G:20 DATA GAPS INITIATIVE: THE POLICY PERSPECTIVE

DISCUSSANT: DIMPLE BHANDIA
GENERAL MANAGER
RESERVE BANK OF INDIA
FINANCIAL CRISIS AND INFORMATION GAPS: THE DGI INITIATIVE

• INDIA FULLY SUPPORTS THE DGI INITIATIVE

• PARTICIPATES IN / PUBLISHES
  • FINANCIAL SOUNDNESS INDICATORS (12 CORE AND 13 ENCOURAGED INDICATORS)
  • INTERNATIONAL BANKING STATISTICS
  • COORDINATED PORTFOLIO INVESTMENT SURVEY
  • INTERNATIONAL INVESTMENT POSITION
  • SECTORAL ACCOUNTS (FLOW OF FUNDS SINCE 1951)
  • GOVERNMENT FINANCE STATISTICS
  • PRINCIPAL GLOBAL INDICATORS

• IMPROVEMENTS IN DATA QUALITY AND COVERAGE – A CONTINUOUS ENDEAVOUR
FLOW OF FUNDS STATISTICS

• FLOW OF FUNDS DATA
  • SINCE 1951
  • SIX MAJOR SECTORS
    • BANKING, OTHER FINANCIAL INTERMEDIARIES, PRIVATE CORPORATE BUSINESS, GOVERNMENT, REST OF THE WORLD AND HOUSEHOLD
  • NINE MAJOR CATEGORIES OF FINANCIAL INSTRUMENTS
    • CURRENCY AND DEPOSITS, INVESTMENTS, LOANS AND ADVANCES, SMALL SAVINGS, LIFE FUND, PROVIDENT FUND, TRADE DEBT, FOREIGN CLAIMS NOT ELSEWHERE CLASSIFIED, OTHER CLAIMS

• A WORKING GROUP LOOKING INTO AREAS OF IMPROVEMENT
  • SPECIFIC FOCUS ON IMPROVEMENT IN COMPILATION OF DATA ON NON BANKING FINANCIAL INSTITUTIONS
INTERCONNECTEDNESS IN THE INDIAN FINANCIAL SYSTEM

• BILATERAL EXPOSURES BETWEEN FINANCIAL INTERMEDIARIES
  • BANKS (COMMERCIAL AND COOPERATIVE)
  • NON BANKING FINANCIAL COMPANIES
  • ASSET MANAGEMENT COMPANIES
  • INSURANCE COMPANIES
  • FINANCIAL INSTITUTIONS

• GRANULAR QUARTERLY DATA ON FUND BASED AND NON-FUND BASED EXPOSURES
INTER CONNECTEDNESS IN THE INDIAN FINANCIAL SYSTEM

• FUND BASED EXPOSURES
  • MONEY MARKET (CALL, REPO, CBLO CERTIFICATE OF DEPOSIT)
    • UP TO 30 DAYS / MORE THAN 30 DAYS
  • CAPITAL INVESTMENTS
  • LONG TERM DEBT INSTRUMENTS
  • LOANS AND ADVANCES

• NON FUND BASED EXPOSURES
  • LETTERS OF CREDIT/BANK GUARANTEES
  • DERIVATIVES (INTEREST RATE/ FX/ EQUITY/OTHERS
  • BREAK DOWN BY BROAD INSTRUMENT TYPE

• ENABLES MAPPING INTERCONNECTEDNESS IN THE INDIAN FINANCIAL SYSTEM AND ASSESSMENT OF CONTAGION RISKS
CONTAGION RISKS
MAPPING THE NON BANKING FINANCIAL SECTOR

• AN EXERCISE AIMED AT MAPPING THE UNIVERSE OF NON-BANKING FINANCIAL SECTOR ENTITIES IN THE COUNTRY
  • TRIGGERED BY FSB ANNUAL SHADOW BANKING MONITORING EXERCISE

• IDENTIFICATION OF ALL ENTITIES ENGAGED IN
  • CREDIT AND MATURITY TRANSFORMATION

• MAPPING OF ENTITIES BASED ON
  • AVAILABILITY OF DATA ON BALANCE SHEET AND OFF BALANCE SHEET SIZE
  • AVAILABILITY OF DATA ON INTER CONNECTEDNESS

• EFFORTS TO PLUG THE DATA GAPS – IN CONJUNCTION WITH THE FLOW OF FUNDS DATA

• A DATABASE OF THE NON BANKING FINANCIAL SECTOR
THE POLICY PERSPECTIVE

• LESSONS OF THE CRISIS
  • HEALTH OF FINANCIAL INSTITUTIONS AND THEIR RESILIENCE
  • HEALTH OF THE FINANCIAL SYSTEM AND ITS RESILIENCE
  • ASSESSMENT AND MONITORING OF SYSTEMIC RISKS
  • INTERDEPENDENCIES – SYNERGIES AND TRADE OFFS – BETWEEN POLICY SEGMENTS
    • MACRO PRUDENTIAL, MICRO PRUDENTIAL, MONETARY POLICY, FISCAL POLICY, ETC.
    • INTER CONNECTEDNESS OF THE GLOBAL FINANCIAL SYSTEM

• TEST OF DGI
  • ITS USEFULNESS TO ADDRESS THE LESSONS OF THE CRISIS
  • DEMONSTRABLE USE OF THE DGI INITIATIVE IN
    • ASSESSMENT OF RISKS
    • POLICYMAKING – NATIONAL AND GLOBAL
THE POLICY PERSPECTIVE

• DATA QUALITY - INTEGRITY, CONSISTENCY AND COMPARABILITY
• BALANCING COSTS AND BENEFITS
• FACILITATING DEVELOPMENT OF CONCEPTUAL FRAMEWORKS
  • FOCUS ON PRACTICAL APPLICATION
• COVERAGE OF THE FINANCIAL SECTOR
  • FINDINGS OF THE FSB SHADOW BANKING MONITORING EXERCISE, 2012
• FOCUS ON FINANCIAL AND REAL SECTOR AND THEIR LINKAGES
• CHALLENGES IN VALUATION ANOMALIES
  • A COMMON VALUATION MODEL
  • VALUATION OF NON FINANCIAL ASSETS
• COOPERATION COLLABORATION AND INFORMATION SHARING
  • EMPHASIS ON RECIPROCAL SHARING OF DATA
  • NEED FOR A LEVEL PLAYING FIELD
THANK YOU