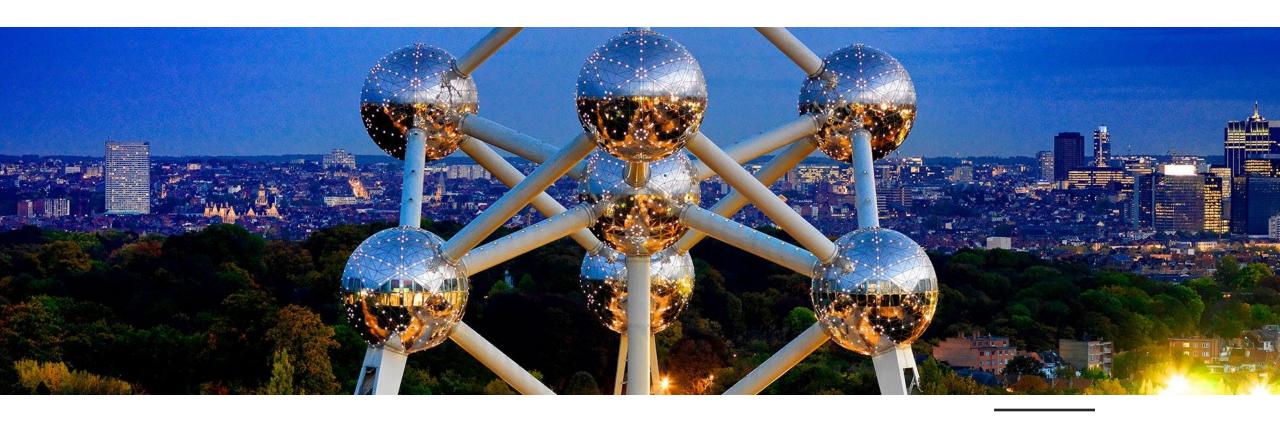
2nd Workshop on Financial Accounts, 9-11 October

Conclusions and way forward



Financial accounts are part of a larger system of (macro)economic statistics

- Important to coordinate, cooperate and align with other subsystems
- E.g. Balance of Payments/IIP, Government Finance Statistics (GFS), Monetary Statistics, non-financial accounts
- But also with Business Statistics, other Financial Statistics and social statistics

Use all data sources available

- Start with the data you have/can easily access (real sector, corporation sector, household sector, public accounts and balance of payments including if available and accessible data from the stock market, administrative and other commercial data)
- Assess the quality of each data sources, strive to improve gradually
- Create (and maintain) quality hierarchy of data sources (for each instrument and sector) and be transparent (e.g. publically available methodological report)
- Align to financial account data from GFS and BOP/IIP

Always respect and maintain the identities in (balancing) the financial account

- Balancing is part of the game; challenging but essential part of compiling (financial) accounts
- Usually, large corrections are found with financial accounts because of volatility and magnitude of market values of securities
- Be pragmatic (and optimistic and creative), but be transparent and provide metadata to users, and also provide feedback to data suppliers (and continuously improve)

Statistical discrepancies are inevitable and can be seen as an opportunity!

- One of the quality indicators of your accounts
- Don't hide them, but try improve quality by analyzing them
- But also discuss and decide what you can and will tolerate
- And what you can do to decrease them, take inspiration from existing reports e.g.
 - Eurostat/ECB Task Force on vertical consistency (statistical discrepancies): https://www.ecb.europa.eu/stats/pdf/Recommendations on Vertical consistency.en.pdf

Organizational and institutional aspects may also be a source of discrepancies

- Different (or differently interpreted) data sources, data gaps, mismeasurement of certain activities, assumptions, different revision policies, etc.
- Coordination and cooperation amongst key data providers and compilers is key
- Good business register helps to minimize misclassifications

Improve communication

- With respondents (if possible)
- With holders of (new) administrative data
- With your other data providers
- With other compilers of macroeconomic statistics (nationally and internationally)
- With your users (seek for (new) policy applications)

Set up working groups to facilitate the process

- Distribution of responsibilities based on national circumstances
- Data discussion with each data provider Business and trade, government, real sector, financial sector and external sector (rest of the world)
- Data discussions with BOP to discuss mergers and acquisitions

Automate your compilation process as much as possible

- From ingesting input data to automatic balancing procedures
- But be aware what technology can and cannot do, some inconsistencies really need to be solved "by hand"
- Learn from others
- Use the Generic Statistical Business Process Model (GSBPM <u>statswiki.unece.org/display/GSBPM</u>)
 to structure the process and Generic Statistical Information Model (GSIM <u>statswiki.unece.org/display/GSBPM/Information+flow+within+GSBPM+using+GSIM</u>) for information flow
- Create reports to facilitate detection of outliers and other errors, incl. analytical reports

Who-to-whom matrices provide an overview of sectoral interlinkages in the economy

- Start with aggregates where counterparty information is readily available financial corporations' loans and deposits
- Progress to more detailed instruments later
- Experience in many countries showed this is a best practice
- Consistent with macroeconomic aggregates
- Positions and flows are broken down by counterpart sectors
- There is always room for improvement but set priorities (which action has the most value added (for your users))
- Data challenges: not complete counterpart data in primary sources → analysis,
 reconciliation of different sources, estimation for missing data, other adjustments
- Adds analytical value to the accounts by assisting compilers to evaluate initial estimates
- Important information for the analysis of financial vulnerabilities (internal and external)
- Develop visualization tools to better service external users

- Enhancing the integration of monetary statistics with financial account statistics is challenging
 - Different standards
 - Need to collect more (bank to non-bank) information to allow for a good bridging between the two datasets
 - Would allow linking the monetary dynamics to saving and financing development at sector (households, corporations) level
- Information on the sensitivity of sectors' balance sheet to interest rates changes (gross flows, variable/fixed rates composition, bank retail rates) is useful in monitoring vulnerabilities and monetary policy pass through
- FISIM relates sector's financial balance sheets to GDP take it into account during calculation

- Financial Institutions: ideal is to collect the balance sheet of all significant financial institutions
 - Estimations or additional information is usually needed to compile positions at market value (depending on the local accounting standards)
- Non-Financial Institutions: the ideal is also to collect balance sheet, and if possible, some additional information, from the most relevant institutions
 - Securities statistics may be an alternative for actively traded securities
- Households: indirect sources have to be used
 - Counterpart information from financial corporations should be collected
 - A survey of households is possible and useful, but unlikely to provide trustable annual data without high costs
 - For securities: securities statistics are usually very helpful