



ELECTRONIC DISCUSSION GROUP ON NONPERFORMING LOANS

An Electronic Discussion Group (EDG) is underway with the objective of working towards an acceptable treatment for nonperforming loans in macroeconomic statistics. The Intersecretariat Working Group on National Accounts—who recommended this EDG—will use the results in reviewing the 1993 SNA.

The financial crises in several countries in the mid 1990s led to renewed interest in the question of accounting for nonperforming loans in macroeconomic statistics. The original criteria used in the *System of National Accounts 1993* for treating loans were based on considerations such as:

- the desirability of avoiding entries in the accounts for which there are no sound basis in observable transactions,
- the need for accounting practices to facilitate comparisons between different economic agents and countries,
- the need for the valuation of loans to be consistent with the debtor's legal obligations,
- and the need for recommendations to be useful in measures of solvency.

However, such criteria have resulted in many cases where the national accounts do not reflect the existence of nonperforming loans in either the flow accounts or balance sheets.

The purpose of this EDG is to decide possible criteria for treating nonperforming loans. In doing this, the EDG is also considering:

- consistency with the other major macroeconomic statistics (balance of payments, government finance, and money and banking statistics)
- how to define and value loans in general and nonperforming loans in particular.
- loans as assets and liabilities, when such loans should be written off.
- how to measure interest accruing and arrears.

So far, several experts have responded and their reactions are available on the site. More responses are needed so the final report can offer a balanced perspective.

Further background and discussion papers on this topic can be found on the IMF website.

Express your views and read those of others.

Go to: www.imf.org, and access “Nonperforming Loans in Macroeconomic Statistics—An Online Discussion” via the site index, or directly at <http://www.imf.org/external/np/sta/npl/eng/discuss/index.htm>

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