



BANK FOR INTERNATIONAL SETTLEMENTS

# Overview presentation on cross-border positions of financial and non-financial corporations (rec 13 & 14)

Paul Van den Bergh

Assistant Head of Statistics and Research Support

Session IV a of the 2013 Global Conference on the G20 Data Gaps initiative

Washington, D.C., June 25-26, 2015

The views expressed are those of the presenter and do not necessarily reflect those of the BIS.



## Recommendation 14

- The Interagency Group on Economic and Financial Statistics (IAG), consulting with the FSB, to revisit the recommendation of the G-22 to examine the feasibility of developing a standardized template covering the international exposures of large nonbank financial institutions, drawing on the experience with the BIS IBS's data, other existing and prospective data sources, and consulting with relevant stakeholders.
- Work followed up by IAG Task Force with BIS, ECB, IMF and OECD



## Progress regarding recommendation 14

- Focus 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
  - IMF: money and finance statistics, BOP/IIP, CPIS, CDIS, Joint External Debt Hub, FSI's
  - OECD: institutions 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 overview collected
- Overview made available on PGI website in 2012



# Principal Global Indicators

Legal Disclaimer | Questions & Comments | **Related Materials**

## 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).



Principal Global Indicators

Data Mapper

**Additional Data Sources**

### Table Selection

#### Cross-country Concepts

- Gross domestic product (GDP) volume
- Gross domestic product (GDP)
- Consumer prices
- Producer prices
- Unemployment rate
- Industrial production
- Retail turnover

## Current Query: Gross Domestic Product (GDP) Volume



data extracted on 2011/02/17 10:55 from IMF.Stat

Economic Concept	Gross Domestic Product (Volume)														
Unit Of Measure	Percent Change over Previous Period, Seasonally Adjusted														
Frequency	Annual										C				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2008				
											2008	2008	2008	2008	2009



## Progress regarding recommendation 14

- Now focus on actual data in these international databases
- Navigation template developed to show data from different international databases
- Template is extension of sectoral accounts and fully consistent with it



# Financial Assets and Liabilities of selected sectors

Source	Breakdowns	Central Bank		Banks		Non-bank financial		Non-financial corp.	
		A	L	A	L	A	L	A	L
FA	Non-residents								
IIP	Total non-residents								
EXD	Debt securities								
	Loans								
IBS	Loans / Deposits								
	Country								
	Currency								
	Nationality								
CPIS	Equity Securities								
	Country								
	Currency								
	Debt Securities								
	Country								
	Currency								
CDIS	Equity								
	Debt								
FDI	Out/Inward FDI								
	Country								
RES									
FSI									
INST									
ECB									



## Progress regarding recommendation 14

- Verification with data from France and Japan
- First version of navigation template ready to be released after the conference, also through PGI website
- Feedback to be collected from national agencies in the course of the summer
- New version, with more data, to be released in Autumn 2013
- Data availability differs significantly from (sub)sector to (sub) sector
- IAG to reflect on ways to enhance information on cross-border positions through existing groups and data collections



# Demonstration of web-based navigation tool





## Recommendation 13

The IAG to investigate the issue of monitoring and measuring cross-border, including foreign exchange derivative, exposures of nonfinancial, and financial, corporations with the intention of promoting reporting guidance and dissemination of data

Work followed up by IAG Task Force



## Follow-up to recommendation 13

- Organisation of workshop with Irving Fisher Committee on Central Bank Statistics in January 2011
- Topic: "Residency/Local and Nationality/Global Views of Financial Positions"
- Publication of proceedings in February 2012



## Key findings of the workshop

- SNA framework very useful to evaluate economic, monetary and financial conditions, but ...
- ... globalisation requires to look beyond the residency-based approach
  - Example: from international to multinational banking and financial services
- Users want to measure not only “where” activities take place but also “who” carries these out and “how”
- Accounting, bank supervisors, macroprudential/financial stability analysts have moved to new framework, some elements also available in statistical manuals.
- Preliminary list of concepts and terms identified



# Concepts, definitions and issues that further require attention

- Residency and nationality
- (sub)sectors
- Corporate group
- Control
- Consolidation
- Exposures
- Interlinkages between concepts
- Complementarity of residency and nationality views
- Applying nationality view/framework to non-bank financial corporations and non-financial corporations will be a challenge



## International groups interested in issues

- CGFS: BIS international locational and consolidated banking statistics, OTC derivative statistics, Triennial Survey
- FSB recommendation 8&9 (template for G-SIFI I-I and I-A data)
- FSB initiatives to develop Legal Entity Identifiers
- IMF Financial Soundness Indicators
- OECD Working Group on International Investment Statistics
- ECB Consolidated Banking Data, COREP and FINREP, consolidated reporting for Large Banking and Insurance Groups, RIAD, securities statistics
- Macroprudential Supervision Group of the Basel Committee on Banking Supervision
- Joint Forum work on Financial Conglomerates
- International Association of Insurance Supervisors



## Next steps

- Adapt background paper of 2011 workshop conference to become draft reference document on consolidation and related terms
- Discuss paper with secretariats of different international groups in summer 2013
- Present new version of reference document to national experts in second half of 2013
- Revise draft reference document and publish in first half 2014
- Need to further explain new paradigm to users and compilers



# Stylised view of financial positions of institutional (sub) sectors

Country (A)	Domestic institutional units (A)		Foreign affiliates (B)	
	Assets	Liabilities	Assets	Liabilities
Country (B)	Foreign affiliates (A)		Domestic institutional units (B)	
	Assets	Liabilities	Assets	Liabilities



# Residency (local) view of financial positions

Residency - Local (A)	Home Country	Domestic institutional units		Foreign institutional units	
		Assets	Liabilities	Assets	Liabilities
	Host Country	Foreign affiliates			
		Assets	Liabilities		





# Nationality (global) view of financial positions

Residency - Local	Home Country	Domestic institutional units		Foreign institutional units	
		Assets	Liabilities	Assets	Liabilities
	Host Country	Foreign affiliates			
		Assets	Liabilities		
		Nationality - Global			



# Conclusion

- Much progress made re recommendation 14
- Convince existing international groups and national compilers to extend data collections for non-bank financial corporations and non-financial corporations
- Preliminary identification of key conceptual issues for recommendation 13 (becoming increasingly important)
- Process to develop reference document on consolidation and related concepts in place

