



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

PUBLIC OF SAN MARINO

Report on the Financial Soundness Indicators
and Monetary and Financial Statistics Technical
Assistance Mission

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Summary Technical Assistance Report Statistics Department

Report on the Financial Soundness Indicators and Monetary and Financial Statistics Technical Assistance Mission

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The *Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: The International Monetary Fund's Statistics Department conducted a remote technical assistance mission for the Central Bank of San Marino on the compilation of financial soundness indicators (FSIs) and monetary and financial statistics (MFS) during March 28–April 15, 2022. The mission updated the compilation of FSIs for deposit takers, and MFS for the central bank and other depository corporations as set out in the 2019 *FSIs Compilation Guide* and 2016 *Monetary and Financial Statistics Manual and Compilation Guide*, respectively.

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Background

1. **At the request of the Central Bank of San Marino (CBSM), and with the support of the International Monetary Fund's (IMF's) European Department, the Statistics Department (STA) conducted a remote technical assistance (TA) mission on the compilation of financial soundness indicators (FSIs) and monetary and financial statistics (MFS) during March 28–April 15, 2022.** The mission (i) compiled FSIs for deposit takers (DTs) on the basis of internationally accepted standards as set out in the IMF's *2019 FSIs Compilation Guide (2019 FSIs Guide)*; (ii) improved MFS for the central bank and other depository corporations (ODCs) for better suitability for surveillance and policy analysis, in line with the methodology set out in the IMF's *2016 Monetary and Financial Statistics Manual and Compilation Guide (MFSMCG)*; (iii) prepared an action plan to further improve the compilation of MFS and FSIs; and (iv) addressed other issues related to the MFS and FSIs compilation and reporting that the CBSM staff raised.

2. **The CBSM currently reports on a regular basis to STA for dissemination on their respective IMF's webpage.** The CBSM currently compiles and reports 11 core and six additional FSIs for commercial banks on the basis of the *2006 Financial Soundness Compilation Guide (2006 FSIs Guide)*. For MFS, the CBSM currently compiles and reports to STA, the Standard Report Forms (SRFs) for Central Bank (SRF-1SR), Other Depository Corporations (SRF-2SR), Depository corporations (SRF- 5SR) and Interest rates (SRF-6SR) on a monthly basis.

Summary of Findings

1. **The mission reviewed and updated the bridge tables that are used to compile the FSIs for transmission to the STA.** The new bridge tables take into consideration the revised mapping that were discussed and agreed with staff of the CBSM. The revised mapping covered some specific accounts in the income and expense statement and balance sheet as well as recommendations to improve the compilation of existing/additional supervisory series. The methodology to compile the FSI on interest spread on reference lending and deposit rates has been upgraded.

2. **Source data for compiling FSIs for commercial banks are adequate and generally meet the criteria established by the 2019 FSIs Guide for publication in the IMF's FSI data portal.** The source data for compiling FSIs for DTs include income and expense statements, the balance sheets and other call reports that are relevant for compiling memorandum/supervisory series, which are reported on a monthly/quarterly basis to the CBSM. The capital adequacy ratios follow a modified version of Basel I and the accounting frameworks are derived from the Statement of Accounts (SOAs) of commercial banks.

3. **The mission also recommends updating the metadata accompanying the publication of revised FSIs.** The contents of the new metadata were discussed and broadly agreed with the staff of the CBSM and are consistent with the requirements of

the 2019 *FSIs Guide* The publication of the new metadata will provide additional information on the structure of banking sector and the national accounting and regulatory frameworks underpinning the production of the FSIs for banks compared to the methodology of the 2019 *FSIs Guide*. In addition, the CBSM should also indicate the presence of any DTs in liquidation that are not included in the coverage of FSIs in the metadata.

3. As a result of the mission, the CBSM should be able to implement the new FSI Standardized Reports (FSI-SRs), FSI Institutional Coverage (FSIC) and FSI Metadata (FSM). The mission compiled, together with the staff of the CBSM, 12 core and 5 additional FSIs for DTs and 2 additional FSIs on Other Financial Corporations (OFCs) for reporting in the FSI-SRs to the IMF by the end of July 2022 (completed). The current coverage of DTs includes four commercial banks, including one state owned bank and these banks are aggregated using the Domestic Location method of consolidation.

4. For MFS, the mission developed new bridge tables to compile SRF-1SR and SRF-2SR and updated SRF-6SR. The source data for the central bank, which the CBSM's SOAs, are sufficient for the compilation of 1SR. The ODCs subsector appropriately covers the commercial banks in San Marino. The new bridge tables take into consideration the revised mapping discussed and agreed with staff of the CBSM. The new bridge tables also link the 1SR and 2SR with SRF-5SR to derive the broad money aggregate. Among the improvements, the reclassification of certificates of deposits from debt securities excluded from broad money to deposits included in broad money will lead to a significant expansion in broad money. Together with the CBSM staff, the mission also revised 6SR and agreed to a methodological change from September 2016 to compile interest rates using the weighted average interest rates on new loans and deposits of households and nonfinancial corporations. The mission also updated the *International Financial Statistics (IFS)* country notes accompanying the publication of revised central bank and ODC surveys.

5. The mission also reviewed the treatment of banks in liquidation in the compilation of MFS, particularly the recent case of banks in suspension of payments. Consistent with treatment of DTs in liquidation in the *MFSMCG*, the mission recommends excluding the CBSM's deposit liabilities to banks in suspension of payments of deposits from monetary base and deposit liabilities of banks in liquidation from broad money, for the periods which include the accounts of such banks.

6. A timeframe for reporting new FSI report forms and revised MFS data to STA was also discussed and agreed on with the authorities. For FSIs, the authorities have already submitted revised FSIs in the new FSI-SRs and have finalized the metadata (FSM and FSIC report forms), which were reviewed and disseminated by STA. For MFS, the authorities will submit revised MFS data (1SR, 2SR, 5SR and 6SR) to STA for review, which have also been disseminated.

Summary of Recommendations

1. To support progress in the compilation of FSIs and MFS in line with the 2019 *FSIs Guide* and *MFSMCG*, the mission recommended a detailed action plan. The priority recommendations are summarized in Table 1.

Table 1. San Marino: Priority Recommendations

Target Date	Priority Recommendations	Responsible Institutions
June 2022 (Completed)	<i>Finalize and report to STA for review the new FSI-SRs for DTs, including balance sheets, income statements, and memorandum series and the metadata (FSIC and FSM).</i>	CBSM
July 2022 (Completed)	<i>Start regular reporting to STA, for disseminating on the IMF's FSIs website, of the new FSI-SRs, FSIC, and FSM and update as necessary.</i>	CBSM
September 2022 (Completed)	<i>Finalize and report to STA for review the revised SRFs 1SR, 2SR, 5SR, and 6SR and updated IFS country notes.</i>	CBSM
October 2022 (Completed)	<i>Start regular reporting to STA, for disseminating MFS data on the IMF's MFS website, the revised SRFs 1SR, 2SR, 5SR, and 6SR and updated IFS country notes.</i>	CBSM