



PANAMA

TECHNICAL ASSISTANCE REPORT—MONETARY AND FINANCIAL STATISTICS

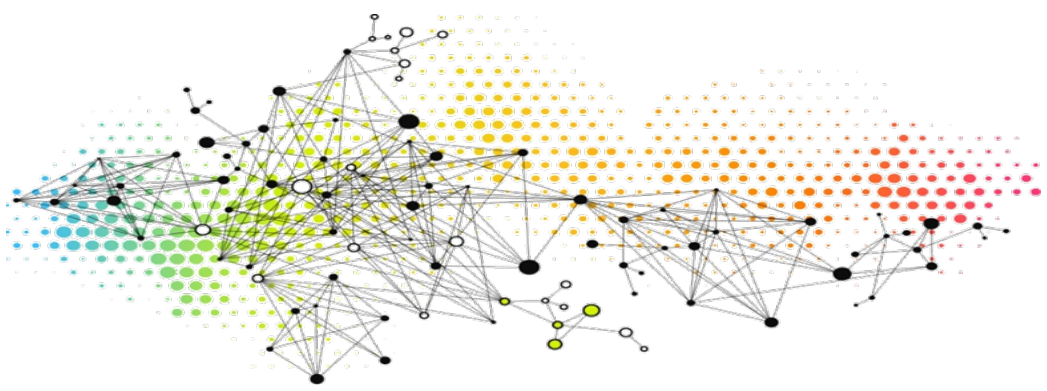
February 2021

This Technical Assistance Report paper on Panama was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with Panama. It is based on the information available at the time it was completed in September 2020.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: <http://www.imf.org>
Price: \$18.00 per printed copy

International Monetary Fund
Washington, D.C.



PANAMA

SEPTEMBER
2020

TECHNICAL ASSISTANCE REPORT ON THE MONETARY AND FINANCIAL STATISTICS MISSION (JUNE 22–JULY 10, 2020)

Prepared by José Carlos Moreno-Ramírez

The contents of this report constitute technical advice provided by the staff of the International Monetary Fund (IMF) to the authorities of the Panama (the “TA recipient”) in response to their request for technical assistance. This report (in whole or in part) or summaries thereof may be disclosed by the IMF to IMF Executive Directors and members of their staff, as well as to other agencies or instrumentalities of the TA recipient, and upon their request, to World Bank staff, and other technical assistance providers and donors with legitimate interest, unless the TA recipient specifically objects to such disclosure (see [Operational Guidelines for the Dissemination of Technical Assistance Information](#)). Publication or Disclosure of this report (in whole or in part) or summaries thereof to parties outside the IMF other than agencies or instrumentalities of the TA recipient, World Bank staff, other technical assistance providers and donors with legitimate interest, shall require the explicit consent of the TA recipient and the IMF’s Statistics Department.

CONTENTS

Glossary	3
SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS	4
BACKGROUND	6
A. Context	6
B. The Financial Corporations Sector in Panama	6
DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS	8
A. Compilation of the Other Depository Corporations Survey	8
B. Compilation of the Central Bank (National Bank of Panama) Survey	11
C. Compilation of the Other Financial Corporations Survey	12
D. Financial Sector Statistics and SDDS	13
E. Resources and Technical Assistance	14
F. DC Compilation System and Integrated Monetary Database	14
ACTION PLAN	15
TABLES	
1. Priority Recommendations	6
2. Structure of the Financial Corporations Sector (Summary)	7
3. Mission's Recommendations	16
APPENDICES	
I. Officials Met During the Mission	17
II. Structure of the Financial Corporations (Full list)	18
III. IFRS in the <i>MFSMCG</i> — Key Concepts	19

Glossary

FSD	Financial Studies Directorate
<i>IFS</i>	<i>International Financial Statistics</i>
IMD	Integrated monetary database
IMF	International Monetary Fund
IFRS	International Financial Reporting Standards
MCM	Monetary and Capitals Markets Department
MFS	Monetary and financial statistics
<i>MFSMCG</i>	<i>Monetary and Financial Statistics Manual and Compilation Guide</i>
NBP	National Bank of Panama
NFCs	Non-financial corporations
INEC	National Institute of Statistics and Census
ODC	Other depository corporations
DC	Depository Corporations
OFC	Other financial corporations
SBP	Superintendency of Banks of Panama
SRFs	Standardized report forms
SRF 1SR	Central bank standard report form
SRF 2SR	Other depository corporations standard report form
SRF 4SR	Other financial corporations standard report form
STA	Statistics Department of the IMF
WHD	Western Hemisphere Department of the IMF

SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

- 1. At the request of the Superintendency of Banks of Panama (SBP), and with the support of the International Monetary Fund's (IMF's) Western Hemisphere Department (WHD), a monetary and financial statistics (MFS) remote technical assistance (TA) mission from the IMF's Statistics Department (STA) took place during June 22-July 10, 2020.** The main objective of the mission was to assist the SBP in the compilation of *new* standard report forms for depository corporations (SRF 1SR and SRF 2SR) on the basis of internationally accepted standards, as set out in the IMF's *2016 Monetary and Financial Statistics Manual and Compilation Guide (MFSMCG)*, following the introduction of a new chart of accounts by the SBP, and to agree on an improved timeline to report monetary and financial statistics to STA, on a monthly basis. The work of the mission was facilitated by the excellent collaboration of the staff of the Financial Studies Directorate (FSD) of the SBP. The officials met during the mission are listed in Appendix I.
- 2. The mission assisted the SBP to develop standardized monetary data for the National Bank of Panama (NBP) and other depository corporations (ODC) using new report forms SRF 1SR and SRF 2SR.** A new compilation system was needed for two reasons: (1) the introduction of a new chart of accounts by the SBP; and (2) the need to implement the recommendations of the 2016 *MFSMCG*, which require new reporting forms. The mission assisted the authorities in developing a new compilation system based on the new source data and the new SRF 1SR and 2SR, which are based on the *MFSMCG*. The compilation system runs on an Excel file.
- 3. The depository corporations (DC) sector, which includes the NBP and ODC, represents a very significant share of the financial system and is dominated by banks.** DC's financial assets account for more than 81 percent of total financial corporations sector assets. The remaining financial intermediaries and auxiliaries are classified as other financial corporations (OFC) and represent around 19 percent of the total financial system. Within the DC's, onshore banks (bank with general license) represent more than 98 percent of total DC's. Offshore banks (banks with international license) are included in the OFC sector.
- 4. The SBP agreed to report offshore banks data to the National Institute of Statistics and Census (INEC)¹ regularly for their inclusion in the other financial corporations (OFC) survey.** Offshore banks, which should be classified as a type of OFC, are not included in the OFC survey. These data are reported to STA using the report form SRF 4SR, which is under INEC's responsibility. The INEC currently undervalues the OFC sector because of the exclusion of

¹ Instituto Nacional de Estadística y Censo (INEC) in Spanish.

offshore banks. Since 2007, the INEC took responsibility for compiling data on nonbank financial intermediaries and auxiliaries in Panama and for disseminating these data in the OFC survey.

5. The new source data for DC (accounting catalog and additional data on loans and securities) are of good quality, but its scope needs to be enhanced. The mission reviewed the data sources for DC and conducted a mapping exercise between available source data and the SRF 1SR and 2SR for the December 2019 reference period. While the SRF 1SR and 2SR can be computed with the new data sources, the data collection needs to be enhanced—currently, it lacks assets and liabilities with public nonfinancial corporations information and there is no breakdown between central government and state and local government positions (assets and liabilities).

6. The SBP will begin reporting the monthly *new* SRF 1SR and 2SR when requested by STA (expected by the end of 2020, in the context of the *new* SRF implementation project). In the meantime, the mission recommends using the current parallel reporting by banks (old and new catalog) to monitor the quality of the new data. The mission assisted Panama in becoming one of the first reporters of the new SRF 1SR and 2SR, which will provide direct input into the IMF's *International Financial Statistics* publication, WHD's monetary file, and other analytical uses.

7. Improving timeliness is key for the SBP to meet the Special Data Dissemination Standards (SDDS) requirements. The timeliness of monthly statistics for the DC is not consistent with the one month-after-reference-period SDDS requirement. The SBP agreed to disseminate the SRF 1SR and 2SR (NBP and other depository corporations) monthly with a lag of one month after the reference period, to meet SDDS requirements.

8. To support progress in the above-mentioned work areas, the mission proposed a detailed one-year action plan with the following priority recommendations to make headway in improving MFS quality and completeness. The details on the priority recommendations and the related actions/milestones can be found in the Section *Detailed Technical Assessment and Recommendations*.

Table 1. Panama: Priority Recommendations

Target Date	Priority Recommendation	Responsible Institutions
September 2020	Start compiling the SRF 1SR and 2SR using the compilation system developed by the mission and monitor data quality issues until the parallel reporting by banks ends and the new accounting catalog replaces the old one (expected by March 2021)	SBP
December 2020	Report the new SRF 1SR and 2SR to STA when requested (expected by end of 2020)	SBP
September 2020	The SBP to disseminate the monetary statistics based on the SRF 1SR and 2SR (NBP and other depository corporations) monthly with a lag of one month after the reference period, to meet SDDS requirements.	SBP

BACKGROUND

A. Context

9. In 2007, a TA mission assisted the SBP in compiling MFS using the SRFs. The work focused on the compilation of central bank and ODC (SRF 1SR and 2SR) standardized reporting forms for monetary statistics. The SBP currently use these SRFs to report monetary data to STA.

10. This mission, requested by the SBP and supported by WHD, focused on the compilation of new SRF data for depository corporations (DC)'s following the release of a new chart of accounts for banks. The release of a new chart of accounts used as source data to compile the SRFs requires development of a new compilation system that use the new source data to compile new SRFs. The mission took advantage of the new source data (chart of accounts) to implement the recommendations of the 2016 *MFSMCG*, which require *new* reporting forms (1SR and 2SR).

B. The Financial Corporations Sector in Panama

11. Following the *MFSMCG*, the financial corporations sector in Panama should be divided in three subsectors. These subsectors are: (1) the central bank; (2) the other depository corporations (ODC); and (3) the other financial corporations (OFC). In Panama, in the absence of a central bank, the NBP is the public entity in charge of conducting some functions that would

otherwise be performed by a central bank, in particular, being the fiscal agent of the government.² The entities belonging to the ODC and OFC subsectors are shown in Table 2.

12. The financial corporations sector in Panama is dominated by banks. As shown in Table 2, in December 2019 ODC had 110,230 million dollars in total assets, 98 percent of which were of onshore banks. The ODC also include saving and credit cooperatives, saving and credit associations, and money market funds, although data on these institutions are not available to the SBP. The OFC comprise offshore banks, representing 11 percent of the total financial corporations sector, insurance corporations (2 percent) and remaining financial intermediaries and auxiliaries (full list in Appendix II).

Table 2. Panama: Structure of the Financial Corporations Sector (Summary)

TYPE OF INSTITUTION	December 2019	
	Total Assets (millions of dollars)	Relative Size ¹ (in percent)
FINANCIAL CORPORATIONS	148,864	100
A. DEPOSITORY CORPORATIONS	121,080	81
1) National Bank of Panama	10,850	7
2) Other Depository Corporations	110,230	74
Onshore Banks (general license)	107,946	73
Saving and credit cooperatives	2,236	2
Saving and credit associations	48	0
Money market funds		
B. OTHER FINANCIAL CORPORATIONS	27,784	19
1) Offshore banks (international license)	17,040	11
2) Insurance Corporations	3,230	2
3) Finance companies	2,209	1
4) Non-money market funds ²	2,482	2
5) Other financial intermediaries and auxiliaries ³	2,823	2

Source: Superintendency of Banks of Panama.
^{1/} Relative to other depository corporations' total assets.
^{2/} Total assets include those of money market funds too.
^{3/} Comprises several types of corporations (see Appendix 2).

² In addition, Panama has designated the BNP as its fiscal agent and depository in its relations with the IMF.

DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

A. Compilation of the Other Depository Corporations Survey

13. The mission compiled the new SRF 2SR in collaboration with SBP's staff. The mission reviewed the primary and secondary data sources for banks and developed the compilation system, conducting mapping exercises between available source data and the SRF 2SR for one reference period (December 2019).

14. Preliminary compilation of the SRF 2SR has been done according to the new SRFs, which follow the new 2016 MFSMCG. Further, the new SRFs have been mapped to the current SRFs; hence, SBP compilers would be able to report ODC data using the current and the new forms, when requested to do so. The expectation is that STA will start collecting MFS data in the new SRFs by end-2020.

15. It is essential for data analysis to minimize breaks in the historical ODC data. Because the old and new source data are being reported by banks in parallel, the mission recommended to compare both sets of data in the following months, i.e., as the quality of the new data improves and stabilizes, to ensure that no unintended breaks in the series takes place. (Unintended breaks are unlikely, as the SBP provided banks with bridging tables that connect the old and new reporting requirements).

16. Valuation of financial instruments, including recording of accrued interest, broadly follows international accounting standards³. Provisions are separately identified in the asset side with negative sign; following the *MFSMCG* recommendation, in the SRF they are included as liabilities and recorded in Provisions for losses - Other – Other accounts payable. Some negotiable instruments are valued at amortized cost, but no adjustments to fair values are made for the compilation of the SRF 1SR and 2SR⁴. Since data on fair/market values are reported to the SBP, the mission recommends using these data to make valuation adjustments to the relevant negotiable instruments (equity and debt securities not valued at fair/market prices).

17. Source data for ODC are of good quality and allow for the compilation of monthly SRF 2SR, although there are some data limitations. In general, information in the primary and secondary data sources (accounting catalog and additional data on loans and securities by counterpart institutional sectors) are available with enough level of detail for the compilation of

³ Key references to IFRS in the *MFSMCG* are included in Appendix III.

⁴ Very few countries are able to make these adjustments.

the SRF 2SR. However, there are some limitations in the source data for a complete compilation of the SRF 2SR.

18. The main limitations of the source data for compiling the SRF 2SR are:

- **There is no distinction between assets and liability denominated in US dollars and in other foreign currencies.** This limitation is currently not important, as the total assets and liabilities denominated in foreign currencies is insignificant (in December 2019, they represented 0.7 and 1.0 percent of total assets and liabilities of the banks, respectively).⁵
- **The identification of assets and liabilities with the public sector is limited.** Because of this limitation, most assets and liabilities with the general government are classified as with the central government as counterparty, i.e., not capturing possible assets and liabilities with state and local governments. In addition, assets and liabilities with *public* nonfinancial corporations (NFC) are not separated from those of *private* NFC. In this case, all assets and liabilities with NFC are classified as with private NFC. Therefore, assets and liabilities with public NFC are misclassified. The mission recommended creating separate accounts to identify assets and liabilities with central government, state and local government, and public nonfinancial corporations in the following most quantitatively significant categories:

Account	Description	Relative size ¹ (in percent)
1.006.000.000.000.000.000	Loans (assets)	66
2.001.001.001.002.000.000	Sight Deposits (liabilities)	8
2.001.001.002.002.000.000	Term Deposits (liabilities)	20
2.001.001.003.002.000.000	Saving Deposits (liabilities)	4
1/ Relative to total assets.		

- **The identification of assets and liabilities with financial corporations is broken down by those with other banks and those with other financial intermediaries.** However, the *MFSMCG* recommends identifying assets and liabilities with ODC and OFC, respectively. Therefore, assets and liabilities with ODC that are not banks

⁵ The SBP is monitoring positions in foreign currencies other than the US dollar through a separate reporting form called "átomo de monedas"

(financial cooperatives, money market investment funds, and credit and saving associations) are misclassified as with OFC. (Due to the very small size of these intermediaries compared with banks, the mission does not emphasize the need to identify positions with these intermediaries).

- **There is no data on assets and liabilities in the form of money market shares and insurance technical reserves.** These two financial instruments were not compiled in the SRF 2SR, although the mission believes these positions are not very significant relative to total financial assets and liabilities. This is so because money market funds in Panama are not large and because banks do not provide insurance services, according to the SBP⁶.
- **Account 1.003.000.000.000.000.000 (securities investments) contain equity and debt securities.** Because these two are very different financial instruments (one representing ownership rights and the other a debt instrument), the mission recommends, following the *MFSMCG*, breaking down this account into two accounts, to capture the equity investments separately from the debt securities investments.
- **Loans by sector data (átomo de crédito) does not identify loans to public nonfinancial corporations.** The mission recommends adding a new category on loans to public nonfinancial corporations.
- **Equity and debt securities data (átomo de inversiones) does not identify securities issued by public nonfinancial corporations.** The mission recommends adding a new category on securities issued by public nonfinancial corporations.
- **Assets and liabilities with residents and nonresidents.** The explanation provided to banks in order to distinguish between assets and liabilities with residents and nonresidents could be improved. Currently, for assets it says “where the operation takes effect” (“donde surte efecto la operación” in Spanish). This explanation could mention residency, and not nationality, as the criterium to classify a financial asset or liability as with residents or nonresidents⁷.

19. Recommendations:

Start compiling the SRF 1SR and 2SR using the compilation system developed during the mission and monitor data quality issues until the parallel reporting by banks ends and the new accounting

⁶ Insurance services are commonly provided by affiliated insurance companies within the group.

⁷ For liabilities, the instruction is to classify according to the residence of the customer.

*catalog replaces the old one (expected by March 2021) (**priority recommendation**, deadline September 2020).*

*Report the new SRF 1SR and 2SR to STA when requested (expected to end of 2020) (**priority recommendation**, deadline December 2020).*

Use data on negotiable instrument's fair values to make valuation adjustments to equity and debt securities not valued at fair/market prices.

Create separate accounts to identify assets and liabilities with central government, state and local government, and public nonfinancial corporations in the most quantitatively significant categories (loan assets and deposit liabilities accounts identified in the report). (December 2020)

Breakdown account 1.003.000.000.000.000 (securities investments) in two, to capture the equity investments separately from the debt securities investments. (December 2020)

Add a new category on loans and securities to public nonfinancial corporations in the "átomo de credito and átomo de inversiones", respectively. (October 2020)

Improve the explanation provided to reporting banks to distinguish between assets and liabilities with residents and nonresidents (September 2020)

B. Compilation of the Central Bank (National Bank of Panama) Survey

20. Panama is a dollarized economy and does not have a central bank. However, the BNP is a government owned bank in charge of conducting some functions that would otherwise be performed by a central bank, in particular, being the fiscal agent of the government. In addition, Panama has designated the NBP as its fiscal agent and depository in its relations with the Fund. NBP has the same reporting requirements to the SBP as any other onshore bank.

21. The mission used the NBP data available at the SBP to compile the new SRF 1SR. Compiling the SRF 1SR at the SBP save significant resources, as the cost for the NBP to compile the SRF 1SR would be significant, while the cost to the SBP is minimal, because of the team dedicated and trained to compile the SRF 2SR. This arrangement (assigning to the SBP the responsibility to compile the SRF 1SR instead of the NBP itself) was agreed by the SBP and the NBP in 2007 and maintained during this mission.

22. The mission met with NBP officials⁸ to ensure data reporting consistency to STA and to the Western Hemisphere Department (WHD). In addition to the SRF 1SR and corresponding central bank survey, the Panama team at WHD receives additional data directly

⁸ Ms. Liliana Pinilla, Executive Manager, Gerencia Ejecutiva de Finanzas, and the following NBP staff: Ms. Nubia Boza, Mr. Moises Montero, Ms. Rosemary Ávila, Mr. Modesto Gómez, Ms. Julissa Morán, Ms. Gloria Arteaga, and Mr. Ricardo Arroyo.

from NBP. The mission met with NBP official to explain the content of the SRF 1SR and the arrangement to continue compiling this form by the SBP. The mission advised the NBP staff providing data to the WHD to regularly compare and reconcile these data with the SRF 1SR⁹.

23. In the central bank survey disseminated by STA, IMF accounts are compiled using Fund's records. To ensure consistency between IMF publications, STA uses Fund records from the IMF's Financial Department, in lieu of IMF accounts reported by countries, in its releases of the central bank survey. This practice is followed for all countries, i.e. not only for Panama. (When releasing NBP data, the SBP has the choice of requesting these data from the NBP or retrieving it from the IMF's website).

24. The depository corporations survey and its components (NBP and ODC surveys) should be disseminated by the SBP to ensure timely release of the data. Currently, these surveys are disseminated together with the OFC survey by the INEC, with significant delays. In addition, the SRF 1SR and 2SR (and corresponding surveys) are shared with the Central American Monetary Council (CAMC) and STA, for re-dissemination in their publications. The SBP provides hyperlinks to the CAMC and INEC websites, where these data are released to the public. However, relying on other agencies for disseminating the DC-related surveys result in delays than could be avoided with direct publication by the SBP.

25. Recommendation: Consider disseminating the NBP, ODC, and depository corporations surveys at the SBP's website using the SRF 1SR and 2SR and the IMF accounts data available at the NBP or the IMF (October 2020).

C. Compilation of the Other Financial Corporations Survey

26. The INEC is responsible for compiling data on nonbank financial intermediaries and auxiliaries. Since 2007, the INEC took responsibility for compiling data on the most relevant nonbank financial intermediaries and auxiliaries in Panama, and for disseminating the other financial corporations (OFC) survey. These data are reported to STA using the SRF 4SR.

27. Offshore banks are not included in the OFC survey. The mission met INEC staff¹⁰ to discuss the types of institutions covered by the SRF 4SR, finding out that offshore banks (bank with international license, in SBP's terminology) were not included in the SRF 4SR. The mission explained that these banks are not money issuers in Panama because they are not allowed by law to accept deposits from Panamanian residents. Therefore, they are not included in the category of ODC (i.e. in the SRF 2SR). Consequently, offshore banks should be included in the SRF 4SR,

⁹ Data reconciliation can be done by identifying which accounts for the SBP's accounting plan for banks are used to compile the NBP's balance sheet data released to WHD.

¹⁰ Ms. Nuria Bósquez, Mr. José Botello, Mr. Agenor Olivardia, Ms. María del Rosario Rodríguez, and Mr. Edwin Saucedo.

together with other types of financial intermediaries such as insurance companies or pension funds¹¹.

28. The SBP agreed to report offshore banks data to the INEC regularly for their inclusion in the SRF 4SR and OFC survey. Because the SRF 4SR is compiled quarterly, the SBP agreed to share quarterly data with the INEC regularly, with a lag of no more than two months after the end of the quarter, to meet the needs of the INEC¹².

29. Recommendation: The SBP to *share quarterly data on offshore banks (international license) with the INEC regularly, with a lag of no more than two months after the end of the quarter, to meet the needs of the INEC for the compilation of the SRF 4SR.*

D. Financial Sector Statistics and SDDS

30. The SBP is the official agency responsible for collecting, compiling, and disseminating banking sector statistics. The legal basis for the compilation and dissemination of monetary statistics, which have a broader coverage and different analytical approach than banking sector statistics, is not clearly assigned to the SBP or to any other official agency in the country.

31. Even if the responsibility for compiling monetary statistics is not clearly assigned to the SBP by law, this agency collaborates with international organizations, such as the IMF, in providing data that are analytically useful for macroeconomic analysis. There is a link from the SBP website to the website of the CAMC where the standardized reports are published following the framework and methodology of international statistical standards, such as the *Monetary and Financial Statistics Manual (MFSM)*.

32. At a national level, the INEC is responsible for disseminating macroeconomic statistics on the financial corporations sector. These data comprise the monetary statistics compiled by the SBP (SRF 1SR and 2SR), the OFC data (SRF 4SR), and the corresponding surveys. However, the mission found that the data based on the 1SR and 2SR is not available on the INEC website on a timely basis. Because of the interest of the Government of Panama in subscribing to the SDDS, the mission recommends to the SBP to disseminate the monetary statistics compiled by the SBP (SRF 1SR and 2SR) on a monthly basis with a lag of one month after the end of the reference period.

33. The SBP does not provide users with methodological notes on banking sector statistics. Nonetheless, the banking law available at the SBP webpage contains descriptions on

¹¹ *MFSMCG* Table 2.1 (page 11) and paragraphs 3.138-3.140.

¹² Offshore banks can be compiled in SRF 2SR format by the SBP with no effort. However, the INEC needs to transform these data into the SRF 4SR format. This transformation can be done with STA's assistance in a short period of time, if requested by the INEC.

classification of loans, securities, capital adequacy and other topics that inform on the methodology for presenting the data. Furthermore, the SBP maintains updated metadata in the e-GDDS country page, but a link from the SBP webpage to the IMF's e-GDDS webpage does not yet exist. The mission recommends developing metadata to support the dissemination of monetary statistics recommended in the previous paragraph (SRF 1SR and 2SR).

34. Improving timeliness is key for the SBP to meet the SDDS requirements. The timeliness of monthly statistics for the NBP and ODC is consistent with e-GDDS recommendations but not the SDDS requirements (one month after the reference period). The SBP disseminates aggregated banking data two months after the end of the reference month. More detailed quarterly data are also published two months after the end of the reference quarter. Banks report data promptly (10 working days, or two weeks, after the end of the reference month) and the SBP publishes data for individual banks, including the NBP, six weeks after the end of the reference month. The mission recommends the SBP to disseminate monetary statistics based on the SRF 1SR and 2SR (NBP and ODC) with a lag of one month after the reference period, to meet SDDS requirements.

35. Recommendations:

The SBP to disseminate the monetary statistics based on the SRF 1SR and 2SR (NBP and ODC) monthly with a lag of one month after the reference period, to meet SDDS requirements.

The SBP to improve metadata to support the dissemination of monetary statistics (SRF 1SR and 2SR).

E. Resources and Technical Assistance

36. The SBP has adequate staff for compiling MFS. The staff benefited from hands-on training in the compilation process that took place during the mission. Three out of five staff did not attend any MFS courses.

37. Training was very well received but limited. More comprehensive training is needed, considering that SBP has a large group of compilers. The mission recommends the compiling staff members who have not yet attended any MFS courses to do so in the coming opportunities, which may be online.

F. DC Compilation System and Integrated Monetary Database

38. Since 2007, STA and WHD have shared an integrated monetary database (IMD) used for publication and operational needs. The mission discussed the importance of maintaining and improving the IMD for Panama. The current IMD contains the SRFs for the central bank (NBP), ODC, and OFC and the corresponding surveys. The IMD contains data for December 2002 onward.

39. The mission encouraged the dissemination of detailed monetary data from the IMD on the IMF external website. Detailed monetary data from IMD for over 40 countries are disseminated on the IMF's [website](#).¹³ Currently, Panama is not one of these countries allowing dissemination of the entire IMD file.

40. To upgrade the IMD, the compilation system developed during the mission for the NBP and ODC (SRF 1SR and 2SR) contains the following spreadsheets:

- AT21: primary source data (new accounting catalog).
- At. Credito: secondary source data on loans by institutional sector.
- At. Inversiones: secondary source data on repos, equity, and debt securities by institutional sector.
- 2SR Puente: compilation system mapping the *new* data sources (primary and secondary) with the new standardized statistics for ODC (SRF 2SR).
- New 2SR (formulas): report form 2SR based on the *new* MFSMCG using the data compiled in the "2SR Puente" spreadsheet.
- New 1SR and 2SR: Compilation system for the 1SR (NBP data) based on the 2SR data already compiled for the NBP.
- New 1SR: report form 1SR based on the *new* MFSMCG using the data compiled in the "New 1SR and 2SR" spreadsheet.
- Old to new 1SR: comparison between the old 1SR and the new 1SR based on the *MFSMCG*.
- New 2SR (valores): spreadsheet ready to collect the historical series of data compiled in the "New 2SR (formulas)", to be reported to STA.
- New 1SR (valores): spreadsheet ready to collect the historical series of data compiled in the "New 1SR", to be reported to STA.

41. Recommendation: Consider authorizing STA to disseminate the IMD at the IMF external website.

ACTION PLAN

The Action Plan below includes steps to accomplish milestones and target completion dates. The plan is for technical compilers. Actions are prioritized (PR – Priority recommendation, H - high, M - medium).

¹³ Examples of detailed data based on the SRF disseminated by other countries are available [here](#).

Table 3. Panama: Mission's Recommendations

Priority	Action/Milestone	Target Completion Date
Outcome Indicator: A new data set has been compiled and disseminated internally and/or to the public. (SRF 1SR and 2SR)		
PR	<i>Start compiling the SRF 1SR and 2SR using the compilation system developed by the mission and monitor data quality issues until the parallel reporting by banks ends and the new accounting catalog replaces the old one (expected by March 2021)</i>	September 2020
PR	<i>Report the new SRF 1SR and 2SR to STA when requested (expected by end of 2020)</i>	December 2020
H	<i>Use data on negotiable instrument's fair values to make valuation adjustments to equity and debt securities not valued at fair/market prices.</i>	September 2020
H	<i>Create separate accounts to identify assets and liabilities with central government, state and local government, and public nonfinancial corporations in the most quantitatively significant categories (loan assets and deposit liabilities accounts identified in the report).</i>	June 2021
M	<i>Break down account 1.003.000.000.000.000 (securities investments) in two, to capture the equity investments separately from the debt securities investments.</i>	June 2021
M	<i>Add a new category on loans and securities to public nonfinancial corporations in the "átomo de credito and átomo de inversiones", respectively</i>	June 2021
H	<i>Improve the explanation provided to reporting banks to distinguish between assets and liabilities with residents and nonresidents</i>	September 2020
H	<i>Consider disseminating the NBP, ODC, and depository corporations' surveys at the SBP's website using the SRF 1SR and 2SR and the IMF accounts data available at the NBP or the IMF.</i>	October 2020
H	<i>Share quarterly data on offshore banks (international license) with the INEC regularly, with a lag of no more than two months after the end of the quarter, to meet the needs of the INEC for the compilation of the SRF 4SR (September 2020 data)</i>	October 2020
M	<i>Consider authorizing STA to disseminate the IMD at the IMF external website.</i>	December 2020
Outcome Indicator: Improved <u>timeliness</u> of data made available internally and/or to the public (shorter delays)		
PR	<i>The SBP to disseminate the monetary statistics based on the SRF 1SR and 2SR (NBP and other depository corporations) monthly with a lag of one month after the reference period, to meet SDDS requirements.</i>	September 2020
Outcome Indicator: <u>Metadata</u> released internally and/or to the public have been strengthened consistent with the dataset to enhance interpretation and analysis		
H	<i>The SBP to improve metadata to support the dissemination of monetary statistics (SRF 1SR and 2SR).</i>	January 2021

APPENDIX I. Officials Met During the Mission

Name	Institution/Position/Department
Superintendency of Banks of Panama	
Mr. Amauri A. Castillo	Superintendent
Mr. Gustavo Villa	General Secretary
Mr. Javier Motta	Financial Statistics and Analysis, Director
Ms. Delia Cuan	Financial Statistics and Analysis, Chief
Ms. Sandra Tejeira	Analyst III
Mr. German Rivera	Analyst III
Ms. Dilcia Hernandez	Analyst I
Ms. Kathiuska Fernandez	Analyst I

APPENDIX II. Structure of the Financial Corporations Sector (Full list)

Entity	Total Assets	Number	In Percent
Financial System (Total)	148,864		100.00
National Bank of Panama	10,850	1	7.29
Other Depository Corporations	110,230		74.05
Onshore Banks (General License)	107,946	45	72.51
Savings and Credit Cooperatives	2,236	290	1.50
Money Market Funds			
Savings and Credit Associations	48	3	0.03
Other Financial Corporations	27,784		18.66
Offshore Banks (International Licensed)	17,040	23	11.45
Insurance Companies	3,230	23	2.17
Finance Companies	2,209	162	1.48
Investment Companies	2,482	36	1.67
Other financial intermediaries and auxiliaries	2,823		1.90
Private Pension Funds	6	3	0.04
Investment Funds (excluding. money market funds)			
Agricultural Development Bank (<i>Banco de Desarrollo Agropecuario</i>)	382	1	0.26
National Mortgage Bank (<i>Banco Hipotecario</i>)	348	1	0.23
Leasing	627	25	0.42
Accounts receivable (Factoring)	410	31	0.28
Remittances	54	23	0.04
Securities firms (independent)	759	40	0.51
Investment Managers	85	19	0.06
Investment Advisors	32	51	0.02
Private Pension Funds	63	3	0.04

APPENDIX III. IFRS in the MFSMCG — Key Concepts

Amortized Cost

2.52 For monetary statistics, several categories of financial assets and liabilities are recorded at nominal value, a concept that does not appear in the IFRSs. The counterpart in the IFRSs is valuation at amortized cost (amount advanced originally plus all accrued but not paid interest, less any repayment of principal, less any allowance for impairment or non-collectability), which is not fully consistent with nominal value. This is because the valuation at amortized cost reduces the value of an asset by the amount of the allowance for impairment or non-collectability.

Fair Value Through Profit and Loss

2.56 As compared with the valuation methodology for financial assets and liabilities in monetary statistics shown in Table 2.2, the IFRSs have a separate set of classifications and measurement rules on the basis of an enterprise's motivations for acquiring the financial assets, either for trading or for holding to maturity. For example, securities that are classified as held-for-trading are measured at fair value through profit and loss reflecting market prices. Securities classified as held-to-maturity are measured at amortized cost in the IFRSs.

Classification	Valuation method ¹
Monetary gold (central bank)	Market value
Special Drawing Rights (central bank)	Market value
Currency	Face value (in currency of denomination)
Deposits	Nominal value (in currency of denomination)
Debt securities	Market or fair value
Loans	Nominal value (in currency of denomination)
Equity and investment fund shares	Market or fair value (assets and investment fund share liabilities); book value (liability)
Insurance, pension, and standardized guarantee schemes	Market or fair value
Financial derivatives and employee stock options	Market or fair value
Other accounts receivable/payable	Nominal value

Recording of Gains or Losses due to Revaluations

2.58 In the IFRSs, specific rules apply for the recording of gains or losses due to revaluations, either through recording in the profit-or-loss accounts (wherein gains are recorded as income and losses as expenses) or directly in equity. The recording pre-scribed by IFRSs or by the national financial reporting standards maybe in the Current year result (profit-or-loss accounts)

or Valuation adjustment. In the methodology of this Manual, revaluation is based on the valuation rules in Table 2.2. Revaluations (within a reporting period) for each asset and liability need to be recorded separately in the revaluation account.¹⁵ For monetary statistics, the contra-entry for a gain or loss arising from asset/liability revaluation is to be recorded in Equity liability [MS] given that both Current year result and Valuation adjustment are components of Equity liability [MS].

Valuation Adjustments

4.131. ...e) Valuation adjustment, which shows the net counterpart to changes in the value of assets and liabilities on the balance sheets of FCs, excluding those changes in value (i.e., gains or losses) that are recorded in net profit or loss for the period under IFRSs or national financial reporting standards (see paragraph 2.58).

Valuation of Securities

5.104 In source data, some debt securities may be valued at nominal rather than at market value. In the International Financial Reporting Standards (IFRSs), for example, all debt securities holdings are valued at market or fair values except for securities classified as held-to-maturity investments, which are valued at amortized cost using the effective interest method. Liabilities in the form of debt securities are also valued at amortized cost, except for those designated as financial liabilities at fair value (including at market value) through profit or loss (see International Accounting Standard [IAS] 39.47 and IFRS 9, paragraph 4.2.1).

Other Comprehensive Income (*Otro Resultado Integral*)

Box 2.1 International Financial Reporting Standards

The International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) cover the relevant international accounting and reporting principles for preparing general purpose financial statements. The IASB is the independent standard-setting body of the IFRS Foundation.¹ Its members, appointed by the Trustees, are responsible for the development and publication of IFRSs² and for approving *Interpretations of IFRSs* as developed by the IFRS Interpretations Committee (IFRIC, formerly called the Standards Interpretations Committee, SIC). The IASB, and this *Manual*, uses the term IFRSs in a collective sense to encompass the *Conceptual Framework for Financial Reporting*, all issued individual IFRSs, International Accounting Standards (IASs),³ IFRICs,⁴ and SICs.⁵ These include the *Implementation Guidance (IG)*, *Illustrative Examples (IE)*, and *Basis of Conclusions* for individual standards.

This *Manual* refers to the IFRSs to illustrate the impact of IFRS-based financial reporting on source data for monetary and financial statistics. This involves highlighting similarities and differences in methodology and terminology between financial corporations' IFRS-based information systems and the source data for the monetary and financial statistics.

The IFRSs referenced in this *Manual* are those available for application on January 1, 2015, as published in the *2015 International Financial Reporting Standards—Consolidated without early application* and in the *2015 International Financial Reporting Standards*, which include IFRSs 1 through 13; IAS 1 through IAS 41 (excluding IAS 3 through IAS 6, IAS 9, IAS 13, IAS 14, IAS 15, IAS 22, IAS 25, IAS 30, IAS 31, and IAS 35, which have been superseded by other Standards); IFRICs 1–2, 4–7, 9, 10, 12–21; and SICs 7, 10, 15, 25, 27, 29, 31–32.

The IFRSs focus on the data and other information for the preparation and dissemination of financial statements. The *Conceptual Framework for Financial Reporting* (paragraph OB2) states:

The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity.

The financial statements are listed in IAS 1.10:

A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period
- (b) a statement of profit and loss and other comprehensive income for the period
- (c) a statement of changes in equity for the period
- (d) a statement of cash flows for the period
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (ea) comparative information in respect of the preceding period ...; and
- (f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements ...

¹ For additional information on the IASB and a chronology of IASB activities since 2001, see www.ifrs.org.

² See www.ifrs.org/How-we-develop-standards/Pages/How-we-develop-standards.aspx.

³ IASs are IFRSs that were created by the predecessor body of the IASB, and were adopted by the IASB when it took over in 2001 and, therefore, form part of the body of the IFRS requirements.

⁴ IFRICs are the official interpretations of the IFRSs.

⁵ SICs are the official interpretations of the IASs.

Other Comprehensive Income is comprised of gains, and losses that, according to the IFRS standards, are excluded from net income on the income statement. Gains, and losses that are reported as other comprehensive income are only those that have not been realized yet. These gains/losses should be recorded under equity liabilities – valuation adjustments.