

ISSUES RELATED TO THE WORK OF THE TASK FORCES

TASK FORCE ON FINANCE STATISTICS

Report by the IMF (Convener of the Task Force)

INTRODUCTION AND BACKGROUND

1. The objectives of the Inter-Agency Task Force on Finance Statistics were mandated by the Working Group on International Statistical Programmes and Coordination at its fifteenth session (see E/CN.3/1993/21, para. 53). Those objectives were subsequently endorsed by the ACC Subcommittee on Statistical Activities at its twenty-sixth session (see ACC/1993/1, paras. 4 and 17-19) and by the Statistical Commission at its twenty-seventh session.^a As spelled out in the report of the Working Group on its fifteenth session (see E/CN.3/1993/21), the following objectives were confirmed as the terms of reference for the Task Force at its first meeting, in June 1993:

(a) Determine work being done by the organizations involved on methods, compilation, processing, dissemination, technical assistance and cooperation. It was recognized, however, that technical cooperation might not lend itself to treatment on a subject-by-subject basis but might need to be reviewed in an integrated way;

¹Official Records of the Economic and Social Council, 1993, Supplement No. 6 (E/1993/26), para. 27.

(b) assess problems, duplication, weaknesses, imbalances and priority gaps on the basis of an integrated presentation of work programmes in finance statistics, taking into account budgetary considerations;

(c) study how to carry out an evaluation of the quality of the databases maintained by international organizations, and carry out such an evaluation as far as possible;

(d) review the publications issued by each organization and make recommendations on the need for a guide to finance statistics, taking account of the needs of the range of users;

(e) identify actions needed to improve the system-wide work in the area, including its coordination;

(f) report on actions taken, current proposals and unresolved issues for action by the Working Group;

(g) in addition to contriving efforts to reduce the time lag in publication, consider the need and scope for disseminating more recent statistical information, possibly in the form of indicators.

2. Membership of the Task Force comprises the International Monetary Fund (IMF) (Convener), the Bank for International Settlements (BIS), the European Monetary Institute (EMI), the Statistical Office of the European Community (Eurostat), the Organization for Economic Cooperation and Development (OECD), the World Bank, and the Statistics Division of the United Nations.

3. The Statistical Commission, at its twenty-eighth session, received the first report of the Task Force. The report noted that ongoing methodological work in finance statistics was

being conducted in conformity with the need for consistency with the System of National Accounts, 1993 (1993 SNA); it did not identify any major concerns regarding duplication in data collection, weaknesses and gaps in coverage, imbalances (assumed to refer to lack of focus on user needs) or inadequate coordination of technical assistance. The Task Force concluded that its review of the principal issues identified in its terms of reference had been largely dealt with.

4. The Statistical Commission expressed its appreciation for the report of the Task Force; recognized the importance of finance statistics for economic analysis and policy-making; and emphasized the need to produce consistent standards on monetary and financial statistics that were harmonized with the concepts of the 1993 SNA.

5. Regarding further work, the Statistical Commission requested (a) the preparation of a list of items identifying differences between the 1993 SNA and the specialized statistical systems on balance of payments, monetary and financial statistics, and government finance statistics, including a description of the nature of the differences as a means of harmonizing the links between the systems; and (b) that the Task Force consider how and under what modalities further work should be conducted. Those recommendations were subsequently endorsed by the ACC Subcommittee on Statistical Activities at its twenty-ninth session (see ACC/1995/14, para. 5).

TWENTY-NINTH SESSION OF THE STATISTICAL COMMISSION

6. In response to the requests made by the Statistical Commission at its previous session, the report of the Task Force to the twenty-ninth session noted that the relevant manuals either have or are in the process of establishing a specific link with the 1993 SNA. Linking to the SNA was an explicit goal of the work on the fifth edition of the Balance of Payments Manual, which was published in 1993. For the manuals on monetary and financial statistics and government financial statistics now being developed and revised, respectively, by the

IMF, a major effort is being made to ensure as complete a harmonization with the 1993 SNA as possible, consistent with the needs of their specialized uses. In the context of the requirements established for the European Monetary Union, Eurostat and EMI have identified a range of actions for financial statistics that reflect the adoption of harmonized concepts and definitions (residency, currency breakdown, coverage), all within the framework of the European System of Accounts.

7. The Commission took note of the activities and progress in balance of payments, monetary and financial statistics, and government finance statistics. It also took note of efforts to harmonize concepts and definitions in these areas with the 1993 SNA.

8. As to modalities for further work, the Commission endorsed the proposal contained in the report of the Task Force to amend the terms of reference of the Task Force to incorporate a request that work programmes of international organizations in the field of finance statistics be presented periodically. This report would be a means of providing updated information and as a basis of discussion of particular issues.

STATUS OF METHODOLOGICAL WORK IN FINANCE STATISTICS

9. Following an expert group meeting in November 1996, the IMF has worked to complete the Manual on Monetary and Financial Statistics (MMFS). The MMFS will be published at year-end 1997. Revision of training materials is underway, and the revised materials will supplement the MMFS in seminars and courses for the FSU countries (in cooperation with the Central Bank of Russia), for Caribbean countries (in cooperation with the Eastern Caribbean Central Bank), and for Latin American countries (in cooperation with the Center for Latin American Monetary Studies).

10. As to government finance statistics, in response to an outline of a revised manual, comments have been received from some 70 statistical agencies and units in 43 countries and

from international organizations. Drafting of the manual is underway; comments on the draft will be invited and an expert group meeting held. The target completion date is 2000.

11. The IMF Balance of Payments Statistics Committee will meet October 22-24, 1997. The agenda will include discussions of the Coordinated Portfolio Investment Survey, focusing on the modalities for the exchange of results among the 36 participating countries and on coverage of securities held as reserve assets; financial derivatives (see below); trade in goods—focussing on the shuttle trade; and trade-in-services. Also, the Committee will review a report on the joint IMF and OECD survey of the methodology and compilation procedures employed by member countries in compiling foreign direct investment data. The metadata gathered by this joint survey are expected to give compilers and users of direct investment data a better understanding of the methodologies used worldwide in compiling these data, should help indicate the present weaknesses in data compilation, and help spread best practice. Further information about the Committee and its work products are at the IMF's Internet site: <http://www.imf.org/bop>.

12. In April 1997, the IMF circulated a discussion draft for comment on "The Statistical Measurement of Financial Derivatives." The discussion draft sought to clarify and amplify guidelines on financial derivatives contained in the 1993 SNA and fifth edition of the IMF Balance of Payments Manual. In many respects, the draft endorses their key recommendations, but it takes two proposals for change. First, it takes a less restrictive view than the 1993 SNA as to which financial derivative contracts fall within the existing SNA asset boundary, in effect allowing for the inclusion of more over-the-counter (or non-exchange traded) financial derivative contracts. Second, and related to the first point, the paper proposes that interest rate swaps and forward rate agreements (FRAs) be recognized as financial assets, and that net cash settlement payments in these contracts be classified as financial transactions rather than as property income flows as recommended in the 1993 SNA. From the comments received so far, it appears that the paper and its recommendations are viewed favorably. The discussion draft is now being revised and will be recirculated for

discussion at the IMF Committee on Balance of Payments Statistics in October 1997. Thereafter, the paper will be sent to the Inter-Secretariat Working Group on National Accounts.

AMENDMENT OF THE TERMS OF REFERENCE

13. The amendment of the terms of reference could be accomplished by adding the following:

(h) On a periodic basis, report on the work programmes of international organizations, including--as appropriate--regional organizations, in the development and maintenance of methodologies and compilation guides, compilation, processing, dissemination, and technical assistance and cooperation in the field of finance statistics.

The regional organizations could include, for example, the Center for Latin American Monetary Studies, the Arab Monetary Fund, and the South-East Asian Central Banks Research and Training Center, all of which undertake substantial training and technical assistance activities in one or more of the specialized systems of finance statistics.