fund**

Data Sharing and Confidentiality

Introduction

1. At its annual meeting in 2011, the IMF Committee on Balance of Payments Statistics (Committee) discussed the feasibility of enhanced accessibility to data from surveys conducted by the IMF Statistics Department (STA) pertaining to reserve assets, namely data from the Survey of Securities Held as Foreign Exchange Reserves (SEFER), the Currency Composition of Foreign Exchange Reserves (COFER), and the Instrument Composition of Transactions in Foreign Exchange Reserves (INFER).
2. STA indicated plans to correspond with countries that report on these surveys, in order to share its proposals aimed at improving global surveillance and the IMF's understanding of financial interconnectedness, while safeguarding the confidentiality provisions of reported data.
3. This paper briefly updates the Committee on the status of STA's undertakings with regard to all three surveys, with a focus on SEFER. It also seeks the Committee's views on the proposed next steps for SEFER and INFER.

Survey of Securities Held as Foreign Exchange Reserves (SEFER)

4. SEFER—a companion survey to the Coordinated Portfolio Investment Survey (CPIS)—collects data on the geographic location (by country) of issuers of securities held in reserve assets, and the results are included (along with the Survey of Securities held by International Organizations) in the overall CPIS results. However, the SEFER data of individual reporting economies are not released; the data are disseminated in aggregated format only. As part of efforts to promote data transparency, the STA Director sent a letter in July 2012 to heads of agencies that report SEFER data, indicating that STA is considering potential changes to the use of SEFER data, each of which would require revisions to the existing confidentiality provisions. The letter requested the views of the 65 SEFER reporters on three issues, as follows:

- (i) To promote the transparency of the SEFER data, SEFER reporters were asked for their views on the possibility of revealing just the *names* of the economies participating in SEFER (not of individually identifiable data). It was noted that such disclosures would allow users to better understand the extent of data coverage. Presently, the names of economies participating in SEFER are known only to a few staff in STA with a need to know.

As of October 9, 36 responses were received. Of these, 33 supported the proposal, and 3 did not.

- (ii) To more closely meets the needs of analytical and policy work internal to the IMF, particularly of the Strategy, Policy, and Review Department, SEFER reporters were asked for their views on the possibility of generating a regular set of sub-aggregate tables, such as geographic (regional) detail, while fully maintaining the present confidentiality requirements for reported data of individual economies. It was noted that, presently only a few staff in STA have access to individual SEFER data and this limit on access would remain. The intent is to facilitate a more informed analysis of financial interconnectedness, an issue of growing importance to the international community.

As of October 9, 31 responses were received. Of these, 28 supported the proposal, and 3 did not.

- (iii) To facilitate the use of SEFER data for the purposes of Fund surveillance and financial analysis, reduce the number of duplicative data requests on countries, and improve the quality of IMF analyses and surveillance activities, SEFER reporters were asked for their views on the possibility of broadening the sharing of *confidential* SEFER data within the IMF, by increasing the number of staff who can see individual data to around 15 staff, while maintaining the present strict confidentiality with regard to the disclosure of individually identifiable data to all others.

As of October 9, 33 responses were received. Of these, 27 supported the proposal, and 6 did not.

5. Some countries asked for more detailed information on the proposals, such as copies of the tables that might be produced under proposal (ii), or the names of specific persons or teams who might receive access to data under proposal (iii). For the benefit of the Committee, STA's replies to these two questions are given below.

6. In response to the request for copies of tables that might be produced under option (ii), STA replied that it did not have draft tables to share at this time—and that these would be developed in consultation with other IMF departments after we have determined whether there was sufficient support to proceed with this proposal—but that it could explain this proposal in general terms. In particular, STA noted that, at present, data for all SEFER reporters combined are merged with data for the Survey of Securities Held by International Organizations (SSIO) reporters combined (SSIOs are international organizations who hold portfolio investment securities), and the combined total is used in producing so-called derived portfolio investment liabilities for each individual economy (see CPIS Table 5 at <http://cpis.imf.org/>). Data on holdings by all SEFER and SSIO participants combined are also published (see CPIS Table 6).

7. This proposal would permit STA to develop sub-aggregates for internal IMF use, while maintaining present confidentiality rules for individually identifiable data. For example, SEFER data might be presented by itself (i.e., not combined with SSIO data), or SEFER data might be aggregated in a table that shows some level of geographic allocation of

SEFER (or SEFER plus SSIO) data, such as data reported by all developed countries combined and data reported by all emerging market economies combined. Under this proposal, all sub-aggregates would be tested to assure that no individually identifiable data would be released.

8. In response to the request for names of specific persons or teams who might receive access to data under proposal (iii), STA replied that the confidential data might be shared with staff in several other IMF Departments (possibly including the Area Departments; Monetary and Capital Markets Department; Strategy, Policy, and Review Department; and Research Department), for surveillance and financial analysis. We reiterated that only a small number of staff (no more than about 15) with a need to know these data in fulfilling their mandate could be allowed access.

Status of Progress in Promoting Accessibility to Data from COFER and INFER

9. Although not a focus of the present paper, we provide below information on progress in promoting enhanced accessibility to data from the COFER and INFER surveys.

10. COFER is a quarterly survey conducted by STA's Financial Institutions Division that collects data on the currency composition of foreign exchange reserves as of the end of each quarter. It separately identifies reserves that are in the U.S. dollar, Euro, Pound sterling, Japanese yen, and Swiss franc. All other currencies combined are included indistinguishably in a category called "other currencies". Developments in regard to COFER are outlined in the *2012 Review of Data Provision to the Fund for Surveillance Purposes*¹.

11. In brief, a survey was conducted with IMF members. The main messages were (1) a willingness to support IMF's COFER data expansion, and (2) a commitment to cooperate with the IMF in this effort. The survey revealed that the overwhelming proportion of foreign exchange reserves are held in the five currencies identified in the COFER survey but two more currencies may be added to COFER. Also, there was support for revealing names of COFER reporters, with such a release to be timed in early 2013 following the launch of the SDDS plus and further consultation with reporters.

12. INFER is an annual survey covering the instrument composition of transactions and positions in foreign exchange reserves. It was launched following a recommendation in the Godeaux report (the same report that recommended the creation of the Committee) to help in the preparation of the annual table for the Committee on imbalances in the global aggregates. More specifically, the INFER survey provides the information that is needed by STA to reallocate reported transactions among functional categories, to better identify counterpart

¹ As of the date of preparing this Committee paper, the Board paper has not been publically posted.

transactions. Similar to SEFER, STA is exploring the extent to which sub-aggregates might be calculated while maintaining strict confidential treatment of individually identifiable data.

Proposed Next Steps for SEFER

13. In consideration of the input received from SEFER participants and the Committee, STA proposes the following way ahead:

- The names of countries who report on SEFER would be disclosed to the public with the end-2012 data. There was widespread support of this proposal by SEFER reporters (only 3 of the 36 SEFER reporters who responded to this survey question objected to the release of names). STA would correspond with these economies individually, to relay STA's decision on releasing names, and to encourage them to continue participating in the SEFER survey.
- STA will continue consulting with other IMF departments in developing global sub-aggregates for internal IMF use only, while maintaining present confidentiality rules for individually identifiable data.
- For data that has previously been reported to STA on SEFER under a pledge of confidentiality, there will be *no* broadening of the sharing of these data, within or outside the Fund, unless the provider of such data expressly consents to broadened sharing.
- For data that STA will collect on future SEFER surveys, STA proposes to revise its pledge of confidentiality, to allow for a larger number of individuals (up to about 15) within the IMF to gain access to the confidential micro-level data. The change in the pledge would be highlighted in the transmittal letter to SEFER reporters and on the ICS report forms. STA notes that several economies are opposed to broadened internal sharing of their confidential SEFER data (as noted earlier, 6 of the 33 SEFER reporters who responded to this survey question objected to broadened sharing). STA would correspond with these economies individually, to relay STA's decision on enhanced sharing, and to encourage them to continue participating in the SEFER survey.

Proposed Next Step for INFER

- Starting with the data for 2012, STA will revise the pledge to use INFER data only in the calculation of global aggregates, so as to be able to also develop sub-aggregates for internal IMF use, while maintaining present confidentiality rules for individually identifiable data.

Questions for the Committee:

1. *Do the members of the Committee have any comments on STA's four proposals on SEFER?*
2. *Do the members of the Committee have any comments on STA's proposal on INFER?*