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**NEW DEVELOPMENTS IN THE BIS INTERNATIONAL FINANCIAL STATISTICS**

**Prepared by the Monetary and Economic Department  
Bank for International Settlements**



## New developments in the BIS International Financial Statistics

### 1. International banking statistics

#### 1.1 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, IIP and external debt principles; the *consolidated* statistics, that are consistent with supervisory principles, provide a measure of the country risk exposure of national banking systems. They are therefore compiled on a worldwide consolidated basis with inter-office accounts netted out.

Currently, 42 countries and centres participate in the *locational* banking statistics and 30 in the *consolidated* banking statistics. Since 1998, 18 new centres have joined the locational statistics and 12 countries the consolidated banking statistics.

Cyprus is the latest country having joined at end 2008 the BIS locational banking reporting system. Works are in progress in other central banks (China, Russia, Saudi Arabia and South Africa) which have reconfirmed their interest in reporting to the BIS. South Africa is close to start submitting locational statistics, and Saudi Arabia could be the next country to follow suit. The Saudi Arabian Monetary Agency organized in June 2009 a seminar in Riyadh with the participation of commercial banks and of the BIS IFS. Contacts are ongoing with Russia and intensifying with China without any concrete results for the time being. It should be stressed that the efforts undertaken by the G20 for closing the statistical gaps should lead to/foster the participation of the above mentioned countries to the BIS banking statistics. Among the other central banks that are open to a future reporting only Lebanon is still considering a contribution. This project is being delayed for the time being due to the local political situation. It should be stressed that the majority of the potential new reporters are putting forward that their willingness to participate in the BIS banking statistics reporting framework is hampered by the concentration of the commercial banks' efforts on the implementation of the Basel II requirements, by other urgent projects or by lack of resources, and, needless to say, by the recent developments on the financial markets.

Following discussions at the 2005 meeting of experts in international financial statistics, BIS is now implementing an improved *banking list exercise*, based upon the residence and the nationality of the banking entities reporting to the BIS locational and consolidated banking statistics, in order to eliminate, or at least significantly reduce, any double counting or gaps in the consolidated statistics. With this new exercise central banks now provide the BIS on annual basis with the full list of institutions that participate in the locational statistics and in the consolidated statistics. Lists<sup>1</sup> are made available to the central banks being part of the BIS reporting system and will be soon made available by country<sup>2</sup> on the BIS website.

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<sup>1</sup> 7.400 banks in 42 countries report to the locational statistics

<sup>2</sup> For those having agreed with such a publication (39 out of 41)



## **1.2 Data quality**

Data quality is continuously improving as several countries provided more detailed country, sector and currency breakdowns of their data. In the area of the *consolidated* banking statistics, only six among the smallest of the 30 reporting countries do not yet provide data on an ultimate risk basis, but nearly all which do supply such data consistent with BIS definitions.

It should be mentioned that a particular effort is being devoted to ensure the best consistency across the different BIS datasets, mainly between locational by residence and by nationality, between locational by nationality and consolidated, and OTC and consolidated data.

As announced at the previous BOPCOM two new guidelines, one on the locational statistics, the other on the consolidated ones, have been posted on the BIS website at end 2006. These documents which are no longer published in a paper version, have been updated in December 2008 in order to take on board the decisions of the January 2008 meeting of central banks experts on international financial statistics as well as various clarifications on the existing text.

## **1.3 Potential improvements in coverage**

Further to a research performed by BIS economists on tracking funding patterns of the main banking systems (BIS Quarterly Review March 2009), the CGFS has carried out a written consultation in September on a series of proposals for improving the quality and coverage of the international banking data. Results are expected late October and might be part of the G20 recommendations to close the statistical gaps. It is suggested that a significant effort be undertaken regarding the comprehensiveness and the quality of the locational data by nationality, and that new requirements be implemented: eg expand the currency breakdown and include the vis-à-vis country breakdown in the nationality data, report of the domestic currency positions on residents and of total assets in the consolidated data, finer sectoral break of the non-bank counterparties, make best efforts to improve the reporting of debt securities liabilities (location, sector, currency), add a new dimension on nationality of the banking counterparts in the consolidated data, expand the derivatives information in the consolidated data (gross positive and negative values, collect breakdown by risk category, by type of counterparty and report of both notional and net market values).

Some other improvements could be pursued independently from the CGFS consultation, such as separate report on trade credit on the assets side of the locational, maturity break of the locational liabilities, etc

## **1.4 Data availability**

Most countries provide their *locational* and *consolidated* banking data within 12-13 weeks. Since October 2005, the BIS is releasing, with a short analysis, to central banks and the public preliminary quarterly banking data within only 15 weeks, i.e. 6 weeks ahead of the publication of its Quarterly Review. More detailed analysis is provided later in the Quarterly Review by BIS economists. So far, data revisions in the final data have been minimal when compared with the data in the preliminary release. The financial crisis has enhanced the role of the BIS international banking statistics. Since mid 2008 the BIS statistical releases have been widely quoted in the press and the number of hits on our website has more than doubled in one year. Furthermore, many requests for sharing our data have been received and fulfilled for most of them.

The BIS international banking statistics are available with a full back-run of the series free of charge on the BIS website.



## 2. Debt securities statistics

### 2.1 Data coverage

The BIS undertakes continuous efforts to improve the data collection procedures and the geographical coverage of its *domestic debt securities*. While the country coverage of BIS *international debt securities* data from commercial and institutional sources is relatively comprehensive, the coverage of BIS domestic securities data, which are mainly collected from central bank sources, is currently limited to 49 countries (22 developed countries, 3 offshore centres and 24 developing countries).

As regards the euro area, in order to streamline its collection process and achieve an overall consistency with the SEC data, the BIS aims at harmonising its debt securities data with those published by the ECB. Some unexplained discrepancies between the BIS and the ECB data prevent for the moment to complete this project. BIS has recently contacted the ECB to reactivate it.

An additional project has been launched to expand the coverage and improve the quality of the BIS domestic debt securities and to reduce potential overlaps with international debt securities dataset. A stepwise approach is being implemented. In a first phase, 40 central banks (excluding national central banks of the euro area for which data is already available- see above) nominated experts, provided indications on the series available, revealed the data sources and the addresses where the data is published. In a second phase the BIS will compare this data with two benchmarks, the current BIS domestic and international statistics as well as, if available, the data reported in the CCGS questionnaire on the local currency bond markets. Finally, a third phase is dealing with the data reporting using the SDMX protocol, its codification and storage into the BIS Data Bank. The whole project is based on a framework that was presented at a recent IFC workshop in Washington and is promoted in the new Handbook on Securities Statistics (see below) published in April 2009. Progress is slower than expected due to the delays in the central banks feedbacks.

It should be reminded that this collective effort has been triggered by the endorsement by the G-8 Finance Ministers of an Action Plan for Developing Local Bond Markets in Emerging Market Economies and Developing Countries which stressed the need for broadening the statistical sources on EME bond markets. The BIS then initiated in 2007 with the ECB and the IMF, under the auspices of the reconvened Working Group on Securities Databases, a global initiative on possible ways of improving the quality and the coverage of the statistics on debt securities issued worldwide.

With the support of the ECB and IMF, as well as of several central banks experts in securities statistics, the BIS coordinated in 2008 and 2009 the drafting of the Part 1 on debt securities of the Handbook on Securities Statistics that was reviewed with several central banks at a meeting held in Basel at the end of October 2008 and published in April 2009. Works have started on the second part devoted to securities holdings (see separate presentation).

### 2.2 Data quality

While preparing for a new collection system for domestic debt securities, the BIS is also committed in the short run to further improve its present domestic debt securities statistics in terms of geographic coverage and quality. Revisions have recently been more frequent as consequence of the CGFS working group on local bond markets and the largest revisions are documented on the BIS website.

### 2.3 Data availability

The BIS domestic and international debt securities statistics are available with a full back-run of the series free of charge on the BIS website.



### 3. Foreign exchange and derivatives statistics

#### 3.1 Data coverage

Thanks to a greater automation of the reporting and to an improved quality management the final report of the 2007 *Triennial Survey* on foreign exchange and derivatives activity was published in December 2007, three months ahead of the previous surveys. In addition, this survey had, for the first time, been expanded to include data on CDS. Additional currencies have been also identified separately in order to improve the currency coverage in the turnover part.

The preparation of the forthcoming 2010 Survey is underway and 54 countries have confirmed their participation in the turnover part. Several improvements have been decided as regards the turnover data: 1/ a short provisional release on FX turnover at end August 2010 completed in October 2010 by a comprehensive report on traditional FX turnover and FX derivatives positions separately from the second part of the Survey, 2/ additional currencies will be reported, mostly the ones being involved in carry-trade strategies, and a more detailed information on execution method will be requested.

The other part of the Survey related to the OTC/CDS amounts outstanding/positions at end June 2010 will take on board one of the recommendations of the CGFS Working Group on CRT instruments, namely separate information on CCPs counterparties. The results will be first released in November and a full report, or analysis in the BIS Quarterly Review, on non FX derivatives and CDS positions will be published in December.

On the side of the *semi-annual OTC derivatives markets statistics*, which comprise data on notional amounts and gross market values outstanding of foreign exchange, interest rate, equity, commodity and credit derivatives, several modifications will be introduced in the CDS statistics as a result of the decisions of the CGFS WG: 1/ from June 2010, on top of the distinct information on CCPs, a break down between SPVs/SPEs and Hedge Funds will be requested, as well as, probably, a separate information on index products in the multi-name instruments 2/ more will be reported from June 2011, eg among others a regional breakdown. The new requirements at end-June 2011 remain however to be finalized by the CGFS. It is highly likely that at that date all the reporting countries will use the same framework in contrast to the present situation where 5 countries report a reduced template on CDS while 6 others comply fully with the BIS requirements.

Currently 57 reporting dealers in the Group of 11 countries which represent the major financial centres contribute to this survey, on a worldwide consolidated basis. Additional countries could be invited to report from June 2010 at the earliest, but most likely from June 2011: Spain, Australia, and Korea to name those that have given positive signals to the BIS at this stage.

Furthermore, the BIS collects from commercial sources and publishes world-wide quarterly data on turnover and amounts outstanding of *exchange-traded* currency, interest rate and equity index derivatives.

#### 3.2 Data quality

Due to the rapid evolution of the OTC markets which led to the inclusion of detailed information on credit default swaps (CDS) with breakdowns on credit rating categories, sectors, maturities and counterparties as of end-2004, several additional improvements are under consideration that could be implemented in a near future (see above).

#### 3.3 Data availability

The publication lag of the *semi-annual OTC derivatives statistics* has been reduced to four and a half months. A further reduction is targeted which depends on the capacity of the major reporting country to submit data earlier. The publication lag for the *exchange-traded derivatives statistics*, which are provided by commercial sources, is only about two months.



The BIS derivatives statistics are available with a full back-run of the series free of charge on the BIS website

#### **4. Joint External Debt Statistics**

Selected BIS time series are also available on the Joint External Debt Hub ([www.jedh.org](http://www.jedh.org)), a website providing creditor and debtor data, which is jointly managed by BIS, IMF, OECD and World Bank as a pilot project implementing Statistical Data and Metadata Exchange (SDMX) concepts. The JEDH applies technological innovation to the context and content of information being provided. In the context of the JEDH, the BIS worked with the Berne Union of Trade Credit Insurers to report non-bank trade credit exposures.

#### **5. BIS Publications**

In addition to the updated Guidelines on the International banking statistics in December 2008, BIS has posted on its website a new version (BIS Papers 49) of its Guide to the International Financial Statistics (former BIS Papers 14) in July 2009 that takes into account 1/ all the modifications to the reporting requirements since 2003 and 2/ the main outcome of the CGFS seminars on the use of the BIS statistics organized in Basel in December 2006 and 2008.

BIS has also implemented from March 2009 a restructuring of its Quarterly Review. One of the main changes is the substitution of the detailed annex tables (110 pages) by short ones including graphs (8 pages). The former tables are still available, with soon more country details in pdf format, on the BIS website. Paper versions can be delivered on request.

#### **6. New seminar for central banks' compilers**

In addition to the regular Biennial meetings mostly devoted to the review of the gaps, methodological issues and improvements planned by the BIS IFS, BIS has decided to convene probably on a biennial frequency a specific seminar for the central banks' staff in charge of compiling the BIS data. The first one was successfully organized mid September; more than 40 people attended. Several countries have subsequently already revised their data, thus improving the overall quality of the banking statistics. Next one could be organized at end 2010 or early 2011.

#### **7. Next Biennial meeting of central banks experts in BIS international financial statistics**

This meeting will be held in Basel on 11-12 March 2010. Agenda will, among other topics, cover methodological and reporting issues related to the CGFS and G20 Ministers of Finance and Governors recommendations (see above).

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