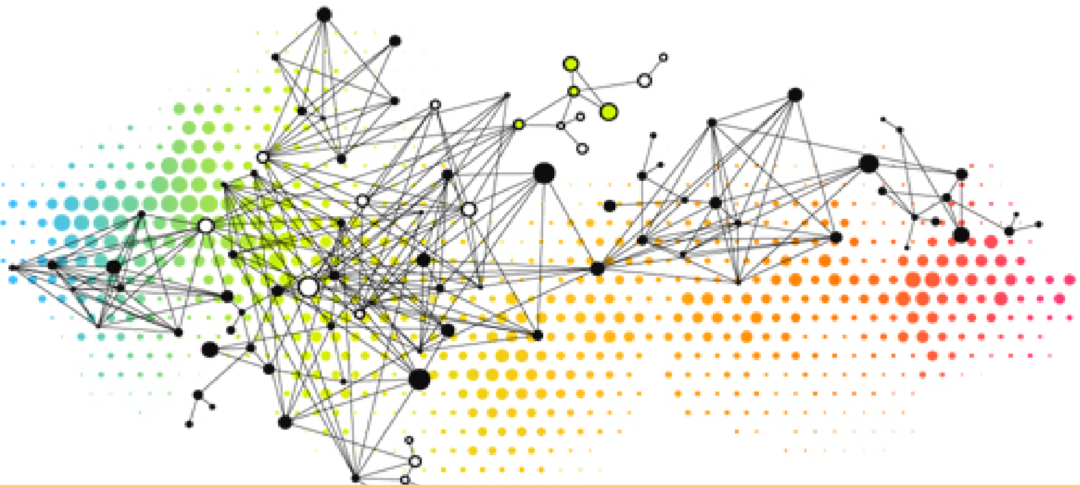

G-20 Data Gaps Initiative: Where do we stand?

Financial-sector related Proposals for the G-20 DGI Phase TWO

IMF Statistics Department

A. Progress on Phase 1 of Recommendation #2: Financial Soundness Indicators (FSI)

- One hundred economies (up from 45 in 2009) report FSIs.
- All G-20 economies report most of the seven FSIs expected from SDDS Plus adherent economies. Fourteen economies report all seven. Quarterly reporting remains an objective.
- The IMF published a revised list of FSIs to reflect the changing global environment (presented to the Executive Board in November 2013, http://www.imf.org/external/np/pp/eng/2013/111313.pdf)
- Preparation of a revised *FSI Compilation Guide* (including some new indicators) is at an advanced stage. The finalized *Guide* would complete the conceptual work in this area.
  - New FSIs were developed for OFCs, including MMFs
  - The FSIs for NFCs and HHs were strengthened

B. Where gaps still exist

- Increase the number of FSI reporting countries further
- Increase frequency, timeliness, and the number of indicators reported, by reporting countries
- Include more FSIs for non-banking financial institutions, non-financial corporations, and households

C. Proposals for Phase II.2

The G-20 economies to report the seven Financial soundness Indicators (FSIs) expected from SDDS Plus adherent economies, on a quarterly frequency. G-20 economies are encouraged to report the core and expanded list of FSIs, with a particular focus on non-bank financial institutions (NBFIs). The IMF to coordinate the work and monitor the progress.

- The IMF is working on the revision of the *FSI Compilation Guide*; after completion of the *Guide* the new FSI list will become effective.
- This recommendation is strengthening and extending the collection of data already covered by DGI-1.

D. Rationale for Phase 2 Proposal on # 2

- The seven FSIs included in the SDDS Plus are deemed essential for financial stability analysis.
- Extended coverage should minimize unforeseen sources of risks and enhance surveillance of the financial sector and improve risk monitoring, which is commonly used by the national authorities and the IMF.
- FSIs are used to monitor the vulnerabilities of the financial sector and its capacity to absorb losses, and are integrated into the broader framework for financial stability analysis.
- The broadened country coverage of FSIs allow for cross-country analyses as well as the assessment of the resilience of national financial systems.

A. Progress in Phase I of Recommendation #3 Tail Risks

- In 2014 the IMF launched a pilot exercise on the compilation of concentration and distribution measures (CDMs) for FSIs (for deposit takers); 35 FSI reporting countries volunteered to participate in the project.
- **Recommendation #3** on *tail risk* is now considered complete with the conclusion of this pilot project.
- The FSIs on which CDMs were calculated include: (i) CAR, (ii) NPLs/Total Gross Loans, (iii) ROA, (iv) ROE, (v) Liquid Assets to Short-Term Liabilities, and (vi) Capital to Total Assets.

C. Rationale for the proposal for Phase 2 of # 3

- CDM data can provide further insights for financial stability analysis without information on individual institutions, since they bring to the fore information that is not revealed by averages.
- Measures that can provide information on tail risks, concentrations, variations in distributions and the volatility of indicators over time enhance the monitoring of risks in the financial sector.

B. Proposals for Phase 2 of # 3

The IMF to investigate the regular collection of concentration and distribution measures for FSIs. G-20 economies to support the work of the IMF.

- An FSI conference is being considered by early 2016 to discuss the possibility of regular collection of CDM data, as well as a draft of the updated *FSI Compilation Guide*.