



STATISTICS



# Financial and Payments Systems Task Team (FITT) Second Meeting

November 24, 2020

# Outline

- **Introduction: New FITT Members**
- **Outcomes of the October 2020 BOPCOM and AEG Meetings**
- **Updates in the Research Agenda**
- **Way Forward**

# Welcome New FITT Members—GFS Community



## New FITT Members

- Philippe De Rougemont (Eurostat)
- Nabila Akhazzan (IMF/GO)

## Additional contributors to specific GNs (TBD)

- Martim Assuncao (Eurostat)
- Floris Jansen (Eurostat)

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# Outcomes of the October 2020 BOPCOM and AEG Meetings

Two guidance notes (GNs) were presented:



**F.5: Treatment of Credit Default Swaps**



**F.8: Valuation of Debt Securities at Both Market  
and Nominal Values**

The meeting documents are posted on the BOPCOM website  
<https://www.imf.org/external/bopage/stindex.htm>

# Treatment of Credit Default Swaps (CDS)



## Discussions

- Following the strong support received during the public consultation, most Committee members supported the proposal to maintain the current treatment of CDS as option type.
- For supplementary breakdown by risk categories, the Committee indicated that it should be forwarded to the F.4 team (dealing with the classification of financial derivatives by type) and comprehensively assessed. Depending on the final outcome, the Committee could decide revisiting its decisions.



## Actions

- Co-authors to prepare a final version of the GN for posting on the BOPCOM website and to be part of the proposed annotated outline of *BPM7*.
- F4 team (dealing with the classification of financial derivatives by type) to assess the proposed supplementary breakdown by risk categories comprehensively.

# Valuation of Debt Securities at Both Market and Nominal Values



## Discussions

- Following the strong support received during the public consultation, the Committee supported the proposal to
  - i. strengthen the guidance in *BPM6* and *2008 SNA* for presenting stocks of debt securities at nominal value for liabilities;
  - ii. report supplementary items on the nominal value of the total amount of assets in debt securities and intercompany lending (in economies where it is relevant); and
  - iii. clarify the definition of nominal value consistently in all the manuals.

## Actions

- FITT to prepare a final version of the GN, stating the final recommendations, clarifying the definition of nominal value, and highlighting the need for its consistency across macroeconomic statistics manuals.
- Final GN to be posted on the BOPCOM website and to be part of the proposed annotated outline of *BPM7*.

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# New Topics for Adding to the Research Agenda

	Topic	Issue	Proposed Action
1.	<b>The treatment of crypto assets in macroeconomic statistics</b>	In a recent meeting with between the OECD, Eurostat, BEA, and IMF it was proposed to add this to the FITT research topics, separating it out from the FINTECH. AEG also agrees with this proposal.	<ul style="list-style-type: none"> <li>• Add to the list of high-priority research topics and request for volunteers to work on the topic</li> </ul>
2.	<b>Treatment of Master Risk Participation Agreements</b>	<b>Indonesia:</b> Treatment of risk participations in the case of funded risk participation (participant deposits an amount equal to the loan with the grantor for payments equal to interest, principal, and commissions under the loan agreement from the grantor) and unfunded risk participation (no deposit but participant agrees to reimburse the grantor in the event of a payment default by the borrower for a fee from the grantor).	<ul style="list-style-type: none"> <li>• Add to the list of medium-priority research topics and request for volunteers to join Indonesia as lead author and contributors</li> </ul>

# New Topics in the Research Agenda

	Topic	Issue	Proposed Action
3.	<b>Debt concessionality</b>	<b>BPM6 Research Agenda:</b> This is from <i>BPM6</i> Research Agenda (paragraph 1.43) and was included in the initial list of BOPCOM research topics. Will also cover the topic Low interest and interest free loans proposed by the GFS community.	<ul style="list-style-type: none"> <li>• Add to the list of medium-priority research topics and request for volunteers to work on the topic</li> </ul>
4.	<b>Subscription rights</b>	<b>ECB:</b> Need to clarify whether subscription rights should be classified as financial derivative or equity.	<ul style="list-style-type: none"> <li>• Add to list of medium-priority research topics and request for volunteers to work on the topic</li> </ul>
5.	<b>Factoring transactions</b>	<b>ECB:</b> Differences in statistical recording between factoring with recourse or without recourse (note that F.14 is rather on income--related to factoring--and it seems better placed in CATT)	<ul style="list-style-type: none"> <li>• Add to the list of research topics or cover the issue within F.14 (Treatment of factoring transactions).</li> </ul>

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# Takeaways From Drafting Teams

## Challenges in drafting and finalizing GNs

### Very tight schedule

- Each step (e.g., drafting, consultation within the FITT, incorporation of comments) took more time than originally scheduled

### Conflicting views in the authoring team and FITT members

- Have to find conclusions that everyone can agree on

### Joint work between National Accounts and External Sector Statistics communities

- May not be familiar with the perspective of the other community

# Takeaways From Drafting Teams

**No magic bullet to overcome the challenges easily**

**Very tight schedule**

- Plan ahead and start drafting as early as possible.

**Conflicting views in the authoring team and FITT members**

- Consult within the authoring team at an early stage to explore a happy medium and think outside the box.

**Joint work between National Accounts and External Sector Statistics communities**

- Collaborate with team members from the early stage for their input.

# Next Set of GNs—F.3 and F.10

## F.3: Reverse Transactions (RTs)

- Revisits current concepts and treatment of RTs to ensure consistent recording of different arrangements under RTs and to provide further methodological guidance and clarifications on recording positions and transactions associated with RTs.
  - The GN has already been consulted with FITT members and being sent to the Balance of Payments Task Team and the Advisory Expert Group of National Accounts.

## F.10: Treatment of Cash Collateral

- Examines treatment of cash collateral agreements in general terms, including repayable margins in financial derivatives.
  - The GN has already been shared in the authoring team and being sent to FITT members for consultation.

# Schedule of the Preparation of FITT GNs

Meeting and GN	Action	Timeline
<b>February 2021 Meeting</b> <b>F.3 Reverse transactions</b> <b>F.10 Treatment of cash collateral</b>	Draft GN to be submitted to AEG/BPTT for review	No later than November 30, 2020
	GN to be posted for public consultation	No later than December 18, 2020
	GN to be sent to the Committee	No later than February 5, 2021
<b>June 2021 Meeting</b> <b>F.2 Asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships</b> <b>F.4 Financial derivatives by type</b> <b>F.9 Valuation of loans (fair value)</b> <b>F.13 Measurement of margins on buying and selling of financial instruments</b> <b>F.14 Treatment of factoring transactions</b>	Draft GN to be ready for FITT review	No later than February 26, 2021
	Draft GN to be submitted to AEG/BPTT for review	No later than March 15, 2021
	GN to be posted for public consultation	No later than April 16, 2021
	GN to be sent to the Committee/AEG	No later than June 4, 2021

**Thank you**