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European Central Bank, DIV/MFS

**Expanding the usage of the ECB’s
“Register of Institutions and Assets Database” (RIAD)
State-of-affairs**

Current status and forthcoming updates of RIAD

The RIAD application (“Register of Institutions and Assets Database”) operated by the ECB currently covers four data sets that are important for the monetary policy and statistical function of the ESCB:

- “List of monetary financial institutions” (MFI dataset)
- “Non-compliance cases of MFI balance sheet reporting” (NCBSI dataset)
- “List of counterparties eligible for monetary policy operations” (MPEC dataset)
- “List of eligible assets” (EAD dataset)

Only the MFI and MPEC data set contain information primarily on institutions as is usually reflected in business registers. (The NCBSI and EAD data set refer to information on on-compliance cases of reporting agents and on select financial securities respectively.)

The primary reason for maintaining the Monetary Financial Institutions dataset is to facilitate the production of a comprehensive and consistent balance sheet for the money-creating sector in the euro area by ensuring that the statistical reporting population is complete, accurate and homogeneously defined. More precisely the MFI list represents the up-to-date official inventory of those institutions resident in Europe that are in the European System of Accounts (*1995 ESA*) classified under two distinct financial corporations sub-sectors: the central bank (S.121), other monetary financial institutions (S.122).¹ The data collected per MFI provide details on the MFI’s identification, residency, address or reporting obligation. The MFI list is checked on a daily basis for updates of the population, thereby registering joiners and leavers (incl. recording of merger activities.)

As presented in the last meeting of the “Wiesbaden Group on registers” (WBGR) in October 2007 the RIAD system is currently being updated in an ongoing project and will include (by spring 2009) three additional datasets:

- “List of investment funds” (IF dataset)
- “List of financial vehicle corporations” (FVC dataset)
- “Non-compliance cases of MFI interest rate reporting” (NCMIR dataset)

¹ The remaining subsectors of the financial corporations are: other financial intermediaries, except insurance corporations and pension funds (S.123), financial auxiliaries (S.124) and insurance corporations and pension funds (S.125).

Again of these three additional datasets only the IF and FVC data cover reference data on institutions. Investment Funds are structured financial schemes that pool investor funds for the purpose of acquiring financial or non-financial assets². The objective of establishing a list of investment funds is primarily for statistical purposes, i.e. to specify the actual reporting population in an accurate, consistent and comprehensive way, thereby covering “demographic” developments. The following attributes of individual IFs in the EU will be collected: Residency, name, address, management company, net asset value (NAV), investment policy, variability of capital, UCITS compliance, legal set-up and ISIN codes of the fund shares issued.

According to a harmonised definition in the ESCB a Financial Vehicle Corporation is an undertaking that predominantly carries out one or more securitisations, with the purpose to isolate the credit risk from the originator’s balance sheet. As mentioned FVCs are subsumed in the *1995 ESA* sub-category of OFIs (S.123). As for investment funds, the objective of establishing a list of financial vehicles is primarily for statistical purposes. The identification of the reporting population is the prerequisite to the collection of the balance sheet data from these entities. The attributes that will be recorded per FVC in the EU include: Residency, name, address, management company, nature of securitisation and ISIN codes of the securities issued.

The quantitative framework of the MFI, IF, FVC list looks as follows

	Number of entities in the EU fulfilling the definition	... thereof in euro area
List of MFI’s ⁺	8,100	7,700
List of IFs *	52,000	47,000
List of FVCs *	2,400	2,100

⁺) October 2008 ^{*}) preliminary results for end 2007

Points of particular relevance for other Business Registers

In the context of its reusability for other business registers, the list of MFI dataset is of particular relevance as it is backed by a well established and high frequent data collection system. In the longer run, RIAD can potentially become a source for register information also for other financial corporations (notably Investment Funds, Financial Vehicles Corporations and – in a more distant future – possibly also Insurance Corporations and Pension Funds).

- In general the core benefit for other statistical business registers may be the fact that RIAD offers an increasingly complete, consistent and up-to-date register on a multitude of financial institutions, which are fully in line with classifications requested by the *1995 ESA*.
- As noted the common background for all three datasets is that compilers in the ESCB are (about to) collect balance sheet data for the entities recorded in the respective lists according to various ECB Regulations and Guidelines. However, so far the attributes collected for MFIs do not support statistical survey methods based on sampling, as the absence of a size variable does not allow applying an adequate stratification / grossing-up techniques (→ see last section on potential enhancements).
- The usability of RIAD data in the statistical community depends on the production and publication timetables of the respective information. As shown below the availability of RIAD data still needs to be enhanced.

² Investment funds are one of six sub-categories which are covered within the ESA95 sub-sector S.123 “Other Financial Intermediaries, except insurance corporations and pension funds” (OFIs). The other five sub-categories are “financial vehicle corporations created to be holder of securitised assets” (FVC), “security and derivative dealers” (SDDS), “financial corporations engaged in lending” (FCL) “financial holding corporations” (FHC) and “other OFIs”.

MFI, IF, FVC data - Timetable for data collection and publication

	Data collection starting	Frequency of updates	Data publication
List of MFI's	operational	daily	via ECB website
List of IFs	1 st quarter 2009	quarterly (annual)	no plans
List of FVCs	1 st quarter 2010	quarterly	no plans

- So far the list of MFIs (as well as the forthcoming IF and FVC data sets) does not hold information on the (ownership) linkages between the entities registered. However, (foreign) branches are identified as MFIs and linked to the respective headquarter. More information on the linkages would contribute to the usage of the RIAD system as a register and would, in turn, be of significant benefit for special statistics, in particular in the area of cross-border figures (such as collected in Foreign Direct Investment or Foreign Affiliates Statistics). (→ *see potential enhancements*)

In fact Eurostat and the ECB have started investigations on how to efficiently link the RIAD information on financial corporations and the forthcoming “EuroGroups Register” (EGR). However, some issues such as access to and sharing of data, or joint data management need to be considered.

- While a joint usage and inter-linkage of business register would bring benefits, also to reduce the reporting burden and improve consistency of resulting statistics, importance needs to be attached to the governance of inter-institutional corporation and legal obstacles of e.g. opening the information to NSIs in the EU.
- As the two forthcoming datasets (IF and FVC) will also cover information on securities issued by the respective entities it enables to cross-link the registers on institutions with databases on individual securities³. This does not only allow new quality checks but could significantly enhance the analytical power of the registers involved. (→ *see potential enhancements*)
- Cross-linkage between registers (i.e. the identification of the same individual entity across different data pools) is another relevant aspect. RAID supports this by an increasing coverage of the ‘Bank Identifier Code’ (BIC)⁴ in the MFI list. As pointed out links between entities could increasingly also be identified indirectly via cross-checking identifiers of securities (e.g. ISIN codes) an approach that may be particularly helpful when working with data from data vendors.

Potential enhancements of RIAD

The RIAD system will be subject to continuous changes. In the medium-term, potential enhancements are under discussion, such as:

- Collection of additional attributes for MFIs.
 - Total assets i.e. the value of the total balance sheet as used in the compilation balance sheet item statistics.
 - Ownership structure, i.e. information on (ultimate or immediate) parent or subsidiary entities.
 - Further breakdown of the credit institutions in sub-categories (e.g. according to specialisation).
 - ISIN codes of (equity and debt) securities issued.
- Addition of a “List of Insurance corporations and pension funds” (ICPF), i.e. the financial corporations classified under the 1995 ESA sub-sector S.125.

³ For instance ESCB databases such as “Eligible Assets” (public) or “Centralised Securities Database” (not public); or various securities registers of Commercial Data Providers.

⁴ Assigned by SWIFT