The Financial Crisis and Information Gaps: Rec. #13 and 14

Senior Officials Conference
Washington, 30-31 March 2011
G20 Data Gaps:
Recommendations 13 and 14
Background

- R13. … investigate the issue of monitoring and measuring cross-border, including foreign exchange derivative, exposures of nonfinancial, and financial, corporations …
- R14. … examine the feasibility of developing a standardized template covering the international exposures of large nonbank financial institutions …
- Translated into two workstreams:
  - develop a website to provide inventory of currently available data and methodologies on cross-border exposures of financial and non-financial corporations
  - identify and clarify concepts, methods, terminologies, categorisations that would facilitate the collection of better data on cross-border exposures of financial and non-financial corporations
Overview of data on cross-border exposures of financial and non-financial corporations

- Focus initially on data available in international databases
  - BIS: international banking statistics
  - ECB: banks, money market funds, investment funds, financial vehicle corporations, insurance and pension funds, financial accounts, securities holdings, bank balance sheets
  - IMF: monetary stats, BOP/IIP, CPIS, CDIS, joint external debt hub, financial soundness indicators
  - OECD: institutional investors, FDI, insurance and pension funds
- Most data on residency basis: positions of resident institutional units/sectors vis-à-vis non-residents
- Tabular and textual overviews collected
- Overview to be made available on PGI website
Website of the Inter-Agency Group on Economic and Financial Statistics

The PGI website presents data for the Group of 20 (G-20) to facilitate the monitoring of economic and financial developments for these systemically important economies. Launched in response to the on-going financial and economic crisis, it is hosted by the IMF, and is a joint undertaking of the Inter-Agency Group on Economic and Financial Statistics: Bank for International Settlements (BIS), European Central Bank (ECB), Eurostat, the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the United Nations (UN), and the World Bank (WB).
Conceptual work: workshop in January 2011 in cooperation with Irving Fisher Committee

- SNA framework very useful to evaluate economic, monetary and financial conditions
- Move from international to multinational activities of institutional units requires a look beyond the residency-based approach
- Financial stability analysts want to measure not only “where” activities take place but also “who” and “how”
- Preliminary list of concepts and definitions that need further clarification: nationality, (sub)sectors, corporate group, control, consolidation, exposures
- Some elements already in available statistical manuals
- Key challenge: bring together views from accounting, bank supervisors, macroprudential analysts, statisticians
- Useful to develop methodological reference document
### Residency (local) and nationality (global) views of financial positions for an individual institutional (sub) sector

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<th>Residency - Local</th>
<th>Home Country</th>
<th>Domestic institutional units</th>
<th>Foreign institutional units</th>
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| Nationality - Global | |
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Next steps

- Implementation of website linking available data and methodologies re cross-border exposures of financial and non-financial corporations
- Summary of workshop being prepared (that and background paper available upon request)
- Develop reference document in different parts, consulting with major stakeholders along the way
- First part possibly by 2012 focusing on evolving user requirements re cross-border exposures of financial and non-financial corporations
- Issues for discussion
  - Should inventory of data on cross-border positions be extended to national data?
  - Is proposed step-wise development of reference guide on measurement of cross-border exposures appropriate?