

Foreword

The *Compilation Guide for Financial Soundness Indicators* responds to the need for tools to assess the strengths and vulnerabilities of financial systems. As with the development of national income statistics starting in the 1930s, the need for financial soundness indicators arose from crises and a common view that policymakers required new types of information on which to base decisions. The IMF Executive Board considered that the *Guide* “represents a milestone in establishing a standard reference on the concepts and definitions, data sources, and techniques with respect to the compilation and dissemination of financial soundness indicators.”

Financial soundness indicators are indicators of the current financial health and soundness of the entire sector of financial institutions in a country, and of the corporate and household sectors that are the financial institutions’ clients. The indicators represent an innovative and new field of macroeconomic data. The *Guide* aims to provide guidance to help countries in compiling these indicators. It also provides a benchmark for the development of metadata—information about data—that are vital to disseminate along with the data, given the diversity of compilation practices across countries, and hence the need to provide relevant information to help users make meaningful analyses and cross-country comparisons.

The preparation of the *Guide* was a challenging task in view of the need for a comprehensive and rigorous methodology; the broad scope of issues covered; the need to draw and coherently articulate concepts from the diverse fields of monetary statistics, national accounts, financial accounting, and bank supervision; and the diversity in standards, practices, and statistical resources among countries. This task could only be fulfilled with the cooperation and collaboration of other IMF departments, particularly the then Monetary and Financial Systems Department, as well as experts from member countries, international and regional organizations, standards-setting bodies, and the private sector.

Preparation of the *Guide* was undertaken by the Financial Institutions Division II of the Statistics Department under the supervision of Armida San Jose, Division Chief. Most of the drafting of the *Guide* was done by Robert Heath, with contributions from Russell Krueger, Ewe Ghee Lim, and Graham Slack. The final stages of the work leading to publication of the *Guide* were undertaken by Andreas Georgiou and the divisional staff. James McEuen of the IMF’s External Relations Department edited the final manuscript and coordinated publication.

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