



Policy Use of the DGI Data

Global Conference on the G-20 Data Gaps Initiative (DGI)

June 16-17, 2015, Washington, DC

Evrin Bese Goksu, Economist, IMF Statistics Department

Use of the DGI data

Launching of the DGI in 2009...

- The 20 Recommendations of the G-20 Data Gaps Initiative emerged as a result of extensive consultation with the data users.
 - *“There is a need to strengthen the analytical/conceptual framework for financial stability analysis and global monitoring of financial stability risks”*
 - *“...the evidence of increasingly global financial transmission mechanisms and strong feedbacks between the financial system and the real economy are considered very important topics for further investigation...”*
- The recommendations were structured around four themes to: Better capture the build-up of risks in the financial sector, improve data on international financial network connections, monitor the vulnerability of domestic economies to shocks, communication of official statistics.

Exploring how the DGI data is being used...

- Outreach with the data users throughout 2015
 - Regional Conferences, Meetings with the Private Sector, IMF Statistical Forum

A snapshot of the use of the DGI data

The discussions with the data users indicate that...

- The data emerging from the DGI is being increasingly used by national authorities and international organizations to support policy work, in most cases as inputs to high level policy discussions and reports (e.g. Debt Management Committees, Monetary Policy Discussions, Financial Stability Reports, Financial System Reviews)
- DGI has facilitated the dialogue between the national authorities in charge of statistics and those in charge of analysis and policy making.
- The inter linkages between the DGI recommendations contribute to an overall assessment of risks and vulnerabilities.
- International organizations also use the data for global financial stability monitoring.

Specific Uses of DGI Data

Questions Addressed to Data Users...

- Could you elaborate on policy use of the datasets coming out of the DGI Recommendations? Which recommendations have been most useful for policy purposes?

Financial Soundness Indicators, Sectoral Accounts, Coordinated Portfolio Investment Survey, International Banking Statistics, Securities Statistics, Government Finance Statistics, Real Estate Prices...

- Could you indicate the DGI recommendations, for which regular collection would bring the most benefits from a national perspective?

Data on GSIBs, tail risks, distributional information, data on non-bank financial corporations...

Specific Uses of DGI Data

More specifically...

- **Financial Soundness Indicators (Recommendation #2)** are being widely used as they provide cross-country comparable and standardized information.
 - *“Cross-country FSIs are used to establish national benchmarks, early warning indicators based on FSIs “ – Canada*
 - *“FSIs are used in the Financial Stability Review”-China & Russia*
 - *“Availability of FSIs provided a strong foundation of financial stability reports, most of these indicators are now regularly published in FSRs, indicators on corporates help in macroeconomic analysis”-India*
 - *“Monetary Policy Committee uses FSIs as a comprehensive and coherent set of indicators, validation of the methodology of some of the domestically designed indicators i.e. household debt indicators”-Brazil*
 - *“The FSIs provided inspiration for the BOK to launch several indexes for financial stability (e.g. FSI index)”-Korea*
 - *“The extensions of the list of FSIs as well as the broadened country coverage are very beneficial for financial stability issues. The indicators are used as a benchmark for our analyses. In particular, our cross-country analyses benefit from harmonization with European supervisory reporting schemes which helps to improve the assessment of the resilience of our national banking system.”-Germany*

Specific Uses of DGI Data

- Cross-border interconnections are assessed using **Coordinated Investment Survey data (#10/11), International Banking Statistics (#10/11), International Investment Position data (#12), and Securities statistics (#14).**
 - *“The CPIS data is being used in combination with securities statistics to improve the monitoring of holding patterns of securities held by residents and issued by non-residents, to explore interconnectedness via securities holdings” “BIS IBS has provided useful data enhancing analysis of macro-financial risks and complementing the individual risk surveillance and policy analysis on cross-border exposures.” -France*
 - *“The UK is very interested in more granular mapping of its external balance sheet to key bilateral partners, by asset type and sector. Therefore improvements to the IBS is very welcome.” -UK*
 - *“IBS and IIP are useful for financial interconnectedness and financial stability analysis. They may contribute to analysis on spillover effects through capital outflows from EMEs.” -Korea*

Specific Uses of DGI Data

- *“Regarding capital flow management, the most useful recommendations are #10, #11, and #12. Data provided in **IBS** and the **CPIS** are particularly useful to assess spillover and risks channeled through foreign banks as well as capital markets. Meanwhile, data provided in **IIP** are useful to assess the investment stock as opposed to investment flows and to estimate financial imbalances risks.” [Indonesia](#)*
- *“Japan’s growth strategy identifies “Key Performance Indicators ” with a view to assess the progress of policy measures. Quarterly IIP enables to track the progress toward KPI. Currency breakdown of Debt Securities Statistics & International Banking Statistics enables us to take stock of changes in currencies for use in international financial markets” [Japan](#)*

Specific Uses of DGI Data

- **Sectoral accounts and balance sheets (#15)** provide an overall idea of how risks and vulnerabilities within the domestic financial system.
 - *“We look forward the completion of recommendation #15: Sectoral Accounts. This statistics will be very useful to assess the spillover channel of global shock to domestic economy as well as to identify financial imbalances and build up systemic risks.”* [Indonesia](#)
 - *“The sector accounts provide information on the economic activities of the sectors and their interactions.”* [Turkey](#)
 - *“BOK had developed sectoral accounts based on flow of funds data and interbank transaction data. A new conceptual work (big matrix for transaction network) for the financial transaction network including non-bank sector was developed.”* [Korea](#)

Specific Uses of DGI Data

- **Real Estate Price Indicators (#19)** are increasingly being brought under the policy makers' radar.
 - *“The availability of a Real Estate Price Index has been a crucial indicator for the analysis of the sustainability of the housing finance market.”* [Brazil](#)
 - *“Availability of real estate property price has been quite useful for monetary policy discourse in India. Further, the trends and association between equity market and asset prices of real estate helped understanding the linkage and exposure of domestic financial institutions.”*
[India](#)
 - *“Real estate prices which are compared to CPI and other asset price trends like the JSE and yields of the retail bonds. This is done to assess if rapid rises in a particular asset impacts investment behaviour of the South African household sector (consumer)”* [South Africa](#)

Specific Uses of DGI Data

- **Government Finance Statistics (#18) and Public Sector Debt Statistics (#17)** are widely used in policy making. Thus, improvements in GFS data are seen as essential.
 - *“A holistic approach is adopted with the PSDS. Data on level of debt as well as structure of debt is covered.”* [Turkey](#)
 - *“Consolidated central government balance, national debt used as indicators of fiscal soundness when drafting annual budgets and the 5-year National Fiscal Management Plan... General government balance and general government debt are utilized for conducting comparative analysis on fiscal soundness of different countries... Public sector debt is used not only as an indicator of fiscal soundness for the public sector in the comprehensive and broad sense but also as a reference for assessing Korea’s credit rating by rating agencies”-* [Korea](#)

A snapshot of the use of the DGI data

Other messages from data users...

- DGI data (i.e. CPIS, IBS, Securities Statistics) are being used for network analysis (e.g. France) but there is a general demand for **more granular data** to support such analysis (e.g. Mexico's domestic network contagion model).
- Drawing on the conceptual work of DGI, **regular collection of data** for GSIFIs, household distributional information would be useful for analytical purposes.
- Need for more data was underlined regarding:
 - non-bank financial institutions
 - non-financial corporates cross-border activities (particularly fx exposures)
 - intra-group funding
 - Household and non-financial corporations sector

IMF Statistical Forum

- First IMF Statistical Forum “Statistics for Global Economic and Financial Stability,” conducted in November 2013, addressed the statistical needs for maintaining global economic and financial stability, building on various multilateral data initiatives.
- Main points raised during the Second IMF Statistical Forum “Statistics for Policymaking—Identifying Macroeconomic and Financial Vulnerabilities,” conducted in November 2014, included:
 - Importance of data quality and comparability
 - Importance of balance sheets, sectoral accounts and IIP data
 - Interconnections need to be monitored as best as possible
 - Need for more balance sheet data for nonfinancial corporations and households
 - Importance of real estate prices

Private Sector consultation

- Flow of funds data to understand better the movement of risks within financial systems; from-whom-to-whom tables are key to be able to track the movement of securities
- Private sector debt, especially household sector indebtedness, exposures of shadow banking institutions and non-performing loans of the banking sector are important.
- Slow progress in GFS data is unfortunate; importance of information on contingent liabilities underlined.
- Timely disclosure of information is key even though the quality of data may not be the best.
- Need for standardization: in the collection of raw data eg LEI, adoption of international standards to allow cross country comparison, and consistency among national regulatory reports.

Specific Uses of DGI Data

International Organizations and supranational authorities also use the DGI data for analytical purposes...

- IMF work on Balance Sheet Approach and Global Flow of Fund Analysis draws on a number of DGI recommendations (sectoral accounts, CPIS, IBS, GFS)
- BIS uses the IBS and securities statistics for the analysis of global liquidity
- A number of analytical publications (i.e. IMF Global Financial Stability Report, World Economic Outlook, Fiscal Monitor, BIS Quarterly Review, ECB ESRB Risk Dashboard, Economic Bulletin) uses DGI data for an assessment of global risks and vulnerabilities.

Next Steps for increased use of data

- Continued dialogue among the statisticians and policy makers both nationally and internationally.
- DGI contact people to engage with the policy departments of their institutions as part of the DGI work process.
- Completeness in reporting: reporting of data by all G-20 economies to provide a full picture of the global financial system.
- Improved timeliness of data.
- Further engagement with data users (i.e. IMF Statistical Forum)