



Global Flow of Funds



**Luca Errico
Chief**

**Financial Institutions Division
Statistics Department
International Monetary Fund**

**Global Conference on the G-20 Data Gaps Initiative
Session III: G-20 Data Gaps Initiative: The Policy Perspective
June 25-26, 2013
International Monetary Fund
Washington, D.C.**

The views expressed herein are those of the author and should not necessarily be attributed to the IMF, its Executive Board, or its management

Global Flow of Funds—Overview

- ❖ GFF is one of three work-streams envisaged as part of the “Central Banks Network,” a new IMF initiative aimed at strengthening the analysis of interconnectedness across borders, global liquidity flows and global financial interdependencies.
- ❖ Construct a global flow of funds mapping domestic and external capital stocks geographically broken down bilaterally by (potentially) the 25 jurisdictions identified by the IMF as hosting systemically-important financial sectors.
- ❖ “Proof of concept” developed in collaboration with, and piloted on, the euro area, Hong Kong, Japan, Singapore, Switzerland, the United Kingdom and the United States.
- ❖ Longer-term vision: prototype matrix of stock (to be extended to flow) data geographically broken down by national/regional economies for regular monitoring of global flow of funds.
- ❖ Supports work to fill data gaps re: G-20 DGI recommendations.

What has been achieved to date (1)

- ❖ Domestic flow of funds matrix-the Balance Sheet Approach (BSA)-with the rest of the world sector data drawn from the International Investment Position (IIP)

Net Intersectoral Asset and Liability Positions
Reporting Country

Issuer of liability (debtor)	Year											
	General Government			Financial Sector			Nonfinancial Corporations			Rest of the World		
Holder of liability (creditor)	Claims	Liabilities	Net pos.	Claims	Liabilities	Net pos.	Claims	Liabilities	Net pos.	Claims	Liabilities	Net pos.
	Nonresidents											
Currency and deposits	+	+	+	√	√	√	+	+	+			
Securities other than shares	+	+	+	√	√	√	+	+	+			
Loans	+	+	+	√	√	√	+	+	+			
Shares and Other Equity 1/	+	+	+	√	√	√	+	+	+			
Insurance technical reserves	+	+	+	√	√	√	+	+	+			
Financial derivatives	+	+	+	√	√	√	+	+	+			
Other accounts receivable 2/	+	+	+	√	√	√	+	+	+			

Source: Standardized report forms for monetary and financial data

1/ Shares and other equity: Market Value, by holding sector data are not classified in this version of the BSA. Many countries have yet to supply these data.

2/ Includes trade credit/advances & settlement accounts

+ : Data supplemented with IIP and GFS reported data

What has been achieved to date (2)

- ❖ External Statistics' Flow of Funds matrix: metadata on what external sector financial stock data are available by IIP category

External Assets (Stock data)

Concept	Country breakdown	Sector of Investor	Sector Investee	Frequency	Maturity	Currency
Direct Investment Assets	CDIS (net figures)	CDIS partial data for net debt for resident financial intermediaries and all other residents	None, potential enhancement	Annual CDIS and annual/quarterly IIP	IIP BPM6 AAPD (additional analytical position data), only for intercompany debt (BPM6 table A9-1-1a) with breakdown of which one year or less	IIP BPM6 AAPD with currency breakdown, but only for intercompany debt (BPM6 table A9-1-1a)
Portfolio Investment (PI) Equity	CPIS	IIP and CPIS encouraged item by sector of resident holder	CPIS enhancements: PI holdings by sector of nonresident issuer	Annual CPIS, semiannual CPIS enhancements, and annual/quarterly IIP	Not applicable	CPIS encouraged item: PI holdings by currency
Debt Securities LT	CPIS				CPIS, IIP	CPIS encouraged item: PI holdings by currency. IIP BPM6 AAPD (BPM6 table A9-1-1a), but data in this table refer to all debt claims, with no breakdown for PI
Debt Securities ST	CPIS				CPIS, IIP	
Other Investment (OI) Banks	BIS IBS loans, deposits, other assets	IIP. BIS IBS data	BIS IBS data (Sector of investee: total and non banks)	Annual/quarterly IIP and quarterly BIS IBS	IIP	IIP BPM6 AAPD (BPM6 table A9-1-1a) with currency breakdown, for all debt claims (no breakdown for OI). BIS IBS data by five major currencies
OI Other	BIS IBS mirror data with non bank sector as reported by banks	IIP. BIS IBS mirror data with non bank sector as reported by banks	BIS IBS mirror data with non bank sector as reported by banks (Sector of investee: banks)	Annual/quarterly IIP and quarterly BIS IBS mirror data	IIP	IIP BPM6 AAPD (BPM6 table A9-1-1a) with currency breakdown, for all debt claims, with no breakdown for OI. BIS IBS mirror data by five major currencies
Reserves	SEFER	Reserves Data Template (RDT) and IIP	None, potential enhancement	Monthly RDT, quarterly/annual IIP, quarterly COFER, and annual SEFER.	IIP and SEFER (debt securities long and short term).	COFER. RDT section IV and country notes. IIP BPM6 AAPD (BPM6 table A9-1-1a).

What has been achieved to date (3)

External Statistics' Flow of Funds matrix: metadata on what external sector financial stock data are available by IIP category

External Liabilities (Stock data)

Concept	Country breakdown	Sector of Investor	Sector Investee	Frequency	Maturity	Currency
Direct Investment Liabilities	CDIS (net figures)	None, potential enhancements	CDIS partial data for net debt for resident financial intermediaries and all other residents	Annual CDIS and annual/quarterly IIP	IIP BPM6 AAPD, only for intercompany debt (BPM6 table A9-1-2a), with breakdown of which one year or less	IIP BPM6 AAPD with currency breakdown, but only for intercompany debt (BPM6 table A9-1-1a)
Portfolio Investment (PI) Equity	CPIS encouraged item (PI liabilities by economy of nonresident holder), CPIS Derived	Mirror CPIS encouraged data on assets by sector of the holder	IIP	Annual CPIS encouraged liabilities data, semiannual CPIS enhancements, annual CPIS derived, quarterly/annual IIP.	Not applicable	None, potential enhancement
Debt Securities LT			IIP		CPIS encouraged liabilities and derived, IIP	IIP BPM6 AAPD (BPM6 table A9-1-2a) with currency breakdown, for all debt liabilities (no breakdown for PI)
Debt Securities ST			IIP			
Other Investment (OI) Banks	BIS IBS loans and deposits, and other liabilities	BIS IBS data broken down into total and non banks	IIP. BIS IBS data as reported by banks	Annual/quarterly IIP and quarterly BIS IBS	IIP	IIP BPM6 AAPD (BPM6 table A9-1-2a) with currency breakdown, for all debt liabilities (no breakdown for OI). BIS IBS data by five major currencies
OI Other	BIS IBS mirror data with non bank sector as reported by banks	BIS IBS mirror data with non bank sector as reported by banks	IIP. BIS IBS mirror data with non bank sector as reported by banks	Annual/quarterly IIP and quarterly BIS IBS mirror data	IIP	IIP BPM6 AAPD (BPM6 table A9-1-2a) with currency breakdown, for all debt liabilities (no breakdown for OI). BIS IBS mirror data with non bank sector as reported by banks by five major currencies

Conclusions and possible way forward (1)

- ❖ The use of the BSA and external statistics' matrices draws out what data are available; the major data gaps; and provides the dynamics to capture bilateral country flow of funds.
- ❖ Proof of concept has shown what could be possible to achieve drawing on available data sources across statistical domains.
- ❖ Work in early stage of development, but has the potential to cover both national/regional and cross-border (by country and sector) stocks and flows, enabling the monitoring of national/regional and international capital flows on a regular basis.
- ❖ Once confirmed, the proof of concept might help countries to put the data together themselves for own policy use.

Conclusions and possible way forward (2)

- ❖ Expecting feedback from the Central Banks Network on the work undertaken thus far.
- ❖ Will informally update the IMF Executive Board on this work later this year. Also, will need to decide what priority to give this work within the broader framework of STA work program and resources envelope.
- ❖ Depending on the foregoing, possible next steps:
 - ❖ Map IMF data sources for the balance sheet stocks of the rest of the world sector by country/region to bilateral flows in a wider set of countries/regions.
 - ❖ Assess the main data gaps and quantify gross bilateral flows into: (i) transactions; (ii) changes in the value of a financial asset/liability; and (iii) other changes in volume of an asset/liability.

Conclusions and possible way forward (3)

- ❖ For, each country/region, we would need to find “smart” ways to:
 - ❖ Provide comprehensive monetary statistics, through full SRF reporting, including OFCs;
 - ❖ Check with counterparts whether flow data on their bilateral IIP exists;
 - ❖ Understand national data sources used for their own flow of funds;
 - ❖ Determine how much common granularity there is in the split by counterparty sector. We could begin with: bank/non-bank; and
 - ❖ Check the cross-consistency of the mirror data and data asymmetries due to methodology, valuation and timing.

Thank You!

Happy to entertain questions.

LERRICO@imf.org