

**MEETING OF THE TASK FORCE ON
FINANCIAL INTERMEDIATION SERVICES INDIRECTLY MEASURED (FISIM)**

Hosted by the IMF

March 3 & 4, 2011

IMF Headquarters 1 (HQ1)
Room 2-530, 700 – 19th Street N.W., Washington D.C.

Exports and Imports of FISIM

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Exports and imports of FISIM

ISWGNA TASK FORCE ON FISIM
Washington 3-4 March 2011

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Issue: How can FISIM be made consistent in international trade?

- Notwithstanding discussions on term and risk premiums are there principles we can establish now?



Principles

However the reference rate is defined, it should be consistent with the appropriate reference rate for the underlying currency.



What's needed

For exports by A: Information on *deposits in and loans of Bank A* for counterparties in B by currency. Financial corps inst sector

For imports by B: deposits held in A by, or loans by A to, B (by currency). Non Fin corps





What information is typically available?

- Do countries have institutional sector breakdowns of interest flows? On a bilateral basis
- If not, payments of interest from A to B will reflect payments
 - by banks in A to depositors in B (leading to FISIM exports) and
 - interest payments by non-financial borrowers in A (leading to FISIM imports)
- Similarly receipts of interest will reflect exports and imports of FISIM



Assuming institutional sector info is available

- But no information on deposit/loan structures etc
- Nor currencies, Nor partners
- It will only be possible to estimate exports and imports using average margins in the host economy.
- And global exports/imports are unlikely to align.



◀ If bilateral trade data is available

- But again, no loan/deposit nor currency info.
- Could assume that
 - Flows of Interest payments from and receipts to a financial institution, reflect the currency (and so reference rate) of residence
 - Interest payments from and receipts to a non financial institution reflect reference rate and currency in the counterpart financial institution.
 - If interest flows are aligned and average reference rates are used everywhere, this should ensure alignment of flows of FISIM; as long as everyone uses the same average reference rates.



◀ If detailed info available in one country

- Should other countries use this information?
- Is there a need for an international organisation to create a matrix of bilateral import/export flows?

