



The New Monetary and Financial Statistics Manual and Compilation Guide

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Overview

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



Background

- *Monetary and Financial Statistics Manual (MFSM)* published in 2000
- *MFS Compilation Guide (MFS Guide)* published in 2008
- *New 2008 System of National Accounts (2008 SNA)* published in 2009
- New sixth edition of the *Balance of Payments Manual and International Investment Position (BPM6)* published in 2009
- *New Government Finance Statistics Manual 2014 (GFSM 2014)* published in 2014
- *Handbook on Securities Statistics (HSS)* published in three parts (2009, 2010, and 2012) and consolidated in one volume in 2015
- *Handbook on Financial Production, Flows and Stocks in the System of National Accounts* by UN and ECB (2014)



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

- *Monetary and Financial Statistics Manual and Compilation Guide (MFSMCG)*
 - Prepublication draft posted on the IMF's website in March 2016 (<http://www.imf.org/en/data#MonStat>)



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 \implies 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)
 - *MFSM's* concepts of “Other depository corporations” and “Other financial corporations” still used in the *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

<i>BPM5</i>		<i>BPM6</i>	
Assets		Assets	
SDR Holdings	100	SDR Holdings	100
	Liabilities		Liabilities
			SDR Allocations
			100
	Capital and Reserves		Capital and Reserves
	SDR Allocations		
	100		



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 N° 1, N° 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