



Thirty-Fifth Meeting of the IMF Committee on Balance of Payments Statistics

Washington, D.C.
February 22–25, 2021

BOPCOM VM1—21/19
For information

Overview of the Work of the Financial and Payment Systems Task Team

Prepared by the Financial and Payments Systems Task Team (FITT)

INTERNATIONAL MONETARY FUND

Overview of the Work of the Financial and Payments Systems Task Team¹

This report presents an overview of the activities and the progress made by the Financial and Payments Systems Task Team (FITT) since the last meeting of the IMF's Committee on Balance of Payments Statistics (the Committee) in October 2020. FITT's current work plan includes the preparation of 16 guidance notes (GNs), covering methodological issues primarily associated with the evolution of financial and payments systems. Out of the 16 GNs, two were endorsed by the Committee and the Advisory Expert Group on National Accounts (AEG) at their last meeting and are posted on the IMF's website on the updates of the sixth edition of Balance of Payments and International Investment Position Manual. Another two GNs were circulated to the Balance of Payments Task Team and the AEG for simultaneous consultation and posted for public consultation. These two GNs are presented for discussion at this meeting. The work on six of the remaining GNs is ongoing with a view to presenting them at the June Committee meeting. The final batch of six GNs will be prepared for discussion at the October 2021 Committee meeting, with a possibility of discussing some of them earlier via written procedure (see the details in Appendix I).

INTRODUCTION

- 1. The Financial and Payments Systems Task Team (FITT) is one of the joint Task Teams established for the review of the statistical standards to deal primarily with research issues related to the financial and payment systems and specific issues relating to equity income.**² It works closely with the Balance of Payments Task Team (BPTT) and the Advisory Expert Group on National Accounts (AEG), which are in turn responsible for examining guidance notes (GNs) before being sent to the IMF's Committee on Balance of Payments Statistics (the Committee) and to the Intersecretariat Working Group on National Accounts (ISWGNA) and the AEG for final endorsement.
- 2. The target dates to produce the GNs closely follow the calendar of the upcoming Committee and AEG meetings to allow for discussion therein, although some of them may be approved via written procedure.** The FITT has a publicly accessible [website](#), where all relevant documents can be consulted and where the GNs are posted for public consultation.

OVERVIEW OF THE FITT'S WORK

- 3. FITT's current work plan includes the preparation of 16 GNs, covering methodological issues primarily associated with the evolution of financial and payments systems.** The FITT was initially assigned 14 research topics. Since the last Committee's meeting in October 2020, three new

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² The FITT was officially launched on June 10, 2020, with a mandate that spans until March 2022. Key issues to be addressed by FITT, as drawn from the research agenda of the Committee, are presented in the Compendium of Issues adjoining its [terms of reference](#). The Co-Chairs of FITT are the IMF and ECB, while the Secretariat is the IMF. Its membership comprises 11 countries and seven international organizations.

topics have been added while one topic has been dropped.³ Different sub-groups have been designated for the preparation of each GN, consisting of lead author(s) and contributors (see Appendix I).

4. **Of the 16 topics, two GNs—F.3 “Reverse transactions” and F.10 “Treatment of cash collateral” are being presented to this Committee’ meeting for discussion.** Two GNs—F.5 “Treatment of Credit Default Swaps” and F.8 “Valuation of Debt Securities at Both Market and Nominal Value” were endorsed by the Committee and the AEG at their last meetings both in October 2020 and the final versions were posted on the *BPM6* Update website.

5. **Moving forward, the production of the remaining GNs is sequenced** (see Appendix II for the timetable ahead of the Committee’s meetings in June and October 2021). The work on six of the remaining GNs is ongoing with a view to presenting them to the June Committee meeting. The final batch of six GNs will be prepared for discussion at the October 2021 Committee meeting, with a possibility of discussing some of them earlier via written procedure.

6. **The FITT conducted its second meeting in November 2020 following the October 2020 Committee meeting to notify task team members about the outcomes.** In addition, the Co-Chairs and Secretariat have had regular coordination meetings, including with co-authoring teams as necessary, and members have been kept abreast of the progress through regular emails including provision of revised GNs and notifications on how their comments have been addressed in the revisions. The FITT will be holding occasional virtual meetings to apprise its members about future plans, to discuss the work plan and also to inform them on the overall work associated with the update of the manuals.

³ The three added topics are F.15 “Debt Concessionality”, F.16 “Subscription Rights”, and F.17 “Master Risk Participation Agreements.” F.11 “Treatment of Electricity Forwards” has been dropped. In addition, final arrangements for an additional topic “Treatment of Crypto Assets in Macroeconomic Statistics” to be covered by the Digitalization Task Team (DZTT) and FITT are being discussed.

Appendix I. FITT Research Issues – Sequence and Timing of the GNs

Issue No.	Research Topic	Teams (Lead and Contributors)	Proposed Timing of Meeting
Financial and Payments Systems Task Team (FITT)			
<i>High-Priority Items</i>			
F.1	More disaggregated definition of the financial sector and financial instruments	Lead: IMF & OECD Contributors: South Africa, Portugal, ECB, UNSD	October 2021 Committee Meeting
F.2	Asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships	Lead: ECB & IMF Contributors: Armenia, Switzerland, Serbia	June 2021 Committee Meeting
F.3	Reverse transactions	Lead: BIS & IMF Contributors: South Africa, UK, FSB	February 2021 Committee Meeting
F.4	Financial derivatives by type	Lead: BIS & ECB Contributors: UK, IMF, USA	June 2021 Committee Meeting
F.5	Treatment of credit default swaps	Lead: UK Contributors: BIS, IMF, USA	Completed (October 2020 BOPCOM Meeting)
F.6	Non-bank Financial Intermediation	Lead: OECD & IMF Contributors: FSB, BIS, ECB, South Africa, UNSD	October 2021 Committee Meeting
F.7	Impact of FINTECH and other financial innovations	Lead: IMF Contributors: Switzerland, Indonesia, Serbia, USA, OECD, UNSD, FSB	October 2021 Committee Meeting
F.8	Valuation of debt securities at both market and nominal value	Lead: Portugal & Eurostat Contributors: Armenia, Indonesia, BIS, Italy	Completed (October 2020 BOPCOM Meeting)
F.9	Valuation of loans (fair value)	Lead: Armenia & Italy Contributors: Eurostat, South Africa, ECCB	June 2021 Committee Meeting

Issue No.	Research Topic	Teams (Lead and Contributors)	Proposed Timing of Meeting
Medium-Priority Items			
F.10	Treatment of cash collateral	Lead: ECB Contributors: Netherlands, BIS, Eurostat	February 2021 Committee Meeting
F.11	Treatment of electricity forwards	Topic dropped	
F.12	Covering hybrid insurance and pension products	Lead: Japan Contributors: ECB, Serbia	October 2021 Committee Meeting
F.13	Measurement of margins on buying and selling of financial instruments	Lead: ECB Contributors: USA, UK	October 2021 Committee Meeting
F.14	Treatment of factoring transactions	Lead: Armenia Contributors: Uganda, ECB, Eurostat	June 2021 Committee Meeting
F.15	Debt concessionality (new topic)	Lead: Eurostat Contributors: Portugal, IMF	June 2021 Committee Meeting
F.16	Subscription rights (new topic)	Lead: ECB Contributors: Portugal, South Africa	June 2021 Committee Meeting
F.17	Master risk participation agreements (new topic)	Lead: Indonesia Contributors: South Africa	October 2021 Committee Meeting

Appendix II. Proposed Timeline for GNs Scheduled for the February and June 2021 Committee Meetings

Action	Timeline	
	June 2021 Meeting	October 2021 Meeting
Draft GN to be ready for FITT review	No later than February 26, 2021	No later than June 26, 2021
Draft GN to be submitted to AEG/BPTT for review	No later than March 15, 2021	No later than August 10, 2021
GN to be posted for public consultation	No later than April 16, 2021	No later than September 1, 2021
GN to be sent to the Committee	No later than June 4, 2021	No later than October 12, 2021