

The Financial Crisis and Information Gaps  
Recommendation 13: Cross-border Exposures of  
Non-Financial and Financial Corporations

Senior Officials Conference  
Basel, April 8 and 9, 2010

# G-20 recommendation

- *The IAG to investigate the issue of monitoring and measuring cross-border, including foreign exchange derivative, exposures of non-financial, and financial, corporations with the intention of promoting standardised reporting guidance and dissemination of data.*
- Lead agency: IAG (BIS, ECB, IMF, OECD, Eurostat)

# Methodological developments

- Various methodologies exist (SNA, BOP, FSI, IBS, ExD, HSS, IFRS, EU registers for multinationals)
- Measurement of financial exposures on a consolidated basis is relatively new, definitions not always clear
  - SNA offsetting within same institutional sector
  - IBS/IFRS global consolidation of banks headquartered in a country
  - consolidation within complex financial group (holdings)
- Key issue: how can framework of consolidation be made compatible with traditional SNA/FA on residency basis?

# Availability of data

- Non-financial corporations: little info on cross-border positions; statistics on residency basis do not capture exposures booked outside jurisdiction (eg through foreign affiliates); consolidated financial statements not good at capturing positions such as derivatives
- Financial corporations: IBS document exposures for banks, lack of data for non-bank institutions (see also rec 14) though some in FSI's Enhancing the user friendliness of the website
- Data limitations at national and international level

# Way forward

- More detailed review of methods and data available
- Stream 1: financial corporations
  - in parallel with rec 14
  - prepare discussion paper
  - organise workshop (eg IFC with reps from other groups)
  - identify more clearly what methodological and data compilation guidance is needed
- Stream 2: non-financial corporations
  - identify direct and indirect sources (counterparties in other datasets, current or prospective)
  - bring data together in single hub?

# Questions

- How clear are the concepts of consolidation for financial and non-financial corporations to compilers and users of financial statistics?
- What scope is there to improve data collection of cross-border exposures of financial corporations, both banks and non-bank financial corporations? What would the sources for this data and what are the challenges for compilers?
- Would a mix of direct and indirect data sources ensure appropriate coverage of non-financial corporations and, if not, how might the situation be improved?