

Long Term Finance: development of quantitative indicators of long- term investment finance

Global Conference on the G-20 Data Gaps Initiative

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Comments are personal and do not represent the views of the FSB

- FSB, IMF, OECD, World Bank project
- National authorities engagement group
- Objective: the overarching long-term objective of the project is to design and implement a flexible single point of entry data-exchange framework based on currently available data
- The output should support the work of the G20 and national policy makers on long-term investment

Step 1: Long-term investment finance data inventory: identification of data sources availability by element (see table below). The aim of the project is to draw on existing data sources to the extent possible in the 1st phase. At this stage the exercise will be based on existing data sources only.

Next Step 2: Data normalization: analysis of consistency and comparability of the data.

Step 3: Quantitative indicators: production and use of data for trend analysis.

Focus areas

FSB focus areas

Data needed	Indicator/trends to be produced/analysed	Policy objective
Bank sourced finance	Volume of finance by maturity if possible	Monitoring of supply of bank finance
OTC derivatives positions	Long-term hedge contracts, currency hedges	Availability and cost of hedging instruments

IMF focus areas

Data needed	Indicator/trends to be produced/analysed	Policy objective
Role of capital markets in LT finance	Broken down by instrument	Analyse the depth of financial market with regard to provision of LT finance
Role of financial intermediaries other than banks in LT finance	Insurance companies, pension funds, SWFs, other	Analyse the trends in financing behaviours of financial corporations
Cross border capital inflows	By source jurisdiction	Assessing the availability of external finance

Focus areas

OECD focus areas

Data needed	Indicator/trends to be produced/analysed	Policy objective
Role of capital markets in LT finance	Broken down by instrument	Analyse the depth of financial market with regard to provision of LT finance
Role of financial intermediaries other than banks in LT finance	Insurance companies, pension funds, SWFs, other	Analyse the trends in financing behaviours of financial corporations

World Bank focus areas

Data needed	Indicator/trends to be produced/analysed	Policy objective
Project finance	Volume of finance by sector , type and by maturity if possible	Monitoring of supply of project and infrastructure finance
Bank sourced finance	Volume of finance by maturity if possible	Monitoring of supply of bank finance
Role of capital markets in LT finance	Broken down by instrument	Analyse the depth of financial market with regard to provision of LT finance
Role of financial intermediaries other than banks in LT finance	Insurance companies, pension funds, SWFs, other	Analyse the trends in financing behaviours of financial corporations

Table 1: Trends in long-term investment expenditures by sectors and types

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Sectors	Type of capital investment	Total gross fixed capital formation	Dwellings	Other buildings and structures							Machinery and equipment
				Total	Non-residential buildings		Other structures				
					Of which hospitals and schools	Total	Transport infrastructure	Communication infrastructure	Sanitation	Other	
Non-financial corporations											
Of which public non-financial corporations											
Of which PPPs											
Real estate investment funds											
General government		GFS									GFS
Of which central government		GFS									GFS
Of which state and local government		GFS									GFS
Of which PPPs											
Total Economy											

Table 1: Trends in long-term investment expenditures by sectors and types - Investment Flow

Sectors	Type of capital stock	Other buildings and structures by industrial activity										Machinery and equipment by industrial activity																												
		Agriculture	Mining	Manufacturing	Electricity, gas, water	Water supply and sewerage	Construction	Transport	Information and communication	Public administration and defence	Other services	Agriculture	Mining	Manufacturing	Electricity, gas, water	Water supply and sewerage	Construction	Transport	Information and communication	Public administration and defence	Other services																			
Non-financial corporations																																								
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Total Economy																																								

Table 1: Trends in long-term investment expenditures by sectors and types - Investment Flow

Sectors	Type of capital stock	Total Fixed assets	Dwellings	Other buildings and structures							Machinery and equipment	
				Total	Non-residential buildings		Other structures					
					Of which hospitals and schools	Total	Transport infrastructure	Communication infrastructure	Sanitation	Other		
Non-financial corporations		x	x	x	x							x
Of which public non-financial corporations												
Of which PPPs												
Real estate investment funds												
General government		x	x	x	x							x
Of which central government												
Of which state and local government												
Of which PPPs												
Total Economy						x	x	x				x

Table 1: Trends in long-term investment expenditures by sectors and types - Capital Stock

Sectors	Type of capital investment	Total gross fixed capital formation	Dwellings	Other buildings and structures							Machinery and equipment	
				Total	Non-residential buildings		Other structures					
					Of which hospitals and schools	Total	Transport infrastructure	Communication infrastructure	Sanitation	Other		
Non-financial corporations		x										
Of which public non-financial corporations		SNA08										
Of which PPPs												
Real estate investment funds												
General government		x										
Of which central government		x										
Of which state and local government		x										
Of which PPPs												
Total Economy		x	x	x	x					x	x	x

Table 2: Trends in long-term investment financing by designation sectors, instrument types, and funding sectors



Table 2: Trends in long-term investment financing by destination sectors, instrument types, and funding sectors

Financing instruments/sectors	Long-term loans										
	Total	Financial corporations						General government	Other domestic sectors	Rest of the world Option 1 (consolidated IBS data with residual maturity of over 2 years)	Rest of the world Option 2 (consolidated IBS data: sectoral split after enhancement)
		Total	Deposit-taking corporations	Insurance corporations and pension funds		Other financial corporations					
				Total	insurance corporations		pension funds				
Non-financial corporations										x	
Of which public non-financial corporations											
Of which PPPs											
Real estate investment funds											
General government										x ¹⁴	
Of which central government											
Of which state and local government											
Of which PPPs											
Total Economy									x	x	

Table 2: Trends in long-term investment financing by destination sectors, instrument types, and funding sectors

Financing instruments/sectors	Total liabilities	Long-term loans								
		Total	Financial corporations					General government	Other domestic sectors	Rest of the world
			Total	Deposit-taking corporations	Insurance corporations and pension funds		Other financial corporations			
					Total	insurance corporations				
Non-financial corporations	IIP/CPIS			CPIS/Mirror Data	CPIS/Mirror Data		CPIS/Mirror Data	DS/Mirror Data	DS/Mirror Data	IIP/CPIS
Of which public non-financial corporations										
Of which PPPs										
Real estate investment funds										
General government	GFS/IIP/CPIS			CPIS/Mirror Data	CPIS/Mirror Data		CPIS/Mirror Data	DS/Mirror Data	DS/Mirror Data	IIP/CPIS
Of which central government										
Of which state and local government										
Of which PPPs										
Total Economy										

Table 2: Trends in long-term investment financing by destination sectors, instrument types, and funding sectors

Financing instruments/sectors	Total liabilities (F4L+F5+F3L)	Long-term loans F4L							Equity and investment fund shares F5			Long-term securities F3L		
		Total	Financial corporations S12					General government S13	Other domestic sectors	Rest of the world S2	Total	Domestic sectors S1	Rest of the world S2	
			Total	Deposit-taking corporations S121+S122	Insurance corporations and pension funds S128+S129		Other financial corporations							
					Total	insurance corporations S128								pension funds S129
Non-financial corporations S11	x	x												
Of which public non-financial corporations S11001	SNA08	SNA08							x			SNA08		
Of which PPPs														
Real estate investment funds														
General government S13	x	x							x			x		
Of which central government S1311	x	x							x			x		
Of which state and local government S1312+S1313	x	x							x			x		
Of which PPPs														
Total Economy S1	x	x							x	x	x	x	x	

Table 2: Trends in long-term investment financing by destination sectors, instrument types, and funding sectors

Financing instruments/sectors	Equity and investment fund shares				Long-term securities			Other financial assets			
	Total	Domestic sectors	Rest of the world	of which Foreign Direct Investment	Total	Domestic sectors	Rest of the world	[2] of which financial			
								[1] of which financial derivatives		Total	Rest of the world
								Total	Rest of the world		
Non-financial corporations	x (includes government) 1-5 year maturity breakdown	FX (domestic per location of headoffice)	FX (domestic per location of headoffice)						x (includes government) 1-5 year maturity breakdown		
Of which public non-financial corporations											
Of which PPPs											
Real estate investment funds		FX real money investors	FX real money investors								
General government		FX official sector	FX official sector								
Of which central government											
Of which state and local government											
Of which PPPs											
Total Economy											

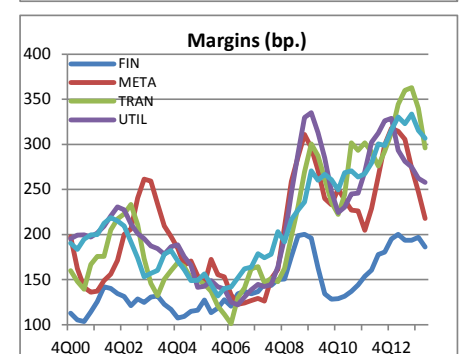
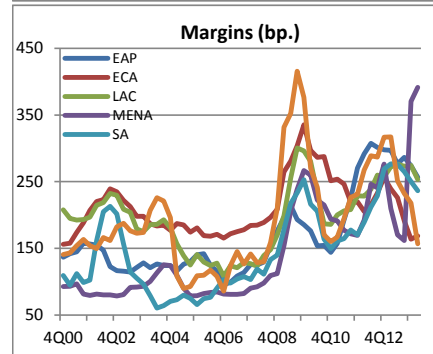
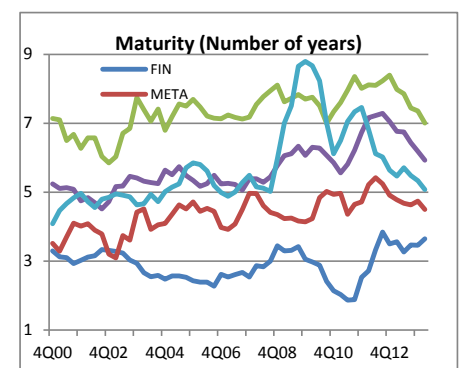
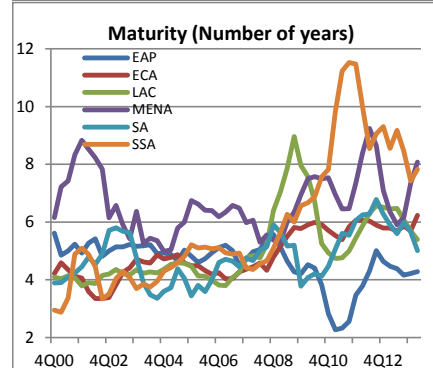
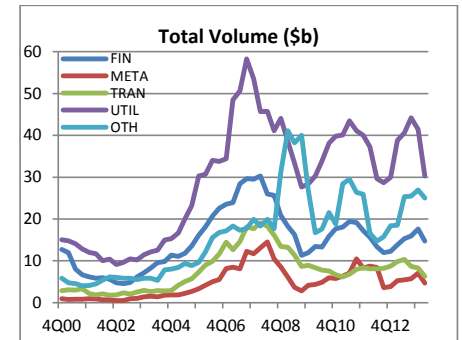
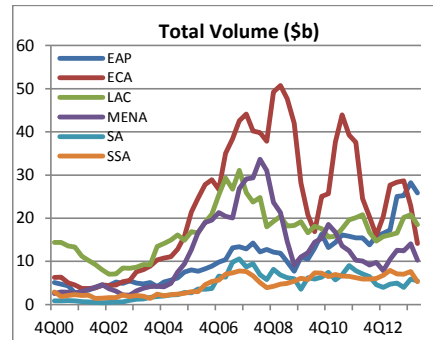
Table 2: Trends in long-term investment financing by destination sectors, instrument types, and funding sectors

Financing instruments/sectors	Equity and investment fund shares				Long-term securities				
	Total	Domestic sectors	Rest of the world	of which Foreign Direct Investment	Total	Domestic sectors	Rest of the world		
								Total	
								Total	Rest of the world
Non-financial corporations	IIP/CPIS	S/Mirror d	IIP	IIP	CPIS/Mirror d	IIP			
Of which public non-financial corporations									
Of which PPPs									
Real estate investment funds									
General government	IIP/CPIS	S/Mirror d	IIP		CPIS/Mirror d	IIP			
Of which central government									
Of which state and local government									
Of which PPPs									
Total Economy									

Table 3: Syndicated loans for a certain geographical unit at a certain point in time

Table 3: Syndicated loans for a certain geographical unit at a certain point in time (illustrative)

	To Private Sector			To Public Sector		
	Volume (US\$)	Avg. price (spread)	Avg. maturity (yr)	Volume (US\$)	Avg. price (spread)	Avg. maturity (yr)
From a syndicate dominated by EXTERNAL entities from DEVELOPED countries	Industry A x	x	x	Industry A x	x	x
	Industry Z x	x	x	Industry Z x	x	x
From a syndicate dominated by EXTERNAL entities from EMERGING countries	Industry A x	x	x	Industry A x	x	x
	Industry Z x	x	x	Industry Z x	x	x
From a syndicate dominated by INTERNAL entities	Industry A x	x	x	Industry A x	x	x
	Industry Z x	x	x	Industry Z x	x	x



Great leadership and initiative by national authorities:

- Contributions of Canada and Japan
- Analysis underway by Australia, Italy, Spain, UK and ECB
- Engagement of more national authorities is welcome
- Other directions of work under leadership of national authorities is welcome

- FSB's monitoring work covers all types of financial sectors and institutions as well as interconnections between them
- Main areas of monitoring work
 - Continuing engagement with private practitioners
 - Developing key quantitative indicators on long-term investment finance with IO's
 - Engaging the FSB membership in impact monitoring (including survey)
 - Consultation with Regional Consultative Groups
- Report into G20 ahead of Brisbane Summit

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