

BANK FOR INTERNATIONAL SETTLEMENTS

Challenges related to the completion of the DGI Recommendations – BIS experience

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BIS involvement in G20 recommendations

- #4 Aggregate leverage and maturity mismatches (eg BIS's funding risk indicators)
- #5 Credit default swaps: enhanced CDS
- #7 BIS securities statistics revamped
- #8-9 Global Network Connections and Systemically Important Global Financial Institutions: BIS International Data Hub
- # 10 – 11 International Banking Statistics
- # 13 Cross-border exposures of Financial and Non-Financial Corporations reference guide
- #14 Navigation template on available data
- # 19 Real Estate Prices

Current Data Collection Challenges

1. Debt Securities Statistics
2. Real Estate Prices
3. International Banking Statistics
4. BIS International Data Hub



1. Debt securities – Data Collection

- Limited historical coverage
 - Data missing for most EMEs before 2000 (ongoing work to extend historical series based on previous compilation exercises)
- Quarterly frequency
 - Annual data for Saudi Arabia and Hong Kong
- Sector breakdown
 - Goal:
 - ✓ Non-financial corporates
 - ✓ General government (inc central government)
 - ✓ Financial corporations (inc Central Bank / depository corporations)
 - ✓ Households and NPISHs
 - Many countries have limited breakdowns
 - Saudi Arabia and India provide data only for the central government

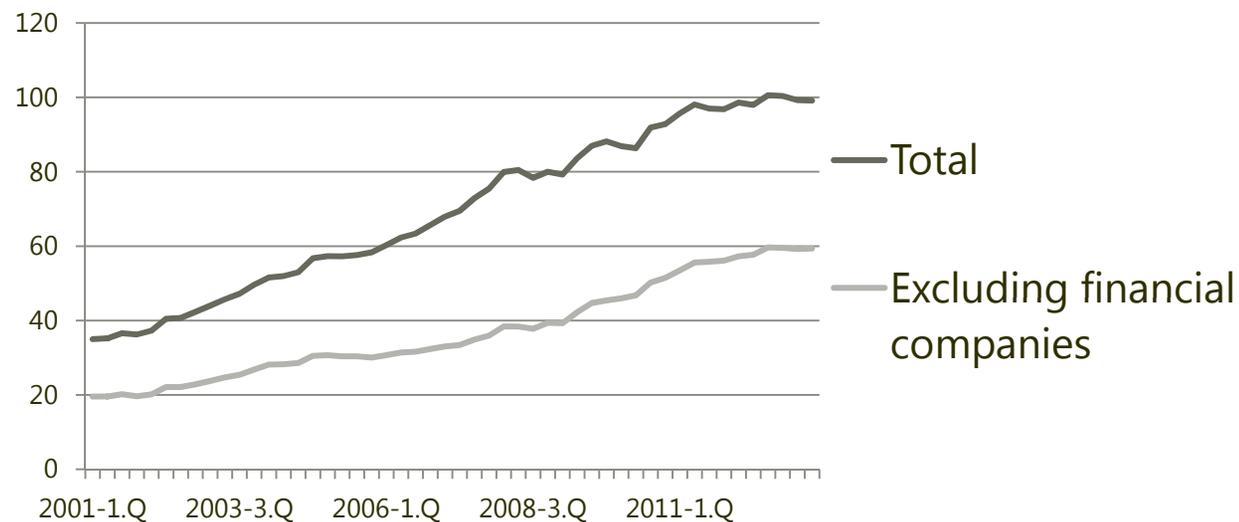
1. Debt securities – Conceptual Challenges

- Various BIS securities datasets
 - International debt securities (granular) – 153 countries
 - Domestic debt securities (aggregate) – 33 countries, mostly EMEs
 - Total debt securities (aggregate) – 40 countries, mostly industrialised
- Definition of international debt securities
 - Issued in a foreign market (ie outside the market where the borrower resides)
 - Various elements for identifying the market of issue vs the resident market
 - Elements of uncertainty

1. Debt securities – Estimating the global bond market

- BIS datasets can be combined to estimate the size of the global bond market (around USD 100 trillion in 2013)

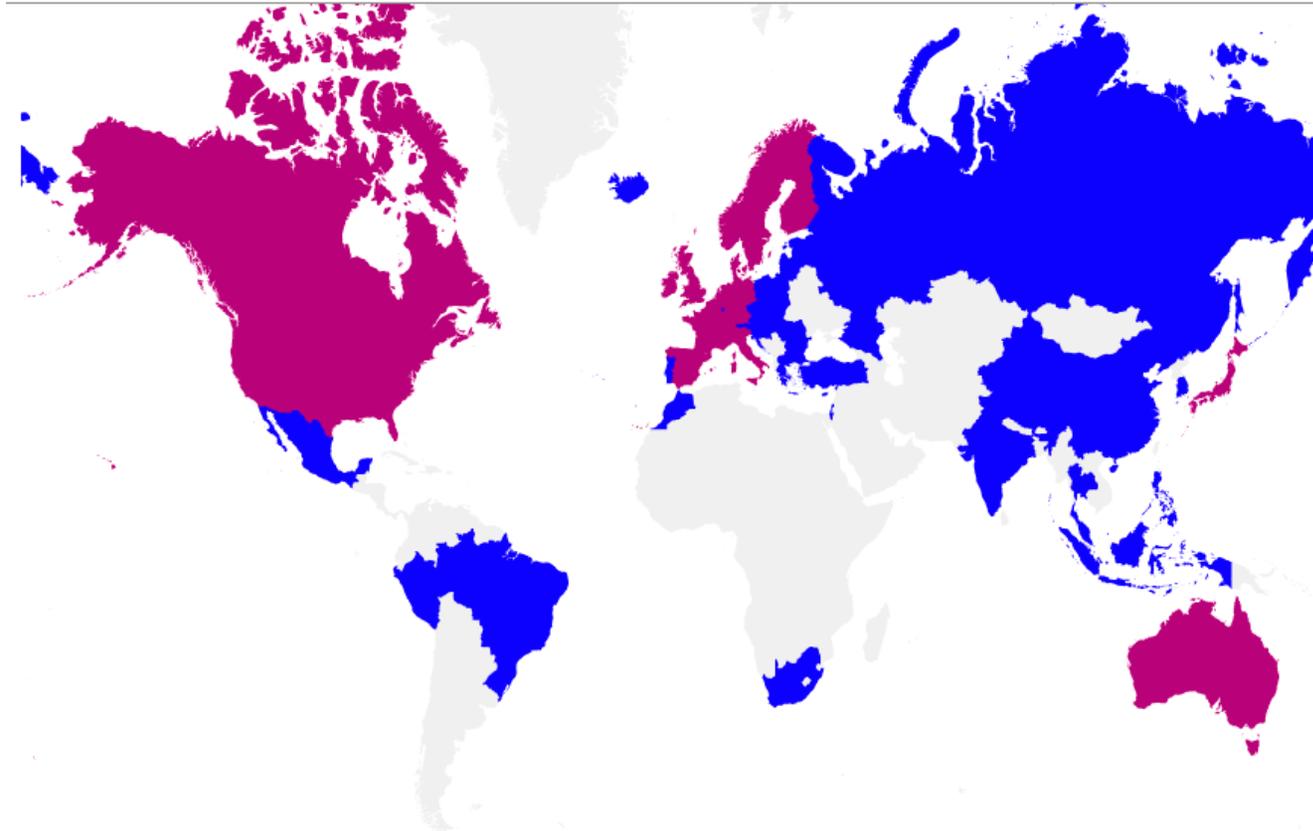
Estimated size of global debt securities market, US\$ tr



2. Residential property prices

- BIS database
 - 54 countries, 300 series
 - Still missing among G20: Argentina and Saudi Arabia
 - 2010: First publication on the BIS website
 - June 2014: Expanded publication
- Challenges
 - No binding methodological standards
 - Lack of homogeneity across countries
 - Long series dataset (key financial stability indicator) limited to 18 countries

2. Residential property prices – Country coverage*



Reporting countries (blue + purple)

Long series (purple)

*Data for India has been recently submitted to the BIS

3. International Banking Statistics (IBS) – Coverage

- G20
 - ✓ New reporters: Indonesia (2012), Korea (2013), Argentina & Russia (test data)
 - ✓ Preparatory work by Saudi Arabia and China
- Financial centres
 - ✓ “Offshore centres” recognised as banking sectors dealing primarily with non-residents and/or in foreign currency on a scale out of proportion to the size of the host economy
 - ✓ Already 12 reporting countries (only 3 for consolidated)
 - ✓ Counterparties: vis-à-vis public data for 22 offshore centres
- Global coverage declining
 - ✓ From about 95% to 90% of estimated global interbank activity since 2002
- Two sets of IBS: Locational / Consolidated
 - ✓ All banking offices in a reporting country (NA residency concept)
 - ✓ Exposure of national banking systems (supervisory concepts)

3. IBS – DGI Enhancements

- CGFS-approved enhancements (2012) – 2 phases
 - ✓ Stage 1 (locational) – data already collected
 - ✓ Stage 2 (locational & consolidated) – new data
- Implementation
 - ✓ Stage 1: data from Q2 2012; dissemination to central banks started in summer 2013
 - ✓ Stage 2: data from Q4 2013; feedback to reporters in 2014 and dissemination to central banks expected early 2015
 - ✓ Public dissemination: phased in starting in 2015

3. IBS – Stage 1 (locational)

- Full financial balance sheet:
 - ✓ More complete data
 - ✓ Refined FX breakdown
 - ✓ Local currency positions against residents

- New counterparty-country dimension:
 - ✓ Crossing nationality of the reporter / location of the reporter / location of the counterparty
 - ✓ Ex: liabilities of German banks that reside in the UK vis-à-vis counterparties located in Japan
(before: vis-à-vis counterparties in all other countries combined)

3. IBS – Stage 2 (locational & consolidated)

- Country credit risk (CBS):
 - ✓ Exposures to residents of the country where the bank is headquartered
 - ✓ Size of bank's total balance sheet
- International bank credit:
 - ✓ More granular counterparty-sector (eg banks' exposure to the non-bank financial sector) – CBS/LBS
 - ✓ Breakdown by type of banking office (domestic banks, branches, subsidiaries) – LBS
- Banks' funding patterns
 - ✓ Breakdown by instruments (eg deposits, debt securities) – CBS
 - ✓ Basic maturity split for debt securities – LBS

3. IBS – Challenges with the new data

- New, expanded templates
 - ✓ Data Structure Definitions
 - ✓ Massive increase in amount of data
 - ✓ New IT applications
- Flexible data collection
 - ✓ Best effort basis (eg counterparty sectors)
 - ✓ Priorities: counterparty country/ sector/ currency/ instrument/ maturity
- Quality issues
 - ✓ Granularity
 - ✓ Confidentiality issues, potentially constraining analytical benefits and dissemination outside central banks
 - ✓ Long transition period: many breaks in series
- Research issues
 - ✓ Analysing big, complex data
 - ✓ Educating (a variety of) users
 - ✓ Making use of the new data for policy work

3. IBS – Further avenues considered

- Bank consolidation
 - ✓ Rules left to discretion eg national supervisory practices
 - ✓ CGFS recommendation for “best practice” definition / BCBS work?
 - ✓ Parent country of a reporting bank: location of the bank’s group-level supervisor («home» supervisor)?
- Ultimate risk exposures
 - ✓ Potential enhancements to IBS ultimate risk data?
 - ✓ Alternative measures of country risk exposures?
- Comparability of IBS derivatives data
 - ✓ Across countries (eg inclusion of derivatives in financial instruments, netting of reported CDS sold under “guarantees”)?
 - ✓ Consistency with OTC derivatives statistics?

4. The BIS International Data Hub (IDH)

- Collect data on almost 30 G-SIBs to assess
 - Interlinkages among largest banks
 - Concentration of these institutions to sectors and markets
- Data
 - Weekly, monthly and quarterly individual data submissions
 - Accuracy, confidentiality, completeness and timeliness
 - Coordinate on banks' compliance with reporting guidelines
- Analytics
 - Aggregate reports
 - Development of analytical tools and metrics
- BIS Secretariat reports to the Hub Governance Group (HGG)
 - Evolution of previous collection exercises by senior supervisors

4. IDH – Data collection in 3 phases

- Phase I - 2013
 - I-I data
 - I-A data
 - Individual bank (confidential) data underlying the IBS
 - New IBS Stage 2 reported to the Hub (already around 1/3 reporters)
- Phase II – 2015: I-I Funding template
- Phase III – 2016: Expanded I-A templates
 - Quantitative impact assessment
 - Consistency with consolidated, less granular IBS A-A data?