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New developments in BIS International Financial Statistics

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New developments in BIS International Financial Statistics

1. International banking statistics

- **Data coverage**

Efforts are continuing to increase the number of reporting countries both in the *locational* and *consolidated* banking statistics: the *locational* statistics focus on cross-border banking assets and liabilities and are consistent with balance of payments principles; the *consolidated* statistics provide a measure of the country risk exposure of national banking systems; the data are compiled on a worldwide consolidated basis with inter-office accounts being netted out.

So far, 22 new countries have been invited to join the statistics (3 developed countries, 5 offshore centres and 14 developing countries). So far, four new countries have joined the locational statistics (Australia, Portugal, Taiwan and Turkey) and five countries the consolidated banking statistics (Hong Kong, Portugal, Singapore, Taiwan and Turkey). The BIS is currently receiving partial data from eight additional countries on a regular basis. Three of them (Brazil, the Channel Islands and India) plan to provide sufficient detail for inclusion in the worldwide aggregates and BIS publications by the end of this year.

Currently, 28 countries and centres participate in the *locational* banking statistics and 23 in the *consolidated* banking statistics.

- **Data quality**

A number of countries have improved their reporting in the *locational banking statistics*, such as the provision of missing country breakdowns, more currency detail and a comprehensive instrument breakdown. One reporting centre, the Cayman Islands, has moved from annual to quarterly reporting in the *locational banking statistics*.

Following a recommendation of the FSF Working Group on Capital Flows, the BIS initiated a research project in June of last year to ascertain the main reasons for discrepancies between creditor and debtor data on short-term external debt (for which BIS banking data represent the most important component). Another objective was to provide recommendations on how to address the discrepancies in the joint statistics on external debt. In the context of the exercise, questionnaires on data availability and methodology have been sent out to 30 developing countries and received back from 22 of them. The project has resulted in a report which has been circulated to the participating countries and the member organisations of the Inter-Agency Task Force on Finance Statistics for comments. The BIS plans to organise a workshop in November to discuss the report and to hear from different countries how they intend to improve their domestic statistics on external debt. It is also planned to discuss the report at the forthcoming meeting of central bank experts for international financial statistics at the BIS in October. The BIS would also welcome to receive feedback from the BOP Committee on the findings and proposals in the report.

In September 2000, the Committee on the Global Financial System (CGFS) released a report of a Working Group on the BIS International Banking Statistics recommending that the consolidated banking statistics be structured to provide more detailed and comprehensive data on country risk exposures. The new reporting would cover all relevant aspects of financial institutions' exposures – including guarantees, unused contingent credit facilities and derivatives exposures. The Working Group proposed that the new data be collected from end-2004 and that a group of statistical experts from the reporting countries prepare an implementation plan by end-2001.

Against this background, a Group of Statistical Experts was formed in October 2000. It comprised central bank experts from 17 reporting countries, the BIS and the ECB. It has held two meetings and conducted consultations with risk managers at reporting banks and with central bank users of the statistics to discuss costs and benefits of the proposed changes to the statistics and as well as a

number of conceptual issues. Based on the consultations and the meetings, the Group of Statistical Experts has prepared an implementation plan for the proposed enhancements to the consolidated banking statistics (see attached summary of the recommendations), which has been discussed and in principle approved by the CGFS in its last meeting in early September. It is planned to reach consensus on two remaining technical issues in the next CGFS meeting in November. Afterwards the BIS will begin to prepare new report forms and guidelines for the consolidated banking statistics together with its reporting central banks and to redesign its database applications. This work should be completed by the end of next year.

- **Data availability**

The reporting and publication lags for the *consolidated statistics* have been further reduced during the last year. All countries now in principle provide their data within 12 weeks and the BIS publishes the global results between three and four weeks later. By now all participating countries are reporting their data to the BIS via electronic means. This has contributed significantly to reducing the reporting lags. The BIS is disseminating the full back-run of its published locational and consolidated banking statistics free of charge on the Internet.

Later this year, a new version of the brochure *The BIS Statistics on International Banking and Financial Market Activity* will be issued. The brochure will describe the sources, compilation and publication of the three main sets of BIS international financial statistics: international banking markets, international and domestic securities markets and derivatives and foreign exchange markets.

2. Securities statistics

- **Data coverage**

The BIS undertakes continuous efforts to increase the number of reporting countries in the area of domestic debt securities. While the country coverage of BIS international securities data from commercial sources is complete, the coverage of BIS domestic securities data, which are mainly collected from central bank sources, is currently limited to 22 developed countries, two offshore centres and 14 developing countries.

- **Data quality**

Through data exchanges with central banks, increased efforts are being undertaken by the BIS to eliminate overlaps between international and domestic debt securities data and to ensure the completeness of data on private placements of debt securities. The BIS cooperates with the ECB and IMF in plans to develop a centralised global database of domestic and international individual security issues for both data quality control and analytical purposes.

The BIS is in the process of implementing an expanded business sector breakdown for its international securities statistics, which will become available in December 2001. This includes a breakdown of borrowers by the business sector of the borrower himself in addition to the currently existing breakdown by business sector of the parent company of the borrower. The sector classification will be further refined next year and will provide a distinction between private and public banks, other financial institutions and corporates. Furthermore, as from December 2001, the distinction between short-term and medium-term notes will not anymore be based on the type of program or facility but on the original maturity of the drawing. Finally, the BIS will create a small database application, which will cover separate data on the issuance of bonds in connection with debt restructuring events on an individual security basis. Most of these bonds are not yet covered neither in the BIS international nor domestic securities statistics.

- **Data availability**

The BIS disseminates the full set of historical domestic and international debt securities data, which is published in its Quarterly Review, free of charge on the Internet. In December 2001, the country and currency details available on the Internet will be expanded beyond what is published and will cover all countries and currencies.

3. Foreign exchange and derivatives statistics

- **Data coverage**

In April and at end-June 2001, 48 countries participated in the triennial central bank survey of foreign exchange and derivatives activity coordinated by the BIS. The survey was conducted for the sixth time. It covers the collection of *turnover* data of foreign exchange spot and foreign exchange and interest rate OTC derivatives transactions on a *locational* basis. In addition, it covers notional amounts and gross market values *outstanding* of foreign exchange, interest rate, equity, commodity, credit and "other" OTC derivative instruments on a *worldwide consolidated* basis with inter-office deals being netted out. The participating countries and the BIS plan to publish preliminary national and global results of the turnover part of the survey on 2 October. The BIS intends to release the preliminary global results of the amounts outstanding part of the survey in November. The final detailed global results of both parts of the survey will become available as a separate publication early next year.

In addition, the BIS collects semi-annual statistics of OTC derivatives markets which comprise data on notional amounts and gross market values *outstanding* of foreign exchange, interest rate, equity and commodity derivatives from currently 63 reporting dealers in the Group of Ten countries on a worldwide consolidated basis. Furthermore, the BIS collects and publishes quarterly data on turnover and amounts outstanding of exchange-traded currency, interest rate and equity index derivatives.

- **Data quality**

The foreign exchange *turnover* part of the next triennial FX and derivatives survey in 2001 has been expanded to cover 21 additional, mainly emerging market currencies. Nine additional currencies have been added to the collection of turnover data on interest rate derivatives. The rest of the format of the triennial survey has remained unchanged. However, the following partly new information has been collected on a separate attachment to the report forms: (i) information on the number of business days; (ii) information on trend of trading activity; (iii) information on coverage and concentration; (iv) role of electronic-based systems; (v) information on forward contracts for differences. In addition, the ECB has asked euro area central banks to provide some separate information on turnover with other euro area residents in order to obtain meaningful *turnover* data for the euro area as a whole.

- **Data availability**

The publication lag of the preliminary global results of the triennial FX and derivatives survey would have been reduced by almost one month had there not been the tragic events in the United States in early September. Now the release of the data is scheduled two weeks earlier than last time. It is still planned to prepare the final global results of the survey three months earlier than last time, ie 10 respectively 8 months after the event.

The publication lag of the semi-annual OTC derivatives statistics has been reduced from almost six to four and a half months since the introduction of the statistics at end-June 1998. Further improvements would only be possible if reporting dealers were asked to submit their data to the reporting central banks earlier than the currently 2-3 months after the end of the reporting period.

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**Summary of proposed implementation of the new focus of the
 BIS consolidated international banking statistics**

Type of data	Type of data requirement (new or existing)	Recommendation of the CGFS Working Group	Implementation as proposed by the Group of Statistical Experts
I. Positions on an ultimate risk basis			
1. On-balance sheet claims ¹ <i>Definition of ultimate risk</i>	Existing	None	Change current definition to consider collateral only if recognised as a risk mitigant by the New Basel Capital Accord; treat also credit derivatives and reverse repos as indicators of where the final risk lies
<i>Reporting banks</i>	Existing	None	Require only domestically owned banks to report and not also foreign banks as currently is the case
<i>Type of claims</i>	Existing	None	Provide separate data on cross-border exposures of reporting banks and local exposures of their foreign affiliates; continue collection of separate reporting of inward, outward and net risk transfers
<i>Country and sector breakdown</i>	Country breakdown: existing Sector breakdown: new	Provide combined country, sector and maturity breakdown	Provide combined country and sector breakdown; reclassify central banks from banking to public sector and publicly-owned enterprises from public to non-bank private sector
<i>Maturity breakdown</i>	New	Provide combined country, sector and maturity breakdown	Provide only country and sector, but no maturity breakdown
<i>Closing gaps in the current statistics</i>	Existing	None	Four countries aim to be more compliant by end-2002; another three will discuss the matter with their reporting banks
2. Derivatives			
<i>Definition</i>	New	None	Value derivatives at market values as in the BIS OTC derivatives statistics
<i>Disaggregation</i>	New	None	Collect only a country breakdown
<i>Use of currently existing data</i>	New	Complement existing on-balance sheet data with currently available derivatives data	Not meaningful for the time being due to insufficient data coverage (only four countries collect these data)

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3. Guarantees and credit commitments²			
<i>Definition</i>	New	Use definition of the UK as a reasonable proxy which comprises both guarantees and credit commitments	Slightly amend UK definition and provide examples of typical instruments
<i>Disaggregation</i>	New	Provide country and possibly a sector breakdown	Provide separate data for guarantees and credit commitments with country breakdown only; reclassify central banks from banking to public sector and publicly-owned enterprises from public to non-bank private sector as for data on an ultimate risk basis
<i>Use of currently existing data</i>	New	Explore consistency of existing data and give them more prominence in BIS publications	Survey confirmed that the data are fairly consistent and that most countries can provide credit commitments inclusive of guarantees; as soon as the majority of countries will have begun to regularly report these data, BIS to give them more prominence in their publications

II. Practical implementation

<i>Communication of gaps</i>	New	Communicate existing gaps in reporting to users of the statistics	Information on existing gaps is now being regularly published
<i>Follow-up work</i>	New	None	Prepare new model report forms and guidelines in 2002; begin reporting new data as soon as possible

Annex: Positions on an immediate counterparty basis

1. International on-balance sheet claims³		Continue compilation and publication of the data	Meaningfulness and feasibility of immediate borrower data confirmed in survey of reporting banks
<i>Reporting banks</i>	Existing	None	Continue to collect data on unconsolidated claims of foreign banks in reporting banks
<i>Type of claims</i>	Existing	None	Continue collection of local claims of reporting banks' foreign affiliates in local currency; discontinue collection of claims on banks with head offices outside their country of residence and of unused credit commitments on an immediate counterparty basis as of end-2004
<i>Disaggregation</i>	Existing	None	Maintain current sectoral and maturity breakdown

Footnotes for **Summary of recommendations for a new focus of BIS consolidated international banking statistics**

¹ Cross-border claims and local claims of foreign affiliates in both local and foreign currency. ² Proposed definition: Irrevocable guarantees, which have been issued on behalf of third parties and unutilised portions of other irrevocable contractual obligations. Include only those commitments which, if utilised, would be reported in total cross-border claims and local claims of foreign affiliates in both local and foreign currency. Performance bonds and other forms of guarantee only to be reported if, in the event of the contingency occurring, the resulting claim would impact on total cross-border claims and local claims of foreign affiliates in both local and foreign currency. ³ Cross-border claims and local claims of foreign affiliates in foreign currency.
