BOPCOM—11/16

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Summary of Selected Statistics Department Developments

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International Monetary Fund

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SUMMARY OF SELECTED STA DEVELOPMENTS

1. This paper aims at informing the members of the IMF Committee on Balance of Payments Statistics (Committee) of Statistics Department (STA) developments in selected areas since the 2010 meeting. This paper is for information of the Committee. These developments pertain to selected external accounts areas such as the Coordinated Portfolio Investment Survey (most recent results), International Investment Position (improved reporting of data), Sovereign Wealth Funds, Remittances, and Global Discrepancies. The paper also summarizes IMF progress in updating manuals such as the *Monetary and Financial Statistics Manual* and *Government Finance Statistics Manual,* in improving Financial Soundness Indicators, and upgrading the Special Data Dissemination Standard.

I. DEVELOPMENTS IN SELECTED EXTERNAL ACCOUNTS AREAS

A. 2009 Coordinated Portfolio Investment Survey (CPIS)

2. The CPIS has become an important source of portfolio investment data used for monitoring cross-border exposures at bilateral levels. Following its launch in 1997, the IMF has conducted the CPIS annually since 2001.[1] The data collections show positions data for equity securities, long-term debt securities, and short-term debt securities for over 70 large asset-holding economies. The data are reported at market prices and by counterpart country of issuer and thereby provide an indication of country risk exposure.[2] Liability positions as at end–year can therefore be derived for all economies from data supplied by participating economies regardless of whether an individual economy participated in the survey (results are available at http://www.imf.org/external/np/sta/pi/datarsl.htm.)

3. The timeliness of release of the CPIS data has improved over time, with the results for end–2009 made publicly available less than 11 months after the end of the reference period. With the participation of Slovenia, seventy-four economies reported data in the 2009 CPIS, one more than in the previous year.

4. At the end of 2009, cross-border holdings of securities reported in the CPIS amounted to $37.2 trillion, representing an increase of 21 percent in the value of holdings from the end–2008 level, almost reversing the decline in value of holdings in 2008 associated with the global crisis. This increase was due to a large increase in holdings of equity securities, from $9.8 trillion in 2008 to $13.7 trillion in 2009, as well as an increase in holdings of debt instruments, from $20.9 trillion at end–2008 to $23.6 trillion at end–2009.

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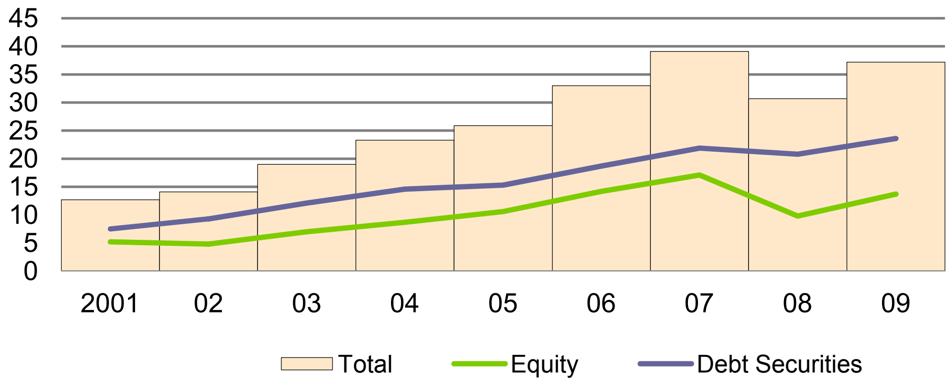
[1] The IMF also asks economies to provide a geographical breakdown of securities held as reserve assets (SEFER) and a similar survey is undertaken for securities held by selected international organizations (SSIO).

[2] Data on sector of holder and currency of issue are also reported on an encouraged basis.

CPIS: Portfolio Investment Assets (USD Trillion)



5. Table 1 provides the results of the 2009 CPIS for the 10 largest holders, and, on the basis of data on holdings from all CPIS participants, also identifies the 10 largest issuers of securities (derived liabilities data). Holdings of portfolio investment assets remain concentrated in a few economies, of which the top 10 economies account for about 70 percent of total holdings worldwide. The top ten holders of portfolio investment remain unchanged from 2008: U.S., U.K., France, Japan, Luxembourg, Germany, Ireland, Netherlands, Italy, and Switzerland. However, their ranking from the largest to the smallest holder changed in 2009 as the U.K moved ahead of France as the second largest holder, and Luxembourg ahead of Germany as the fifth largest holder of these securities.

6. As part of continued efforts to enhance the dissemination of its statistical products through electronic means, STA has developed the data section of the Fund's internet-based eLibrary (http://elibrary.imf.org/); beginning in March 2011, the CPIS database are accessible through this medium. In September 2011, an iPhone/iPad application of the IMF eLibrary was launched, and CPIS data are included.

Table 1. Top Ten From-Whom-To-Whom 2009

(In billions of U.S. dollars)

Holders / Issuers	United States	United Kingdom	France	Japan	Luxembourg	Germany	Ireland	Netherlands	Italy	Switzerland	Other	Total
United States	n.a.	807.1	218.0	919.3	433.6	198.6	442.5	350.7	119.4	145.5	3,648.5	7,283.2
United Kingdom	958.3	n.a.	244.2	182.5	223.3	202.0	346.7	135.5	69.7	62.8	977.3	3,402.3
Germany	289.5	250.6	337.5	202.7	360.5	n.a.	102.2	165.8	111.7	105.5	959.3	2,885.4
France	356.6	193.7	n.a.	155.7	285.0	272.2	120.5	180.8	149.4	102.6	829.1	2,645.6
Luxembourg	94.4	89.4	143.3	80.6	n.a.	435.6	46.8	80.4	264.7	141.8	487.9	1,864.8
Netherlands	232.9	164.5	292.0	83.7	141.2	228.3	56.7	n.a.	91.2	69.3	446.0	1,806.4
Italy	78.5	130.0	336.8	75.9	173.8	188.5	150.0	96.6	n.a.	3.5	336.5	1,570.0
Cayman Islands	373.3	114.5	61.4	403.7	57.2	29.0	35.1	21.6	5.4	32.1	355.7	1,489.0
Spain	113.5	89.0	284.8	38.2	97.4	230.3	73.5	72.4	41.3	4.6	244.5	1,289.6
Ireland	120.0	190.0	137.0	51.1.	73.4	160.9	n.a	53.9	74.9	29.0	294.0	1,184.1
Other	3,335.9	1,006.9	823.5	652.4	848.1	562.6	428.1	332.0	188.8	379.4	3,265.84	11,823.5
Total	5,952.9	3,035.8	2,878.5	2,845.9	2,693.4	2,507.9	1,802.1	1,489.8	1,116.5	1,075.8	11,845.2	37,243.8
Total value of investment in 2008	4,267.8	2,426.3	2,553.4	2,376.6	2,134.3	2,149.2	1,621.1	1,227.3	956.6	909.7	10,165.7	30,787.8

n.a.=not applicable

B. International Investment Position

Introduction

7. The focus of the STA's work in the area of international investment position (IIP) statistics in the past year has been to increase the number of economies reporting quarterly IIP data. As reported to the Committee last year, two important international initiatives included efforts to improve quarterly IIP reporting. The first initiative reflects efforts to implement Recommendation #12 of the report *The Financial Crisis and Information Gaps*, endorsed by the G-20 Finance Ministers and Central Bank Governors in November 2009; the second initiative was the IMF Executive Board decision in March 2010 to enhance the Special Data Dissemination Standard (SDDS), by prescribing the quarterly reporting of IIP data by end–September 2014. In addition to improving the reporting of quarterly IIP, STA has continued its efforts to increase the number of countries reporting IIP data through its *IIP Pipeline Project*, an initiative to assist a subset of countries in compiling IIP statistics.

Quarterly IIP Reporting

8. In response to the increased number of requests for compilation advice that the IMF has been receiving from economies to meet the new demands for quarterly IIP reporting and following up on an initiative endorsed by the Committee last year, the Balance of Payments Division of STA produced and published in March 2011 a document on how to compile quarterly IIP statistics: *Quarterly International Investment Position Statistics: Data Sources and Compilation Techniques*.

9. The purpose of the document is to assist IIP data compilers in preparing and disseminating (including re-dissemination through IMF publications) quarterly IIP data. The document contains guidance on data sources for compiling quarterly IIP data; options for compiling quarterly IIP data given the detail, coverage, and frequency of source data available; revision policies and practices for quarterly reporting when annual data become available; and Frequently Asked Questions. The document also contains case studies provided by a number of Committee members. The document has been well received by compilers and there are plans to translate the document into select languages beginning this fiscal year. The document is currently available in English on the IMF website at http://www.imf.org/external/np/sta/iip/2011/030111.htm.

10. The number of economies reporting quarterly IIP data to STA increased from 55 last November to 70 in October 2011. This increase of 15 included 9 SDDS subscribers (Czech Republic, Ireland, Italy, Japan, Jordan, Kyrgyz Republic, Malta, Slovenia, and Ukraine) as well as Bangladesh, China, P.R.: Mainland, Guatemala, Honduras, Nigeria, and Pakistan. Two-thirds of SDDS economies (47 out of 68) are now reporting quarterly IIP to STA. Therefore, an additional 21 SDDS subscribers will need to develop and disseminate quarterly IIP statistics within the next three years to meet the new requirements.

11. Eleven of the G-20 economies[3] currently report quarterly IIP data to STA while five of the nine economies not currently reporting quarterly IIP data have indicated a timeframe for implementing quarterly dissemination ranging from 2012–2014. In addition, four of the five non-G-20 members of the Financial Stability Board (FSB) report quarterly IIP data to STA.

12. For some economies, the level of detail available for quarterly IIP reporting may not be as complete as the level of detail available for the annual IIP. If full detail for standard components is not available, economies may follow the guidelines provided in Table 1 of the *Quarterly International Investment Position Statistics: Data Sources and Compilation Techniques* for the encouraged level of detail and the minimum level of detail[4] required for including quarterly IIP data in STA publications

New IIP Reporters

13. Since last reporting to the Committee in October 2010, four additional countries have submitted IIP data to STA—Barbados, Bhutan, Burkina Faso,[5] and Mongolia. This brings the total number of countries reporting IIP data from under 40 economies in 1998 to 126 in October 2011. The total assets and liabilities of these 126 economies in 2004–2009 accounted for, on average, over 95 percent of the total estimated world assets and liabilities published in the *BOPSY Part 2 World* and *Regional* tables.[6] STA plans to focus the next phase of the *Pipeline Project* on those economies expected to have significant external assets and liabilities, such as oil and gas exporters and offshore centers. At the same time, efforts will continue with the smaller economies in the *Pipeline* that are close to reporting IIP data.

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[3] Includes the Euro Area.

[4] The minimum amount of detail required generally follows the requirements of the existing SDDS.

[5] Burkina Faso resumed reporting IIP data to STA after a significant time lag.

[6] Estimates are derived from the IMF Research Department's External Wealth of Nations (EWN) database.

C. Sovereign Wealth Funds

14. During its October 2010 meeting, the Committee was informed that around the same time the International Forum of SWFs (IFSWF)[7] was completing a survey about its members' experiences in the application of the Santiago Principles, including data issues. The Committee was also informed that STA would consult with the IMF's Monetary and Capital Markets Department (MCM) on the survey results and provide feedback to the Committee accordingly.

15. The survey[8] was conducted as planned by a sub-committee of the IFSWF in collaboration with MCM. The report on the outcome of the survey is based on the responses provided by 21 IFSWF members (80 percent of the total membership), and was made available to the public in July 2011 following the 3rd meeting of the IFSWF in Beijing in May this year.

16. All respondents indicated that they have fully or partially implemented GAPP5 ("*The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic datasets*"). Most members provide data about their financial status regularly to their owners through annual, quarterly or monthly reports. In some cases, those reports are made available on their websites.[9]

17. As indicated in the survey results, the responsibility to report statistical data is in most cases with the governing body of the SWF (e.g., the Ministry of Finance), and not with the operational management. STA will continue to work with the balance of payments compilers in the SWF countries to obtain the relevant data from the SWF governing bodies, and to achieve inclusion of these data in the macroeconomic data sets. This cooperation will include methodological guidance by STA on the correct sectoral allocation and functional classification of SWF data.

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[7] The IFSWF was established in April 2009 and continues the work of the International Working Group of Sovereign Wealth Funds (IWG). The IFSWF is a voluntary group of Sovereign Wealth Funds; MCM facilitates the work of the IFSWF as its Secretariat.

[8] The survey report can be accessed at http://ifswf.org/index.htm.

[9] As regards statistical data, four members explicitly stated that they reported to their respective national statistical agencies.

D. Remittances

18. Since the 2010 BOPCOM meeting, STA was involved in several activities aimed at improving remittances data. Particularly, STA, in collaboration with the West African Institute for Financial and Economic Management (WAIFEM), conducted a training seminar on remittances in June 2011 in Ghana to the WAIFEM member countries,[10] and also provided compilation guidance on remittances statistics through technical assistance missions in the area of external sector statistics. STA also participated in events related to remittances statistics organized by other international organizations and member countries as presented below.

19. In March 2011, the Central Bank of Russia (CBR) organized a two-day workshop on remittances statistics attended by balance of payments compilers from eight members of the Commonwealth of Independent States (CIS).[11] The main objective of the workshop was to conduct a bilateral comparison of methodological concepts, compilation techniques, as well as of compiled data on remittances aggregates considering the countries' plans to transition the compilation of the balance of payments statistics in accordance with the *BPM6*. The workshop output was the common agreement on further coordinated work and knowledge exchange on remittances data collection and compilation practices among participating countries. In response to the CBR's invitation, a STA staff member contributed to the workshop with a presentation and served as resource person during the bilateral comparison.

20. In April 2011, in response to the invitation from MiRPAL (Migration and Remittances Peer-Assisted Learning), STA staff participated in a video conference on improving remittances data with balance of payments compilers from central banks and national statistical offices from countries participating in MiRPAL.

E. Global Discrepancies

21. In 2009, the global *current account* balance was a positive \$313.1 billion, little changed from \$309.3 billion in 2008. In 2003-09, the absolute average current account balance was \$198.8 billion (see Table 2).

- The global *goods* balance rebounded to a new record high in 2009 of positive \$227.0 billion, after declining in 2008. The volume of transactions fell sharply in 2009, reflecting the impact of the global economic and financial crisis.

- The balance on *services*, which has been positive every year since 2002, declined for the second straight year, to \$117.8 billion in 2009. The balance was highest in 2007, at \$205.0 billion.

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[10] Ghana, The Gambia, Liberia, Nigeria, and Sierra Leone.

[11] Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, Moldova, Russian Federation, Tajikistan, and Ukraine.

- The negative balance on *income* declined in 2009 to $31.2 billion in 2009. Gross income receivable (credits) and payable (debits) both fell sharply in 2009.

- The balance on *current transfers* fell substantially, from a positive $24.1 billion in 2008 to a slightly negative amount in 2009, reflecting a larger decline in receivables than in payables in 2009.

22. The balance on the *capital account* —comprising *capital transfers* and *acquisition* and *disposal of nonproduced, nonfinancial assets* – shifted from a positive $9.5 billion in 2008 to negative $9.5 billion in 2009, due to an increase in recorded capital account outflows and a decline in recorded capital account inflows.

23. The negative balance on the *financial account* declined for the second straight year, from $268.1 billion in 2008, to $239.0 billion in 2009. The balance has been negative since 2004, and peaked in 2007, at $332.1 billion. The relatively small change in the global financial account balance in 2009 masks much larger changes in balances in the individual functional accounts (see Table 3).

- The negative balance on *direct investment* declined from $214.9 billion in 2008 to $133.5 billion in 2009. At the same time, the level of transactions in *direct investment abroad* and *direct investment in the reporting economy* both fell sharply.

- The balance on *portfolio investment* shifted from positive $339.3 billion in 2008 to negative $187.3 billion in 2009 – the first time since 1998 that this balance has been negative – reflecting a sharper increase in reported purchases than in reported sales of portfolio investment securities. The levels of transactions in *portfolio investment assets* and *portfolio investment liabilities* both picked up in 2009, after declining to small fractions of their usual levels in 2008 due to the global financial crisis. Nonetheless, the level of transactions in *portfolio investment* in 2009 remained well below the levels in other recent years.

- The balance on *financial derivatives* reversed sign, from negative $329.5 billion in 2008 to positive $155.4 billion in 2009.

- The balance on *other investment* increased from a positive $59.6 billion in 2008 to a positive $211.0 billion in 2009. Before 2008, this balance had been negative.

- The negative balance on *reserve assets and liabilities constituting foreign authorities' reserves* rose from $122.6 billion in 2008 to $284.7 billion in 2009.

24. *Net errors and omissions* have been within a relatively narrow range (compared to gross transactions) in recent years, ranging from -$12.3 billion in 2003 to +$109.4 billion in 2004. Net errors and omissions were -$64.6 billion in 2009, compared to -$50.7 billion in 2008. These relatively small levels should be viewed with caution as, for many periods,

increasingly positive balances on the current account were offset by increasingly negative balances on the financial account.

25. Updated data on global discrepancies will be available in November 2011 and included in the Annual Report 2011.

Table 2. Global Transactions and Balances on Current Account, 2003–09
(In billions of U.S. dollars)

	2003	2004	2005	2006	2007	2008	2009	Average Absolute Value 2003-2009
Current account balance[1]	**-21.5**	**51.9**	**86.3**	**238.2**	**371.4**	**309.3**	**313.1**	**198.8**
Balance on goods	58.4	35.0	48.9	118.1	181.6	148.7	227.0	**116.8**
Credit	7,479.8	9,083.5	10,390.9	12,017.3	13,885.9	16,005.3	12,415.8	
Debit	7,421.4	9,048.5	10,342.0	11,899.2	13,704.3	15,856.6	12,188.9	
Balance on services	7.5	51.5	74.0	125.4	205.0	177.0	117.8	**108.3**
Credit	1,881.4	2,274.1	2,538.2	2,874.6	3,453.2	3,883.4	3,423.6	
Debit	1,873.9	2,222.7	2,464.2	2,749.1	3,248.2	3,706.4	3,305.8	
of which:								
Transportation	-79.4	-99.4	-111.0	-121.3	-126.8	-156.2	-131.0	**117.9**
Travel	29.8	47.2	45.6	64.3	71.0	87.2	77.8	**60.4**
Government services	-33.5	-39.5	-41.1	-47.5	-50.6	-68.9	-71.0	**50.3**
Other services	90.7	143.2	180.5	229.8	311.4	314.9	242.0	**216.1**
Balance on income	-77.7	-17.3	-16.2	-24.8	-24.6	-40.6	-31.2	**33.2**
Credit	1,498.6	1,890.9	2,430.9	3,128.5	4,040.6	4,015.6	2,911.3	
Debit	1,576.3	1,908.2	2,447.1	3,153.3	4,065.3	4,056.3	2,942.4	
of which:								
Compensation of employees	-7.8	-5.8	-8.1	-9.8	-14.1	-22.2	-20.6	**12.6**
Reinvested earnings	94.3	136.5	34.6	181.2	212.5	192.7	204.9	**151.0**
Other direct investment income	-44.9	-26.0	87.7	-79.4	-128.0	-95.3	-116.2	**82.5**
Portfolio and other investment income	-119.2	-122.0	-130.4	-116.9	-95.1	-115.9	-99.3	**114.1**
Balance on current transfers	-9.8	-17.3	-20.4	19.5	9.5	24.1	-0.5	**14.4**
Credit	511.2	607.1	694.3	767.7	876.3	981.2	913.6	
Debit	520.9	624.4	714.7	748.2	866.8	957.1	914.1	
Memorandum items[2]								
Current account balance as percent of gross current account transactions	0.1	0.2	0.3	0.6	0.8	0.6	0.8	
Goods balance as percent of gross goods transactions	0.4	0.2	0.2	0.5	0.7	0.5	0.9	
Services balance as percent of gross services transactions	0.2	1.1	1.5	2.2	3.1	2.3	1.8	
Income balance as percent of gross income transactions	2.5	0.5	0.3	0.4	0.3	0.5	0.5	
Current transfers balance as percent of gross current transfer transactions	0.9	1.4	1.4	1.3	0.5	1.2	0.0	

Source: *Balance of Payments Statistics Yearbook* , Volume 61, Part 2, 2010.

Note: On the current account, a negative sign indicates an excess of debits (i.e., imports or payments) over credits (i.e., exports or receipts).

[1] The term balance in this table refers to global reported credits minus debits.

[2] Percentages were calculated by dividing the balance for the respective account by the average of credits and debits for that account.

Table 3. Global Balances on Capital and Financial Accounts, 2003–09
(In billions of U.S. dollars)

	2003	2004	2005	2006	2007	2008	2009	Average Absolute Value 2003-2009
Capital account balance	**-20.7**	**-0.8**	**30.2**	**17.0**	**-17.2**	**9.5**	**-9.5**	**15.0**
Credit	57.6	72.8	122.8	140.0	104.1	113.6	104.6	
Debit	78.3	73.6	92.6	123.0	121.3	104.1	114.1	
Financial account balance	**54.5**	**-160.5**	**-110.1**	**-205.2**	**-332.1**	**-268.1**	**-239.0**	**195.6**
Direct investment	-18.1	-238.1	90.7	21.9	-118.9	-214.9	-133.5	**119.4**
Abroad	-666.9	-1,008.1	-1,067.5	-1,502.9	-2,485.1	-2,091.0	-1251.2	
In the reporting economy	648.8	770.0	1,158.2	1,524.8	2,366.3	1,876.1	1117.8	
Portfolio investment	156.7	240.6	225.1	124.1	176.7	339.3	-187.3	**207.1**
Assets	-1,432.9	-1,906.7	-2,560.4	-2,835.2	-2,521.8	29.9	-1714.8	
Liabilities excluding LCFAR[1]	1,589.5	2,147.3	2,785.5	2,959.3	2,698.5	309.3	1527.4	
Liabilities including LCFAR	1,820.0	2,532.6	3,193.4	3,480.7	3,622.1	1,189.2	2252.7	
LCFAR in Portfolio investment	230.4	385.3	407.9	521.4	923.6	879.9	725.3	
Financial Derivatives	-9.2	-18.1	-13.2	76.6	-123.9	-329.5	155.4	**103.7**
Assets	263.4	292.0	450.4	362.5	446.8	867.8	893.0	
Liabilities	-272.7	-310.1	-463.6	-285.9	-570.7	-1,197.3	-737.6	
Other investment	-27.0	-112.7	-352.9	-306.1	-91.5	59.6	211.0	**165.8**
Assets	-1,046.6	-2,223.4	-2,957.2	-3,464.4	-5,741.0	819.7	2001.9	
Liabilities excluding LCFAR[1]	1,019.6	2,110.6	2,604.3	3,158.4	5,649.5	-760.1	-1790.9	
Liabilities including LCFAR	1,263.1	2,309.8	2,773.4	3,360.3	5,832.6	-949.5	-1776.7	
LCFAR in Other Investment	243.5	199.2	169.1	202.0	183.2	-189.4	14.2	
Reserves plus LCFAR	-47.8	-32.2	-59.8	-121.7	-174.5	-122.6	-284.7	**120.5**
Reserves	-521.7	-616.7	-636.8	-845.1	-1,281.3	-813.1	-1024.2	
LCFAR	473.9	584.5	576.9	723.4	1,106.8	690.5	739.5	
Net errors and omissions[2]	-12.3	109.4	-6.5	-50.0	-22.1	-50.7	-64.6	

Source: *Balance of Payments Statistics Yearbook* , Volume 61, Part 2, 2010.

Note: In the financial account, a negative sign indicates an excess of recorded outflows (i.e., increases in assets or decreases in liabilities); the absence of a sign in the balances indicates an excess of recorded inflows (i.e., decreases in assets or increases in liabilities).

[1] Liabilities constituting foreign authorities' reserves. The data in liabilities constituting foreign authorities' reserves were derived from information collected by the IMF from a sample of large reserve-holding countries. These data were used to adjust portfolio and other investment liabilities to align the data better with corresponding asset series.

[2] The sum of recorded transactions with sign reversed.

II. Other Developments[12]

A. Update of *Monetary and Financial Statistics Manual*

26. STA has initiated work on a medium–term project aiming to integrate into a single volume the *Monetary and Financial Statistics Manual (MFSM)* and the *Monetary and Financial Statistics: Compilation Guide (MFSCG)* while incorporating revisions consistent with the methodologies of the *2008 SNA* and the *BPM6*.

27. To this end, STA has formed an MFSM Expert Group with international experts to discuss main issues to be revisited. A first meeting of the group is scheduled for February 2012 and a second meeting is planned for 2013. STA is preparing an issues paper and draft chapters for the discussion with the international experts. A draft of the updated *Manual* is expected to be posted for public comment in the first half of 2013.

B. Update of *Government Finance Statistics Manual*

28. The work on updating the *Government Finance Statistics Manual 2001 (GFSM 2001)* is well advancing. The main objective of the update is to maintain the harmonization with the 2008 *SNA* and the *BPM6* by incorporating the changes in statistical treatment already made for the 2008 round of revisions. To allow consultation with country compilers and international organizations, the GFS Advisory Committee has been established with its first meeting held in February 2011. A second meeting is planned for May 2012.

29. The updated manual will maintain the integrated stock and flow statistical framework needed to assess whether member countries are facing fiscal liquidity and/or sustainability challenges. The updated draft chapters are being made available for worldwide comments through the Government Finance Statistics Discussion Forum (http://forums.imf.org/gfsm/forum.php?styleid=3). The updated publication is planned for release towards the end of 2012.

C. Financial Soundness Indicators

30. STA commenced its work on Financial Soundness Indicators (FSIs) in early 2000, as part of the IMF's contributions to strengthening the architecture of the international financial system. Following the launching of the FSI website (http://fsi.imf.org), STA has worked continuously to upgrade it.

31. Currently, the website contains FSI data from 63 countries, a number that is expected to continue to increase over the period ahead. In addition to the expansion of the FSI database through increases in the number of member countries reporting their FSIs, existing

[12] These developments are also referred to in BOPCOM-11/03, however with less detail.

reporters are being encouraged to rapidly build time series of FSI data. This work is part of the efforts undertaken in the context of the G-20 Data Gaps Initiative.

32. In March 2010, the IMF Executive Board discussed broadening financial indicators in the SDDS as part of the work of addressing data gaps. Seven FSIs were included into the SDDS on an "encouraged" basis (that is, not "prescribed" under the SDDS)—to strengthen information about the financial sector and better detect system risks. It is proposed that the SDDS Plus include selected FSIs as a data category (see section II.D. below).

33. It is envisaged that the list of FSIs will be reviewed—taking into consideration, inter alia, the lessons of the recent financial crisis—with a view to (1) amending, if needed, the current allocation between core and encouraged FSIs and (2) incorporating new FSIs in the current list. Proposals for amendments will be initially developed by international experts at the Financial Soundness Indicators Reference Group (FSIRG), scheduled to meet at the IMF in November 2011. The FSIRG will also discuss possible amendments to the methodology for compiling the FSIs and conceptual guidance for the development and implementation of standard measures that can provide information on tail risks, concentrations, variations in distributions, and the volatility of indicators over time.

D. Special Data Dissemination Standard (SDDS) Plus

Overview

34. The initial proposal for an SDDS Plus was included in an interim report for the Eighth Review of the Fund's Data Standards Initiatives discussed by the IMF Executive Board on February 28, 2011. The Board approved that this be pursued, and instructed STA to consult with SDDS subscribers as well as market participants, with the end in view of concretizing the proposal in time for the Eighth Review scheduled in 2012.

35. The SDDS Plus would be an upper tier of the IMF's Data Standards Initiatives to help address data gaps identified during the global financial crisis, especially for countries with systemically important global financial sectors. Building on the work of the G-20 economies, the identified data gaps cover three main areas: (1) build-up of risk in the financial sector (both bank and non-bank); (2) cross-border linkages; and (3) monitoring of vulnerabilities to domestic economies. SDDS Plus will target countries that are both borrowers in international financial markets and have financial sectors that are integral to the operations of those markets.

Possible Enhancements/Data Categories for SDDS Plus

36. The following are possible data categories for SDDS Plus, which are organized into the four headings:

Real Sector

- Sectoral Balance Sheets

Fiscal Sector

- General Government Operations

Financial Sector

- Other Financial Corporations Survey
- Financial Soundness Indicators
- Debt Securities

External Sector

- Coordinated Portfolio Investment Survey
- Coordinated Direct Investment Survey
- Currency Composition of Foreign Exchange Reserves in the Reserves Template

37. STA has already begun consultations and outreach activities to solicit stakeholders' views on the inclusion/exclusion of the proposed data categories, and on the appropriate transition periods.[13]

38. No flexibility options are intended to be suggested and data categories will be limited to the agreed/required coverage, timeliness, and periodicity, partly in order to keep prospective monitoring of the SDDS Plus to a reasonable level.

[13] Consultations with capital markets participants took place in Switzerland, Germany, Japan, and Hong Kong SAR. Consultations with capital market participants in New York will take place in early November. Three outreach seminars on the Fund's Data Standards Initiatives were held, with SDDS subscribers, in Indonesia, Kuwait, and the Czech Republic. Outreach seminars in Switzerland and Peru will be held in the second half of October.

Governance and Modalities of the Proposed SDDS Plus

39. The SDDS Plus would go beyond the focus of the SDDS on access to international capital markets by putting an emphasis on SDDS countries that have systemically important financial sectors[14]. SDDS Plus would target countries that are both borrowers in international financial markets and have financial sectors that are integral to the operations of those markets. These countries play a leading role in international capital markets and have institutions that are interconnected through channels such as interbank lending, security lending, repurchase agreements, and derivatives contracts. The SDDS Plus would aim to serve the broad membership by focusing on stronger data dissemination by a narrower range of target economies that could help strengthen the international financial system.

40. Monitoring the observance of the SDDS Plus requirements and nonobservance procedures under the SDDS Plus would be similar to the SDDS. However, in contrast with the SDDS, monitoring of the SDDS Plus might require that subscribers report some of the data categories to the IMF for redissemination, rather than directly on their own National Summary Data Pages (NSDPs). Subscribers would use the NSDP and Advance Release Calendar mechanisms, similar to the SDDS; however, NSDP data categories may require hyperlinks to time series of some minimum length (say five years of data), depending on the data category.

Transition Periods

41. The SDDS Plus could officially be launched at the earliest by end–2013 or the beginning of 2014. Proposed transition periods in the SDDS Plus should take such a timetable into account and might vary by data category.

[14] The IMF Executive Board identified 25 jurisdictions with systemically important financial sectors (see http://www.imf.org/external/np/sec/pr/2010/pr10357.htm), based on a methodology that combines the size and interconnectedness of each financial sector. They are Australia, Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong SAR, Italy, Japan, India, Ireland, Luxembourg, Mexico, the Netherlands, Russia, Singapore, South Korea, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States. This group of countries covers almost 90 percent of the global financial system and 80 percent of global economic activity. It includes 15 of the Group of 20 member countries, and a majority of members of the Financial Stability Board, which has been working with the IMF on monitoring compliance with international banking regulations and standards. Each economy on this list will have a mandatory financial stability assessment every five years, but may undergo more frequent assessments, if appropriate, on a voluntary basis.