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Overview

- Background
- Structure
- International financial reporting standards
- Main revisions
- Remaining differences with 2008 SNA
- Implementation
Background

Background

- Align monetary statistics with the new methodological guides
- Address issues identified since the publication of the *MFSM* and the *MFS Guide*
- Reflect new developments in the financial corporations sector and financial markets
  - SNA redefinition of institutional units
  - SNA redefinition of financial instruments
  - Latest financial innovations
- Update and merge into one volume the *MFSM* and its *Guide*
Background

- Revision process started in 2011
  - *Annotated Outline* and *Issues Paper* released to the members of the Experts Group for comments in November 2011

- Experts Group Meeting in February 2012
  - Representatives from 28 countries and ten international or regional organizations ([list of participants](#))
    - *Discussion Note* distributed before the meeting
    - *Summary of Main Conclusions* after the meeting
    - Draft chapters sent for comments in August 2013

- Draft chapters posted for public comment on the IMF’s website
Background

Structure of the *MFSMCG*

- Introduction
- Overview of the monetary and financial statistics framework
- Institutional units and sectors
- Classification of financial assets and liabilities
- Stocks, flows, and accounting rules
- Money, liquidity, credit, and debt
- Compilation, source data, and dissemination of monetary statistics
- Financial statistics
- Seventeen annexes to chapters
- Three appendixes
**MFSMCG and IFRS**

- Basic source data for monetary statistics are the financial corporations’ accounting and regulatory records
  - Balance sheet
  - Subsidiary ledgers

- Accounting records reflect international or national accounting standards
  - International financial reporting standards (IFRSs)
  - General accepted accounting principles (GAAPs)

- Accounting records to be adapted for their use in monetary statistics
Main Revisions

- **Definition of money (broad money)**
  - More prescriptive
    - Based on the functions of money, rather than the financial instruments
      - *Moneyness* of financial instruments ↔ Degree of liquidity and capacity to store nominal value
  - Concepts of money issuing, money holding and money neutral subsectors
  - Counterparts to money help explain credit flows
  - Composition of the Depository Corporations Survey provide insight into the factors affecting the supply of broad money

- More elaboration on credit, debt, and liquidity aggregates
Main Revisions

- Institutional sectors
  - Alignment with 2008 SNA
    - Mostly in the subsectoring of the financial corporations sector
      - Three financial subsectors in 1993 SNA (central bank, other depository corporations, other financial corporations)
      - Nine financial subsectors in 2008 SNA (central bank, deposit-taking corporations except the central bank, money market funds, non-MMF investment funds, other financial intermediaries except ICPF, financial auxiliaries, captive financial institutions and money lenders, insurance corporations, pension funds)
  - \textit{MFSM}'s concepts of “Other depository corporations” and “Other financial corporations” still used in the \textit{MFSMCG}
Main Revisions

- Institutional sectors
  - More detailed treatment of the other financial corporations subsector
    - Non-MMF investment funds
    - Insurance corporations
    - Pension funds
    - Special purpose entities
    - Securitization vehicles
    - Sovereign wealth funds
    - Other financial intermediaries
    - Central clearing counterparts
    - Holding companies
Main Revisions

- **Financial assets**
  - Alignment with *2008 SNA*
    - Mostly terminology
  - Elaboration on borderline cases
    - Debt securities
    - Repurchase agreements
    - Deposits and loans
    - Loans and securities
  - Three new sub-categories
    - Investment fund shares/units
      - Equity
    - Pension entitlements and standardized guarantee schemes
      - Insurance
    - Employee stock options
      - Financial derivatives
  - Debt securities issued through securitization
Main Revisions

- Financial instruments
  - SDR Allocations
    - Aligned with 2008 SNA and BPM6
      - From a unilateral transfer without a corresponding liability to a transaction generating a long-term debt liability to nonresidents
        - Interest payable on the cumulative allocation
        - Possibility of repayment under certain circumstances
    - Recorded now as transactions and not as OCVA
    - From an item of Capital and Reserves to a separate liability category
    - Already implemented in 2009

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Main Revisions

- Financial instruments
  - Instruments with principal and interest indexed to a foreign currency
    - Consistency with the *BPM6*
    - Treated as if they were denominated in foreign currency
    - Affects *IMF Accounts Nº 1*, *Nº 2*, and *Securities Account*
Main Revisions

- **Standardized Report Forms**
  - Investment fund shares as a new group on the asset side
    - Money market funds
    - Non-MMF funds
  - IMF accounts now denominated in foreign currency on the liability side of the central bank’s sectoral balance sheet
  - SDR allocations as a new liability category in the central bank’s sectoral balance sheet
  - Money market fund shares as a new group on the liability side of the ODCs’ sectoral balance sheet
    - Included in and excluded from broad money
  - Non-MMF fund shares as a new group on the liability side of the OFCs’ sectoral balance sheet
    - Previously included in *Capital and reserves*
Remaining Differences with 2008 SNA

- **Sectorization**
  - Financial sector
    - Nine subsectors in the 2008 SNA
    - The same three subsectors in the MFSMCG
      - Central bank, ODCs, OFCs
        - *ODCs include money market funds*
        - *OFCs include off-shore banks that do not issue liabilities included in broad money*
  - Nonfinancial sectors
    - Households and NPISHs grouped together in one sector in monetary statistics
    - Social security funds included within the level of government at which they operate in monetary statistics
      - Can be identified separately in government finance statistics
Remaining Differences with 2008 SNA

- Interbank positions
  - Monetary statistics
    - Identified fully by all relevant instruments
  - System of national accounts
    - Shown as *Transferable deposits* if not securities or accounts payable
Remaining Differences with 2008 SNA

- Equity liability (Capital and reserves)
  - Monetary statistics
    - Valued at book value (Assets less Liabilities)
    - Disaggregated into five components
    - Counterpart sectors not identified
    - Not applicable to investment fund shares
  - System of national accounts
    - Valued at market value
    - Not disaggregated into categories
Remaining Differences with 2008 SNA

- Provisions for losses on assets
  - Monetary statistics
    - Recorded as liabilities
    - Classified as *Other accounts payable [MS]*
    - Recorded as OCVA when constituted
      - Reduction in equity
  - System of national accounts
    - Treated as bookkeeping entries internal to the reporting institution
    - Not recognized, except in case of expected losses on nonperforming loans
      - Memorandum items in the balance sheet
Implementation of the *MFSMCG*

- Publication of the hard copy version
  - Glossary
  - Index
  - Expected during third quarter 2016
Implementation of the *MFSMCG*

- Monetary statistics and existing financial statistics will remain with the current structure for the time being.

- Transition will include:
  - Revision of SRFs in STA’s system
  - Revision of data collection and IFS publication procedures
  - Technical assistance and training to countries and regional groups
  - Outreach to countries on implementing the revised methodology, including SRFs
  - Expansion of coverage of OFCs