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**STATISTICS DIRECTORATE
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**SUMMARY RECORD
WORKING PARTY ON FINANCIAL STATISTICS
9-10 OCTOBER 2006**

Note by the OECD Secretariat

For further information, please contact:
Michèle Chavoix-Mannato
E-mail: michele.chavoix-mannato@oecd.org

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**SUMMARY RECORD
OF THE 2006 WORKING PARTY ON FINANCIAL STATISTICS
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Note by the OECD Secretariat

The Chair of the Working Party on Financial Statistics – WPFS (Patrick O’Hagan, Statistics Canada) welcomes delegates and makes some introductory remarks before giving the floor to Michèle Chavoix-Mannato (OECD Secretariat), Secretary of the WPFS, who states some introductory remarks regarding the organisation of the meeting for the following days.

In particular, it is highlighted that while the Working Party on Financial Statistics (WPFS) is under the auspices of the Statistics Directorate (STD), it continues to have to report to the Committee for Financial Markets (CMF) which is its parent body and is managed by DAFE.

During the first day of the meeting, most items deals with the STD financial databases and are for discussion and/or decision, while during the second day, common with the Working Party on National Accounts (WPNA) meeting, most items relate to the SNA review and are for information and discussion.

Progress report on the OECD Financial Accounts database [COM/STD/DAF(2006)4] - session for decision

Michèle Chavoix-Mannato, OECD, presents the document COM/STD/DAF(2006)4: its main objectives are:

- to inform delegates to the Working Party on Financial Statistics (WPFS) on the current situation concerning the Financial Accounts Database; the quantity and quality of data provided by countries has improved substantially and the Secretariat thanks countries for their work.
- to propose developments aiming at improving the quality and the comparability of financial accounts in three areas: collection of quarterly data in order to improve the timeliness of annual data, completion of the new table 2600 (part of the Annual national Accounts questionnaire) on detailed non-financial assets of institutional sectors (S1, S11, S12, S13 and S14-S15), and finalisation of the survey on Sources and Methods, based on the EU countries notes, to be sent to non European countries so that methodological information relating to financial accounts (flows and stocks) is useful and comparable between all OECD countries.

When presenting the various aspects of the developments, the Secretariat insists on the low level of resources and on the need for further in-kind contributions in particular through secondments. Delegates of the WPFS are invited to inform their CMF colleagues so that they ask for additional resources to perform the current data collections

Conclusion:

- The continuous improvement of the usefulness of the OECD database on financial accounts (flows) and financial balance sheets (stocks) is stressed: time series are to be extended and a finer breakdown

of the classification is to be provided, in particular for two sectors, Households (S14) and General Government (S13).

- The collection of quarterly data should be initiated as a pilot project with specific countries: the objective is not to provide quarterly financial accounts but to improve the timeliness of the data in various countries.
- The collection of non-financial assets is a priority for analytical purposes: it has to be continued and more feedback and more data supplied are expected from respondent countries.
- The survey on Sources and Methods will be sent to non European countries after the meeting with a deadline for its completion set at 31 January 2007.

Valuation of assets/liabilities in Financial Accounts [COM/STD/DAF(2006)5]

François Lequiller, OECD, presents the results of a survey on valuation of assets and liabilities sent to non-European countries.

Conclusion of the discussions:

The work on the valuation of financial assets/liabilities is very useful and has to be continued. A similar survey will be sent by Eurostat to the European countries

OECD project on historical data [COM/STD/DAF(2006)6]

Teresa Sbano (Pioneer investments) presents the result of a pilot-project, carried out under the supervision of Michèle Chavoix-Mannato, OECD. This project aims at extending the currently available financial accounts data back to 1980 (as a first step) for a group of countries (Canada, USA, Japan, France, Germany, Italy, Spain and United Kingdom), using publicly available data (in *Golden Books*, previously disseminated by the DAFE directorate, in the new volumes (IIIa and IIIb) of STD National Accounts publication, and on national Websites). Comparisons between the various sources have been carried out and results have been drawn.

Riccardo de Bonis, Central Bank of Italy, presents the work undertaken in Italy to build such historical time series.

Conclusion:

The document is discussed and two proposals are put forward:

- continue to assess what can be done for some countries on the basis of the Golden Books in terms of building long time series;
- when countries agree, and where such data exist, ask for the provision of new and long historical series.

Progress report on the additional requests on Households' Assets

Michèle Chavoix-Mannato, OECD, presents a PowerPoint on the results of the additional surveys on households' assets, decided at the last WPFS session in October 2004.

Most countries replied to this new questionnaire, however the coverage needs improvements.

Conclusion:

The Secretariat will continue to gather detailed statistical information (including long time series and a finer breakdown when available), as reliable and consistent as possible.

Data will be disseminated on the new OECD database, OECD.Stat, and updated data for 2005 will be requested to countries just after the meeting.

Progress report on the additional requests on Institutional Investors' Assets

Isabelle Ynesta, OECD, presents a PowerPoint on the results of the additional surveys on institutional investors' assets, decided at the last WPFS session in October 2004.

Most countries replied to this questionnaire and send data quite comparable with the statistics previously collected in the framework of the former collection.

Conclusion:

Given the high demand for statistics on Institutional Investors' assets, the re-launching of the collection of data and methodological information with respect to Institutional Investors with the objective of a better integration into the financial accounts database (in the framework of the SNA) is welcome: the Secretariat will continue to gather detailed statistical information (including long time series), as reliable and consistent as possible. A deeper comparison with both the previous database and with the data received in the framework of the Financial Accounts questionnaire will be carried out.

Data will be disseminated on the new OECD database, OECD.Stat, and updated data for 2005 will be requested to countries just after the meeting.

Progress report on the OECD Bank Profitability database [COM/STD/DAF(2006)9]

Michèle Chavoix-Mannato, OECD, presents a progress report on the OECD bank profitability database.

The document COM/STD/DAF(2006)9 contains information on the current situation and on the modifications brought to the questionnaire with the aim of improving the relevance and comparability of data.

Conclusion:

Delegates are asked to volunteer to form a Group of delegates to assist the Secretariat and propose future changes resulting from the CCE and the IAS in order to harmonize OECD data with the IMF FSI and to take into account the evolving international standards and their impact in banking statistics. This Group will report in a further session of the WPFS in order to modify the questionnaire and publication accordingly.

Consolidation of Financial Accounts

Report on OECD countries' practices regarding the consolidation of financial accounts [COM/STD/DAF(2006)7]

Michèle Chavoix-Mannato, OECD, presents a report on OECD countries' practices on consolidation.

Document COM/STD/DAF(2006)7 contains the results of the survey on consolidation launched last year and the analysis of consolidated data stored in the database.

OECD Electronic Discussion Group (EDG) on consolidation [COM/STD/DAF(2006)1 + ADD1; COM/STD/DAF(2006)10 + ADD1; COM/STD/DAF(2006)8]

Patrick O'Hagan, Statistics Canada, presents three related documents relating to the consolidation of financial account and balance sheet account data in the OECD database, on the change to be proposed for the revision of the SNA and on the reaction of three countries.

Conclusion of the discussions:

With respect to consolidation of OECD databases, it was proposed and accepted that the OECD would return to formally requesting one set of financial accounts and balance sheet accounts data; and that set should reflect the basis by which OECD countries compile their accounts. This means that for countries which do not compile consolidated accounts, data would be submitted on a non-consolidated basis reflecting the principal recommendation of SNA93. Those same countries are requested to submit certain detail on a consolidated basis (in particular, the government sector). Countries that compile two sets of financial statistics – consolidated and non-consolidated – would still be asked to submit both sets to the OECD.

Further efforts would be made to better understand consolidation practices, via development of sources and methods documentation.

Countries are requested to provide further information on the availability of counterpart data because it has an effect on countries' ability to consolidate data.

Furthermore, countries which send non consolidated accounts only are requested to make a particular effort to consolidate data relating to the Government sector (S13 and its components).

Securitization in the Financial Accounts [COM/STD/DAF(2006)2] and The securitization process in Spain - developments and practical issues [COM/STD/DAF(2006)11]

Beatriz Sanz, Bank of Spain, presents the two related documents on securitization: the first one is an overview of the securitization process in OECD countries, while the second one describes the Spanish experiment.

Conclusion of the discussions:

It is agreed to circulate a questionnaire on securitisation in order to help to understand this issue and see how it differs from countries to countries: the issue of securitisation is very significant both for financial accounts compilers and for Central Bankers in their analysis of credit aggregates.

The results of this questionnaire will be presented and discussed at the next WPFS meeting in October 2007, if sufficient replies are available at that time.

Program of work 2007-2008

Patrick O'Hagan, WPFS Chair, presents the activities regarding the 2007-2008 Program of Work of the WPFS, as transmitted to the CMF in April 2006

Conclusion and agenda of next WPFS

Patrick O'Hagan, WPFS Chair, reminds the main decisions which have been taken during the meeting and presents a draft list of items to be discussed at the OCTOBER 2007 WPFS meeting.

Countries will be requested to send written comments and to set priorities on this draft list which will be finalised and transmitted to Delegates soon after the meeting. While doing so, they are to keep aware of the difficulties for the Financial Statistics Section of the Statistics Directorate to carry out all activities listed below without additional resources.

OECD Financial databases

1. Progress report on OECD databases on **financial accounts and balance sheet accounts**, including the improvement of annual data by using quarterly data and the provision of historical backwards time series, and dissemination of methodological information
2. Progress report and discussions on **consolidation** practices with respect to Sector S13, including the use of counterpart information
3. Extension to the first attempt of getting more information on the **valuation** of assets/liabilities in financial accounts of non European countries; results of a similar survey in European countries
4. Progress report on **Households' assets** and availability of detailed data
5. Progress report on **Institutional Investors'** statistics and their integration into the financial accounts database
6. Report on the database on **Bank profitability** ; conclusions of the Ad Hoc Group on the possible harmonisation with IMF FSI and on the impact of the new international accounting rules

In the framework of the implementation of the new SNA

7. Experiences in countries with respect to the reporting of **financial sectors** data, on their consolidation and on their coverage in particular with respect to the new sectors proposed in the new SNA
8. Quality issues relating to the production of data on **financial derivatives**, as specific instruments, in the framework of the new SNA
9. Discussions on plans in Member countries **to produce and release re-evaluation accounts and other changes in volume accounts**
10. The **securitisation** process: results of the survey

In conjunction with the WPNA

11. Discussion on progress and difficulties regarding the collection of **non-financial assets**
12. Presentation by Canada of its **pension satellite account**: purposes of such a project, structure of the satellite account, some preliminary results

Other items

13. Discussions on the links of the **OECD Financial Accounts** database with the **IMF Monetary and Financial Statistics**: country experiences with respect to submission to both organisations