

GFSAC Review

Cover Page

1.14 Capturing non-bank financial intermediation

For Endorsement

Global Consultation Responses:

Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	20
No	1
Partially	5
No Comment	1
Total	27

Global Consultation Comments: Most respondents agreed with the recommendation to align the treatment with the draft 2025 SNA and draft BPM7. One respondent that agreed with the proposed recommendations suggested keeping the reporting of non-performing loans as a memorandum item rather than an “of-which” sub-category of loans. The respondents that partially agreed as well as some that agreed with the proposed recommendations highlighted the main issue of implementation of such an additional breakdown, in particular, changes to compilation and reporting systems would be required. The respondent that disagreed with the proposal felt that such a breakdown in the updated GFSM was not necessary as the detail introduced into the draft 2025 SNA is “*intended to address analytical needs that go beyond the usual scope of government finance analysis.*” One respondent that partially agreed also noted that some countries are more likely to classify public financial institutions into the general government sector rather than the public corporations’ sector. Therefore, without a similar breakdown in the general government sector, only one part of the public sector’s exposure to financial risks will be shown. Some select comments are provided below:

- “Giving the increasing importance of the harmonized data sets availability from the perspective of both data producers and data users at the global level, we underline the importance of using common international standards, for example for institutional sector and financial instrument codes (NA_DSD SDMX). The changing of all institutional sector codes for the sub-sectors of financial institutional sector (S12), i.e. from S123 to S1223 has major implications for the corresponding updates in related IT applications, with high costs and limited benefits. We strongly support that the new breakdowns for institutional sectors and financial instruments as “of which” to be reported only as memo items and not to be core of the accounts.”



- *“Conceptually, countries with an integrated systems of economic statistics should have no difficulty adopting an SNA-style breakdown of financial corporations. In practice it is likely to require significant alterations to the GFS data sources, data collection and production systems, and a long implementation timeline.*
However, we also note a material difference in the delineation between general government and public financial corporations across countries and regions. European countries in particular are likely to report a greater number of public financial institutions within the general government (S13) sector, as required by Eurostat’s Manual of Government Deficit and Debt. We also note further research into the qualitative market / non-market test undertaken as part of the GFSM update. If the agencies having stronger non-market characteristics are ultimately classified to the government sector, a detailed breakdown of public financial corporations (S12) without a similarly detailed breakdown of the government (S13) activities may not be as effective and can even be misleading, showing only one part of the public sector’s exposure to financial risks. We would therefore support the proposals to the extent that the relevance of the extra breakdowns considers the national context.”
- *“...Unlike the sometimes very detailed classification of revenues and expenditures in the GFSM, the breakdown of financial asset and liability accounts is very aggregated, and countries are free to develop/use their own classification structure for disaggregated data. For example, in Canada we have a relatively detailed structure for compiling loans data; we distinguish (beyond counterparty and residence) notional loans under financial lease, mortgages, securities repurchase agreement (repos and reverse repos), bank overdrafts, etc. This is then one option to use a “of which” approach to disclose more information on repurchase agreements, but another approach could also be to develop more breakdowns across the different categories of financial assets and liabilities. Countries could decide to disseminate/align with the GFSM classification at the aggregate level (currency and deposits, debt securities, loans, etc.), as is currently the default, or at a more disaggregated level like tax revenues (income taxes, property taxes, etc.). We would recommend keeping non-performing loans as a memorandum item and not use a “of which” subcategory of loans in the core classification.”*

Questions for GFSAC:

- Do you endorse the draft Notice of Decision?



GFS Notice of Decision

DRAFT

1.14 Capturing non-bank financial intermediation

GFS Notice of Decision:

The updated *GFSM 2014* will maintain the current broad institutional sector classifications for counterpart data as per *GFSM 2014* Appendix 8 (Table A8.4) and also maintain the current breakdown of public financial corporations.

However, for the benefit of users and where it is deemed relevant and applicable, the updated GFSM will encourage:

- The disaggregation of institutional subsectors of financial corporations as supplementary information.
- A disaggregation of subsectors of public financial corporations, in particular, distinguishing public pension funds from other financial intermediaries as well as separately identifying auxiliaries and captive financial corporations.

The updated GFSM will also encourage the provision of supplementary information, where relevant, on loans in the form of repurchase agreements, securities lending with cash collateral and margin lending, as an “of which” item.

GFS Related Documents:

GFS Proposed Recommendations Document	GFSM PR 1.14
GFS Discussion Note	Not applicable
GFS Global Consultations	July 2025
Discussions at GFSAC Meeting(s)	To be added

SNA/BPM Related Documents:

Guidance/Issue Note	SNA GN F.6 ; GN F.1
Global Consultation(s)	SNA/BPM Consultation: May 2022 BPM Consultation: June 2021



STATISTICS

GFSM 2014 update

Discussions at the AEG/BOPCOM¹ Meeting(s)	Joint AEG/BOPCOM: March 2022 BOPCOM: June 2021
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¹ AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee