



Update of the MFS Manual

MAY 13, 2025

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Motivation and Background

Monetary and Financial Statistics (MFS): Keeping pace with a changing world

- Increasing complexity and scale of global financial networks.
- Enhanced frameworks are needed for MFS that facilitate comprehensive understanding of interconnections and systemic risks.

Financial Integration



- The emergence of digital finance, including CBDCs, stablecoins, and tokenized assets, challenges traditional definitions of money and financial reporting.
- New metrics and methodologies are required to capture innovations in FinTech, DeFi, and digital asset ecosystems.

Digitalization



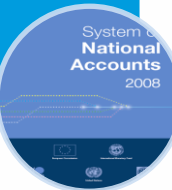
- The impact of natural events highlight vulnerabilities in the financial sector, necessitating updated risk assessment and adaptation.
- A clear distinction between nature-positive and nature-neutral investments is essential to promote sustainable investments and inform policy decisions.

Environmental Financial-related Risks

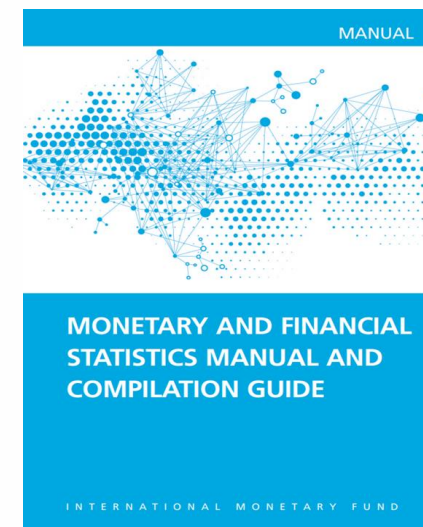
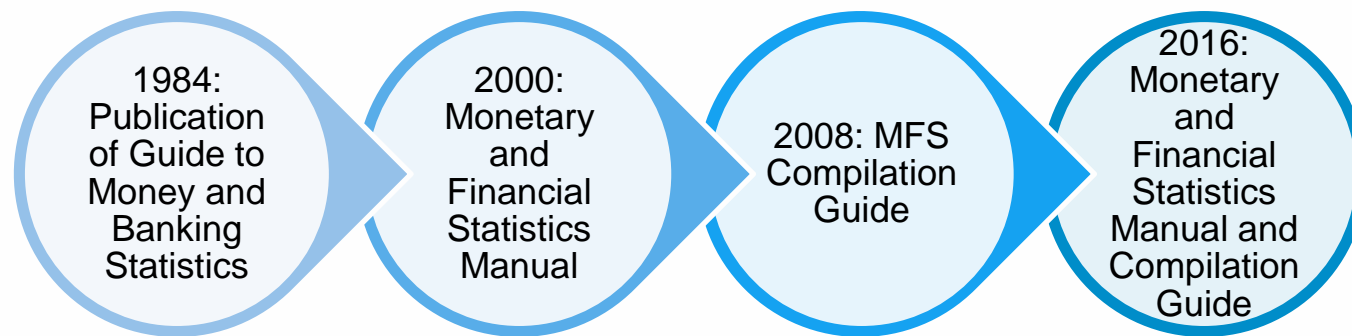


- Updates to the *MFSMCG* are essential to ensure alignment with evolving international standards such as the *2008 SNA*, *BPM6*, and *GFSM 2014*.
- Consistency across macroeconomic statistical frameworks supports better comparability and coherence in global financial reporting.

Harmonization with International Standards



Update of Conceptual Framework and Compilation Guide of MFS



The 2016 *MFSMCG* has methodology with some compilation guidance limited to Chapter 7.

Current update process proposes to:

- Focus on the comprehensive update of methodology in the MFS Manual (MFSM)
- Once the methodology is updated, a companion guide with practical instructions for data collection, compilation, and analysis may be developed as needed.

Rationale: Methodology may not necessarily need to change while data sources and statistical methods for implementing the methodology in the compilation guidance may require more frequent updating

MFS Research Agenda

Overview of MFS Research Program

MFS specific research projects

- **Group 1: Discussion Notes:** These notes will pertain to specific matters related to MFS that are not fully addressed by the SNA/BPM.
- **Group 2: Clarification Notes:** Brief notes to address MFS-specific issues that are already covered in MFS but require further clarification

Research projects advanced through the *SNA/BPM* updates relevant to MFS

- **Proposed Recommendations Notes:** Brief notes to propose recommendations in the update of the MFS Manual that stem from the SNA and BPM updates and trigger a review of the guidance provided in the *2016 MFSMCG*. (See additional slides.)

Research projects under *GFSM 2014* update relevant to MFS

- **Proposed Recommendations Notes:** Brief notes to propose recommendations in the update of the MFS Manual that stem from the GFS research program.
- Some research projects, such as the boundary between government-controlled and public financial corporations, overlap and can be worked on simultaneously. (See additional slides.)

MFS specific research projects: Discussion notes

Money in the Digital Age

- Revisit the definition of money considering digital payment innovations, providing recommendations for any necessary updates to the money aggregates' framework.
- Prescriptive guidance on the definition and scope of digital money.

Tokenization in the MFS framework

- Develop a framework to classify tokenization activities and entities within the institutional sector.
- Align tokenized assets, like liquid staking derivatives and synthetic assets, with financial asset classifications.

Liquidity and Credit Aggregates: Incorporating Fintech and Crypto

- Analyze the impact of fintech innovations and the emergence of crypto assets on traditional liquidity, credit, and debt aggregate measures.
- Potential new aggregates or modifications to existing.

Implication of IFRS 17 on MFS

- IFRS 17 introduced principles for recognizing, measuring, presenting, and disclosing insurance contracts, affecting all aspects of financial statement reporting, including the balance sheet.
- Update MFS methodology to align with IFRS 17 classifications and accounting practices.

MFS specific research projects : Clarification notes

Inter-relation of financial sector/markets and nature

- Address developments in environmental externalities, as well as the emerging financial instruments and investments designed to mitigate these risks.
- Recommendations on specific financial instruments as “of which” categories in existing framework.

Electronic-money (E-money)

- E-money institutions have evolved into diverse business models since the discussion of e-money in 2016 *MFSMCG*.
- Incorporating additional guidance on sectoring of e-money institutions and the treatment of e-money in broad money when e-money providers are mandated to hold their funds in commercial or central banks.

Recording of IMF accounts

- Update the recording of IMF accounts to better reflect the development since the 2016 update.

Presentation of MFS metadata

- Develop a framework that countries can use to assess the alignment of their MFS to the MFSM.

Processes and Timeline

Update process overview

Two-phase process ending 2028Q4 with preliminary work already underway from 2024Q4

- **Timeline: 2024Q4–2026Q2**

- **Key Activities:**

- Develop a research program and scope
- Establish Monetary and Financial Statistics Advisory Committee (MFSAC) to provide technical input into the research program
- Consultation on the research program
- Drafting of the notes start

**Research and
Preparation**

1

- **Timeline: 2026Q3–2028Q4**

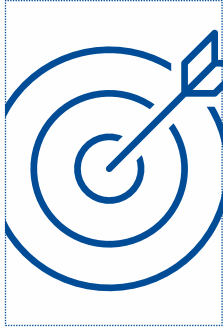
- **Key Activities:**

- Finalize the discussion/clarification notes
- Prepare annotated outlines of chapters
- Extensive consultations on proposed changes recommended in the notes
- Drafting of the MFSM chapters
- Approval processes for new updates

**Drafting and
Consultation**

2

MFS Advisory Committee (MFSAC): An overview



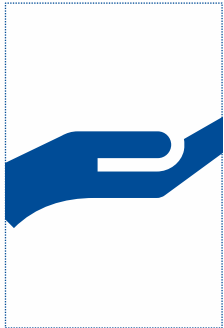
Purpose:

- Provide technical input to the MFS research program.



Composition:

- Representatives from regional and international organizations, IMF member countries, and relevant Fund Departments
- Ensuring geographical balance and experience in MFS, financial sector, and other prominent macroeconomic areas.



Structure:

- Thematic Task Teams with focus on broad research topics
- A Secretariat from the IMF will assist the MFSAC.



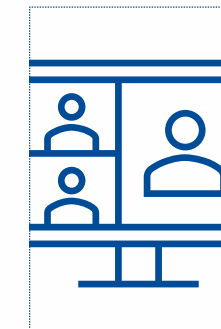
Chairperson:

- The MFSAC meetings will have rotating chairs for each session depending on the theme of the discussion.



Timeline

- Active primarily during Phase I of the update process.
- May be consulted during Phase II as needed.



Operations:

- Majority of activities conducted via videoconference.
- Two physical meetings planned during the tenure

Outputs and Working Procedures of MFSAC

MFS specific research work will be led by thematic task teams



These groups will:

- Discuss assigned topics,
- Draft discussion/clarification notes,
- Reach conclusions, and
- Present their proposed recommendations at the MFSAC.



Within the MFSAC framework, but independently of the working groups, the Secretariat will prepare brief **Proposed Recommendations** Note—on how the recommendations from SNA/BPM/GFSM research programs will be incorporated into the updated MFSM.



The endorsement of the proposed recommendations by the MFSAC is subject to majority views, with dissenting opinions documented.



All notes/documents will be publicly available for wider consultation, with potential revisions based on feedback.



Final recommendations are subject to approval by the Director of the IMF Statistics Department.

Additional Slides

Research projects advanced through the *SNA/BPM* updates relevant to MFS:

Twenty-one in total

No.	Source Identifier	Title of SNA/BPM Note
1	AI.1	Valuation principles and methodologies
2	B.3	Treatment of centralized currency unions in macroeconomic statistics
3	C.5	Financial and operating leases
4	D.2	Valuation of unlisted equity in direct investment
5	F.3	Reverse transactions
6	Issue Note	Recording of Crypto Lending/Borrowing in Macroeconomic Statistics
7	F.4	Financial derivatives by type
8	F.6	Capturing non-bank financial intermediation
9	F.9	Valuation of Loans
10	F.10 & SNA B.4	Treatment of cash collateral
11	F.14	Treatment of factoring transactions
12	F.15	Debt concessionality
13	F.18	The recording of crypto assets
14	G.4	Treatment of special purpose entities (SPEs) and residency
15	IF.1	Islamic finance
16	WS.12	Environmental classifications
17	A.6 / X.54	Treatment of trusts and other types of funds
18	Note 2	Remaining maturity classification
19	Note 4	Reserve Position in the IMF
20	Note 5	Central Bank Swap Arrangements
21	Note 6	Precious Metals Accounts

Research projects under *GFSM 2014* update relevant to MFS:

Four identified so far but might get updated as GFSM progresses

Sl. No	Research Project Title	Related SNA/BPM Notes
1	Boundary between government-controlled nonmarket producers engaged in nonfinancial activities (government units) and public nonfinancial corporations	
2	Boundary between government-controlled nonmarket producers engaged in financial activities (government units) and public financial corporations	
3	Treatment of government/public nonlife insurance schemes	
4	Debt valuation issues	GN F.8 on Valuation of Debt Securities