

# **INTERNATIONAL MONETARY FUND**

## **Monetary and Financial Statistics Manual and Compilation Guide Revision**

**Statistics Department**



**Experts Meeting  
February 22–23, 2012**

**Summary of Main Conclusions**

**(March 20, 2012)**

<b>Contents</b>	<b>Page</b>
I. Chapter 1. Introduction.....	3
II. Chapter 2. Framework for Monetary Statistics .....	3
III. Chapter 3. Institutional Units and Sectors .....	3
IV. Chapter 4. Classification of Financial Assets .....	5
V. Chapter 5. Stocks, Flows, and Accounting Principles .....	5
VI. Chapter 6. Money, Credit, and Debt.....	7
VII. Chapter 7. Compilation and Dissemination of Monetary Statistics .....	8
VIII. Chapter 8. Beyond Monetary Statistics.....	9
IX. General Comments/Suggestions/Questions on the MFSMCG.....	9

## I. CHAPTER 1. INTRODUCTION

- Based on the Annotated Outline for the *MFSMCG*, do you agree with the proposed structure for the *MFSMCG*?
  - Participants agreed on the proposed structure of a combined *Manual and Compilation Guide*.

## II. CHAPTER 2. FRAMEWORK FOR MONETARY STATISTICS

- Is the coverage of the *MFSMCG* on the financial and nonfinancial assets and liabilities of the financial corporations sector appropriate?
  - Participants agreed that the coverage of the *MFSMCG* is appropriate. Some participants underscored the need for the *MFSMCG* to emphasize the greater focus placed on other financial institutions.
- What are the experiences on the uses and limitations of monetary statistics for financial stability analysis?
  - Participants considered monetary statistics to be one component of, but not central to, financial stability analysis. Monetary data are frequent, timely, readily available, and broadly comparable across countries. The main focus is on various measures of credit aggregates and the links between other depository corporations and other financial institutions. The importance of monetary statistics within an integrated set of financial accounts was also stressed.

## III. CHAPTER 3. INSTITUTIONAL UNITS AND SECTORS

- Does the meeting agree on a sub-sectoring of the financial corporations sector that is consistent with the *2008 SNA*, but that clusters them into three groups: a) central bank, b) other deposit-taking corporations (except the central bank) and MMFs, and c) all other financial corporations? (The first two groups are money-issuing sectors.)
  - Some participants preferred to separate MMFs from other deposit-takers as country practices varied.
  - Some participants indicated that it may be necessary to find a new name for the current ODC sector to avoid possible confusion with other-deposit-takers.
  - Some participants indicated that the current grouping of all other financial corporations into one sector (OFC sector) is too aggregated and that more detailed information is needed in particular areas, such as insurance corporations, pension funds, and investment funds.

- What are the meeting's views on the grouping of households and NPISHs into only one sector for monetary statistics purposes? Could an alternative be to keep both sectors together in the main reporting form, adding a memo item "of which, households" for countries that can collect such data?
  - The general consensus was that it is desirable to split the accounts of HHs and NPISHs. In particular, the need for data on the household sector was emphasized. However, separate data was not always feasible and the size and relevance of the NPISH sector may vary considerably across countries. Therefore, as a compromise, it was agreed that for monetary statistics purposes both sectors will be aggregated into "HHs and NPISHs," with a memo item line "of which: HHs" for countries that can report separate information on them.
- Does the meeting agree that clear criteria should be provided consistent with *2008 SNA*, to classify SPEs as separate institutional units or as part of their controlling corporations?
  - No additional comments were provided beyond those in response to the Issues Paper.
- What criteria should be provided for the sectoral classification of SWFs beyond that discussed in *BPM6*?
  - The meeting supported providing fuller guidance on the criteria for the classification of SWFs.
- What additional institutional units need to be discussed as borderline cases for residency?
  - Participants found the list of borderline cases for residency to be comprehensive.
- What institutional units in the financial corporations sector need further discussion in the *MFSMCG*, such as deposit insurance companies?
  - Participants found the list of institutional units in the financial corporations sector to be comprehensive. The need to provide guidance on the classification of central counterparties was strongly emphasized.
- Are further criteria than in *BPM6* needed to allocate the accounts that multiterritory enterprises hold with the financial corporations sector?

- No additional comments were provided beyond those in response to the Issues Paper.

#### **IV. CHAPTER 4. CLASSIFICATION OF FINANCIAL ASSETS**

- Is there support for a separate identification of MMFS under broad money instead of including them in deposits?
  - The meeting supported the classification of MMF shares or units under broad money as a financial instrument separate from deposits.
- Discuss and agree on the scope of cross-classifications for financial assets to be addressed in the *MFSMCG*.
  - The meeting supported the *MFSMCG* covering the different cross-classifications proposed for financial assets. Nonetheless, it was noted that the classification of loans by purpose could create reporting problems in some jurisdictions.
- Discuss and agree on the lists of borderline cases and of financial asset-related aspects that need additional guidance in the *MFSMCG*.
  - No additional comments were provided beyond those in response to the Issues Paper.
- Any comments on the list of suggested (new) financial assets not discussed in detail in the major financial assets categories and subcategories of *2008 SNA* that could be covered in *MFSMCG*. Are there other additions to the list?
  - Participants found the list to be comprehensive. The need to avoid being too descriptive or too prescriptive was stressed. One suggestion was to consult the financial industry to keep pace with financial innovations.

#### **V. CHAPTER 5. STOCKS, FLOWS, AND ACCOUNTING PRINCIPLES**

- How important is the reconciliation of stocks and flows for users in analyzing monetary data?
  - Data on flows and stocks were both considered to be important. Some participants emphasized the usefulness of flows/transactions, not least in calculating growth rates. The reconciliation of stocks and flows data for monetary statistics was also considered to be important. The practical challenge in compiling data on both stocks and flows was also raised. Some

participants indicated that users are becoming interested in the recording of “credit growth” net of such items as securitization and loan sales.

- To what extent should *MFSMCG* discuss IFRS and IAS based accounting rules? Is there support for valuation and recording principles to primarily follow the *2008 SNA* rules?
  - The general consensus was that monetary statistics should in principle be in line with the *2008 SNA* in terms of valuation. Nonetheless, the *MFSMCG* should provide practical advice on bridging valuation differences between *2008 SNA* standards and IFRS, with unlisted shares quoted as an example. It was noted that national commercial accounting practices may differ from IFRS. Adding a memorandum item for the nominal value of debt securities was suggested, to support debt analysis.
- What are the views on maintaining the different valuation treatment of shares and other equity on the liabilities side of the balance sheet in the *MFSMCG* from the *2008 SNA*.
  - There was not majority support for changing the current valuation of shares and other equity on the liability side at book value. Nonetheless, more emphasis will be placed on reporting the market value of equity as a memorandum item.
- Is there a consensus on the valuation treatment of nonfinancial assets? Should gross nonfinancial assets and accumulated depreciation (based on prevailing market prices) be shown separately?
  - The meeting agreed on having separate items for accumulated depreciation and gross nonfinancial assets on the asset side of the balance sheet.
- Discuss the potential costs and benefits of the proposed approach that tax credit and liabilities be recorded as “Other Accounts Receivable/Payable—Central/State/Local Government” rather than under “Miscellaneous Assets/Liabilities Items.”
  - The meeting agreed with this proposal.
- An additional issue was raised about the possibility of the *SNA* providing an option to record accrued interest on deposits and loans (separately identifiable) in “other accounts receivable/ payable” rather than with the underlying instrument.
  - It was agreed to investigate.

## VI. CHAPTER 6. MONEY, CREDIT, AND DEBT

- What are experts' views on elements to be covered in defining money?
  - The meeting supported the inclusion of a definition of money along the lines set out by IMF staff. It was agreed that the definition should also reference the store of value and liquidity aspects of money. The need to ensure that guidance on dollarization and co-circulation is provided in the MFSMCG was also mentioned.
- From the experience of the experts' what are the analytical criteria taken into account when reviewing the composition of monetary aggregates? How is the empirical approach used when establishing the components of money?
  - Participants shared a variety of experiences on the analytical and empirical approaches for determining the components of money, including in their responses to the Issues Paper. The *MFSMCG* can draw on these experiences in providing guidance on these areas.
- Is there support for the MFSMCG to cover counterparts to broad money? If so, how to include financial assets not issued by depository corporations but included in broad money?
  - The meeting supported the identification of counterparts to money. Some noted that interest in counterparts has risen in light of the financial crisis, particularly with regard to credit aggregates.
- What are the experts' views on the key elements of liquidity aggregates? Should credit extended by nonresident depository corporations be included in some measures? Should the issuer, holding and neutral sector approach to broad money also be applied to liquidity measures?
  - Participants recognized the usefulness of liquidity aggregates data while recognizing the difficulty in agreeing on a common, generally applicable definition. The discussion focused on measures of credit including credit extended by nonresident depository corporations. There was general interest in such measures, although some expressed concerns about the timeliness and quality of the data sources and that the information is beyond those for core monetary statistics. One participant indicated that if the same approach was used for determining liquidity issuers as for money issuers, broad liquidity would exclude Treasury-bills, which are often included in liquidity aggregates.

- What is the experience of experts in compiling data on “capacity of spending” or “potential purchasing power?”
  - No additional comments were provided beyond those in response to the Issues Paper.
- Are central counterparties either “money holding” or “money neutral” units?
  - Participants, particularly from Europe, noted difficulties that have arisen in understanding monetary aggregates given the increased role of CCPs. The meeting discussed their role as money neutral or money issuer/money holder. Experiences shared showed that inclusion of repo/deposits of CCPs in money measures could cause frequent fluctuations and make the measures less useful for policy purposes. It was agreed to investigate further, drawing on the experience in Europe.
- Are countries willing to provide national examples of monetary aggregates for inclusion in the *MFSMCG*?
  - Countries will be approached and asked for national examples. The idea was raised of including a box in the *MFSMCG* to help guide users in their cross country comparisons of data, particularly credit aggregates data.
- What is the experience of national experts with seasonal adjustment, particularly in periods of crisis, which could be covered in the revised *MFSMCG*?
  - Participants welcomed the inclusion of a discussion of seasonal adjustments in the *MFSMCG*. However, they also cautioned that the seasonally adjusted data could be distorted by financial crises and other unusual events.

## **VII. CHAPTER 7. COMPILATION AND DISSEMINATION OF MONETARY STATISTICS**

- Does the meeting agree that countries submit to the IMF, in addition to report form 2SR, two supplementary SRFs for deposit-takers and for MMFs?
  - The idea to separately identify MMFs generated various opinions, with some stressing the difficulties of compiling these data in particular in the required detail at monthly frequency. It was also mentioned that for several countries the data on MMFs are already included in the monthly SRF 2SR.
- Given the heightened user interest in the ties between the other financial corporations and other depository corporations:

- What subsector information on nonbank financial institutions should be included as memorandum items in the SRFs? In other datasets, such as sectoral accounts, it has been agreed to distinguish insurance and pension funds from other OFCs.
  - There was general recognition of the need for data on OFCs. As a way forward, IMF staff would investigate a breakdown of the OFC sector into ICPF, investment funds, and other institutions of the OFC sector. The need to be consistent with other data initiatives to avoid duplication was stressed. Many highlighted difficulties in collecting OFC data on a monthly basis, and suggested a quarterly frequency.
- What financial instruments are important to cover?
  - No additional comments were provided beyond those in response to the Issues Paper.

#### **VIII. CHAPTER 8. BEYOND MONETARY STATISTICS**

- Is there a consensus to keep the content and structure of Chapter 8 similar to those in the MFSM and the MFS Compilation Guide, provided necessary revisions are made to ensure consistency with the *2008 SNA*? Is there support for a section on the BSA matrix to be added?
  - Participants supported the inclusion of a section on the BSA matrix. Nonetheless, it was suggested to investigate the feasibility/possibility of introducing the from-whom-to-whom terminology.

#### **IX. GENERAL COMMENTS/SUGGESTIONS/QUESTIONS ON THE MFSMCG**

- Should amendments to the *MFSMCG* be issued periodically to keep the methodology in line with the development observed in the financial corporations sector?
  - The meeting supported the idea of posting specific updates/amendments on the Fund website as appropriate.