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Recent Developments in the Coordinated Portfolio Investment Survey

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This paper updates the IMF Committee on Balance of Payments Statistics (Committee) on recent developments in the Coordinated Portfolio Investment Survey (CPIS). Against the background of growing policy interest in balance sheet analysis, the paper discusses the way forward on the CPIS, seeking in particular the Committee's views on the feasibility of collecting quarterly data, as recommended under the second phase of the Data Gaps Initiative (DGI-II). Proposals for updating the CPIS Guide are also presented.

I. GROWING POLICY INTEREST IN THE CPIS DATA

1. Comprehensive balance sheet data allow for a better understanding of potential shocks to stock variables that can drive economic activity, cause vulnerabilities, and have spillover effects. The importance of strengthening balance sheet analysis in the IMF's surveillance was emphasized in the IMF's 2014 Triennial Surveillance Review and the need for reviving and modernizing balance sheet analysis was included in the IMF Managing Director's action plan for strengthening surveillance. To this end, an IMF policy paper² was published which reviewed the use of balance sheet analysis in the Fund's bilateral surveillance and introduced some practical examples of how it can be deepened. The paper found the need to address key data gaps, with particular emphasis on nonbank financial institutions, nonfinancial corporations, governments, and households, and information related to currency and remaining maturity breakdowns, counterparties and off balance sheet exposures.

2. The CPIS is the only global portfolio investment survey that provides counterparty information. Enhancements were introduced with the end-June 2013 data collection to: 1) improve the frequency, timeliness and scope of the data; and 2) enhance data accessibility. Enhancing the frequency, timeliness and scope of the CPIS data was a key achievement under the first phase of the G-20 Data Gaps Initiative (DGI-I).³ The need to increase the economy coverage of the CPIS to include all G-20 economies and economies with significant financial centers as well as the need for enhancements in CPIS were addressed in DGI-I recommendations 10 and 11.

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² The most recent IMF document on Balance Sheet Analysis in Fund Surveillance can be found at: <http://www.imf.org/external/np/pp/eng/2015/061215.pdf>.

³ The first phase of G-20 DGI was launched by the IMF and the Financial Stability Board (FSB) in 2009 in response to the request by the G-20 Finance Ministers and Central Bank Governors (FMCBG). The first report of the G-20 DGI, "The Financial Crisis and Information Gaps" was submitted to the G-20 FMCBG in October 2009.

3. The Twenty-Third Meeting of the Committee in October 2010 endorsed the proposal from the IMF Statistics Department (STA) to introduce semi-annual reporting, accelerate the timeliness, and enhance the scope of data.⁴ The importance of CPIS data is reaffirmed by the inclusion of a recommendation in the second phase of the DGI to further encourage improvements in CPIS reporting by G-20 economies including the tables that are important to understanding cross-border sectoral linkages.

II. KEY DEVELOPMENTS

Economy Coverage with Enhanced Frequency and Timeliness

4. Semi-annual CPIS data collection was introduced starting with the June-2013 data collection round with accelerated timeliness for dissemination from twelve to nine months. Since then, the number of economies reporting data semi-annually with accelerated timeliness has been increasing. Sixty-one economies submitted end-June 2014 data, compared to 57 economies that reported data for end-June 2013. Most major economies and many emerging market economies reported the core CPIS data. The total number of economies participating in the CPIS (i.e., economies that report data either semi-annually or annually) has remained high considering the accelerated due date for data submission. Seventy-eight economies submitted data for end-December 2014, compared to 77 economies that reported data for end-December 2013.

Enhanced Scope of the Data

5. The following three enhancements to the scope of the CPIS data were introduced as encouraged items starting with the end-June 2013 data collection: (1) sector of nonresident issuer of securities; (2) sector of resident holder cross-classified by sector of nonresident issuer for specified economies; and (3) short or negative positions. Among the 78 economies that submitted the end-December 2014 data, 22 economies reported sector of nonresident issuer of securities; 17 economies reported sector of resident holder cross-classified by sector of nonresident issuer for specified economies; and three reported short or negative positions. For previously existing encouraged items, 50 economies reported currency composition; 67

⁴ The enhancements were also applied to the Survey of Securities Held as Foreign Exchange Reserves (SEFER). For the Survey of Securities Held by International Organizations (SSIO), neither semiannual reporting nor enhancements of scope was introduced since it was considered a minor survey, accounting for only about one percent of securities reported in the CPIS/SEFER/SSIO. The data are voluntarily reported to STA by individual international organizations, and contain none of the encouraged items included in the CPIS (such as currency composition or institutional sector of holder). However, accelerated reporting was applied to the SSIO starting with the end-December 2013 data collection round.

economies reported sector of resident holder of securities; and 17 economies reported portfolio investment liabilities.⁵

III. RECENT OUTREACH

G-20 DGI Phase II Consultations

6. During the 2015 outreach activities as part of the G-20 DGI work program,⁶ IMF staff discussed with data compilers and users from the G-20 economies, international organizations and as appropriate with the private sector representatives, the importance of the CPIS, from data reporting and policy perspectives. The consultations underlined that CPIS data has become increasingly important, given the growth and complexity of cross-border financial linkages and are being used to inform policy making.

7. During the consultations, data users stressed that identification of the sector of the nonresident issuer and of the resident investor would help support understanding of global cross-border exposures of different types of investors and borrowers. Going forward, data users requested regular reporting of semi-annual CPIS data by all G-20 economies including the tables that are important to understanding cross-border sectoral linkages. G-20 economies were also encouraged to report the other additional tables. Currently, among G-20 economies, 16 economies provide CPIS data on a semi-annual frequency and one on an annual frequency. Fourteen economies provide semi-annual data on sector of holder and one on an annual frequency.⁷

8. Regarding the frequency of the survey, data users suggested the idea of quarterly CPIS reporting to enhance the usefulness of cross-border portfolio investment data for analytical and policy purposes, and to improve consistency with IIP.

9. Furthermore, data users suggested exploring the possibility of collecting data on the nationality of issuer and on third party holdings, including from custodians. The feasibility of the latter was discussed at the Committee meeting in 2004 without success.⁸

⁵ Among 77 economies that reported data for end-December 2013, 18 economies reported sector of nonresident issuer of securities; 14 economies reported sector of resident holder cross-classified by sector of nonresident issuer for specified economies; one economy reported short or negative positions; 46 economies reported currency composition; 62 economies reported sector of resident holder of securities; and 14 economies reported portfolio investment liabilities.

⁶ The Regional Conferences were held in Ottawa/Canada (February 2015), Ankara/Turkey (March 2015), London/UK (April 2015) and Tokyo/Japan (June 2015). The Global Conference was held in Washington, DC in June 2015 hosted the IMF and FSB.

⁷ Four G-20 economies provide data on sector of nonresident issuer.

⁸ See [IMF Committee on Balance of Payments Statistics Annual Report 2004](#), Chapter 4.

Capacity Development

10. Starting in 2015, STA launched a new course on Cross-Border Position Statistics, which features topics on the CPIS (see BOPCOM Paper 15/05) aimed at sensitizing data compilers on the requirements for participating in the survey, and on developing the scope of data reporting. Targeted technical assistance (TA) has also produced results: for example, under the CAPTAC-DR Regional Harmonization Project for External Sector Statistics, Panama moved to semi-annual CPIS data reporting, and Honduras has started reporting CPIS data beginning with the end-December 2014 reference date.

IV. WAY FORWARD ON DATA COLLECTION

G-20 DGI Phase II and Capacity Development

11. Going forward, an important component of the CPIS work by the IMF will be undertaken as part of the G-20 DGI Phase II in the context of the following recommendation:⁹

G-20 economies to provide, on a semi-annual frequency, data for the IMF CPIS, including the sector of holder table and, preferably, also the sector of nonresident issuer table. IMF to monitor the regular reporting and consistency of data, to continue to improve the coverage of significant financial centers, and to investigate the possibility of quarterly reporting.

12. STA will continue to encourage non G-20 economies with systemically important financial centers to participate in the CPIS through capacity development and outreach initiatives. STA will also continue to encourage CPIS participating economies to report the encouraged CPIS data items (e.g., sector of resident holder/nonresident issuer of securities and currency composition) in recognition of the increasing interest in these datasets. CPIS outreach seminars could be considered in the context of the G-20 DGI Phase II work program.

Update of the *CPIS Guide*

13. To support data collection, STA has initiated the process of updating the second edition of the *Coordinated Portfolio Investment Survey Guide* issued in 2002, mainly to reflect: i) enhancements in the scope of the CPIS; ii) implementation of *BPM6*-based definitions and institutional sectors; and iii) more recent experiences of CPIS-reporting economies. Key features of the update are as follows:

⁹ The G-20 Finance Ministers and Central Bank Governors (G-20 FMCBG) endorsed the proposals of Staff of the IMF and the FSB Secretariat for a second phase of the DGI at their meeting in Ankara, Turkey (September 4-5, 2015). These proposals are identified in the [Sixth Progress Report on the Implementation of the G-20 Data Gaps Initiative](#) that was presented to the G-20 FMCBG at that meeting.

- Chapters 1 to 4 (Introduction, Scope and Modalities, Concepts and Principles, and Collection Methods) and Appendix VI (Definition and Description of Instruments) will be retained and updated in line with the objectives of the update. Chapter 5 on Other Practical Issues will be renamed and modified to reflect a focus on the logistics of undertaking surveys. The content of chapter 6 (Experience in Conducting the 1997 CPIS) will be replaced with a new chapter on Selected Compilation Issues, building on themes that remain relevant from the current chapter 6 and incorporating new issues and recent country experiences.
 - More detail on reporting CPIS data to the IMF (data templates and metadata questionnaire) could be included in the update. This additional text would draw on the “Update on the Revised Reporting Forms for the CPIS and the SEFER” prepared in August 2013, and currently posted on the CPIS website.
 - Regarding appendices I to V (model forms), STA would review the prototypes, and consider whether replacing them with survey forms currently used by compilers is a viable option.
 - Current Appendix VII (ISIN Code System) could be revised and streamlined, with the possibility of covering the key content in a text box within an existing chapter rather than as a separate appendix.
14. STA is also considering the following timetable for updating the *CPIS Guide*:

PROPOSED TIMETABLE

Activity	Target Date
STA management signs off on annotated outline, and timetable for the <i>CPIS Guide</i> Update	November 2015
First set of key draft chapters/appendices available	May 2016
<i>CPIS Guide</i> Update website activated and chapters /appendices posted as they become available	Starting June 2016
Worldwide consultation on first draft of chapters/appendices	June- August 2016
Revise draft chapters/appendices	September 2016
Draft presented to BOPCOM	October 2016
Pre-publication draft on the IMF website	November 2016
Final publication in hard copy (in English)	Not later than March 2017
Translations into Spanish, French and Arabic	To be determined

Questions for the Committee:

1. Do Committee members have experiences that they wish to share in regard to their compilation of enhanced CPIS data?

2. *Do Committee members have any views on the feasibility of quarterly reporting of CPIS data?*
3. *Do Committee members have any views on the possibility of collecting data on the nationality of issuer and third party holdings, including from custodians, for the CPIS reporting?*
4. *Do Committee members have any experience with compiling the CPIS data that could be shared and included in the updated CPIS Guide?*