

**Unclassified****English - Or. English****18 October 2019****DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS  
STATISTICS AND DATA DIRECTORATE****Working Party on Financial Statistics****Draft Annotated Agenda: Meeting of the Working Party on Financial Statistics  
(WPFS)****4-5 November 2019**

OECD Conference Centre

The meeting will start at 09:30 on Monday 4 November and close at 10:30 on Tuesday 5 November.

All documents, logistical information and presentations will be available in the ONE Community:  
<https://community.oecd.org/community/nationalaccounts>.

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## Meeting of the Working Party on Financial Statistics

Monday 4 November 2019, 09:30 until Tuesday 5 November 2019, 10:30

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### Monday 4 November, 09:30 – 18:00

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09:30 – 09:35

#### Item 1. Opening

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09:35 – 11:00, 11:30 – 13:00 and 14:30 – 15:00

#### Item 2. Accounting for (financial) risks and vulnerabilities

Financial accounts and balance sheets are compiled, amongst others to assess financial risks such as those related to interconnectedness, maturity mismatches, currency mismatches, leverage, etc. Under this item, discussions will take place around issues such as, for example, how financial accounts and balance sheets can support financial stability analysis, and how the accounts can provide more insights in new developments within the financial world (e.g. fintech and shadow banking). The economic measurement of infrastructure.

##### Item 2.a. BIS credit statistics and their use to calculate early warning indicators

*Bilyana Bogdanova, Bank for International Settlements (BIS)*

The BIS publishes on its website quarterly statistics on credit to the non-financial sector and the government sector for more than 40 economies, following the framework of the System of National Accounts 2008. The financial instruments covered include currency and deposits, loans and debt securities. Based on this harmonized cross-country dataset and the methodology developed in existing BIS research and policy work, the BIS calculates and disseminates two early warning indicators: credit to GDP gap, and debt service ratios (DSR). The credit-to-GDP gap is defined as the difference between the credit-to-GDP ratio and its long-term trend. Basel III uses it as a guide for setting countercyclical capital buffers. BIS research shows that the credit gap is a useful indicator for the build-up of financial vulnerabilities for a large cross-section of countries. The DSR reflects the share of income used to service debt and has been found to provide important information about interactions between the non-financial transactions and financial transactions and positions. For one, the DSR is a reliable early warning indicator for systemic banking crises, while a high DSR has a strong negative impact on consumption and investment. The presentation will shortly introduce the BIS credit statistics and discuss recent developments. It will then focus on the methodology and the interpretation of the above mentioned indicators, credit-to-GDP gaps

##### Item 2.b. Informing mortgage risk: The New Zealand experience

*Matt Haigh, Reserve Bank of New Zealand*

High house prices and associated build-up of mortgage debt presents a key risk for New Zealand, and for many economies around the world. There is an increasingly large array of data available to inform users of developments in this key area of vulnerability. This paper discusses the New Zealand experience in developing datasets on mortgages, including debt-to-income (DTI) data published from August this year. We draw together data from the DTI collection alongside a range of other sources such as loan-to valuation, bank balance sheet, and interest rates to present a holistic view of housing-related debt. We also discuss challenges we have experienced in the collection and presentation of survey-sourced data, and what the future may hold to further improve data and inform policy decisions. Developing systems and capability to support granular data would present an opportunity

to break free from the shackles of surveys and present a more dynamic view of mortgage activity and risks.

**Item 2.c. Structural developments in global financial intermediation: The rise of debt and non-bank credit intermediation**

*Caroline Roulet, OECD Directorate for Financial and Enterprise Affairs (DAF)*

This presentation will detail our use of financial account data to analyse macro level trends and underlying risks with the aim of providing relevant empirical background for policy oriented discussions. We will detail our experience with data analysis presenting related content of two recent papers. The first paper examines the structural developments in global financial intermediation, and focuses on the shift to non-bank credit intermediation in both advanced and emerging market economies that has accompanied a substantial rise in sovereign and corporate debt during the post 2008 crisis period. It seeks to better understand how these developments might be contributing to macro financial imbalances and the potential implications for policies. The second paper focuses on housing markets and the rise of non-bank credit intermediation and Fintech lending over the post GFC era. Detailed information on household credit providers by type of lenders across major housing markets with developed innovative finance have been used to document the key trends and downside risks. We have faced some data gaps and lack of detailed information when performing these empirical analysis. In our view, some challenges remain toward improving the granularity of financial account data and build-up bilateral databases considering counterparties by sector or stock/flow item. Also, harmonised definitions of items and availability of historical data across multiple jurisdictions will be a very good achievement.

*Break, 11:00 – 11:30*

11:30 – 13:00

**Item 2.d. Towards integrating fintech into statistical classification systems – A process-oriented approach**

*Norman Wilson, Deutsche Bundesbank*

This presentation and paper collects ideas on how to adapt classification systems for activities and products to the advent of “Fintech” firms and their position in the financial system. This discussion is of concern for the upcoming revision of NACE, and also highly relevant for National Accounts. A theoretical discourse on the classification of fintech activities is complemented by an empirical study on the official statistical sector classification of fintech firms in Germany according to the standards valid today. There are three key results. First, it will not be possible to base statistical classification on the definition of “fintech” currently used in the literature. The reason is that for the common definitions of “fintech”, the two descriptors “innovative” and “technology” are absolutely essential. These concepts are not time-invariant. Thus, a firm that is “fintech” today may not be “fintech” ten years from now, if it continues to provide the same services. Second, using a sample of companies identified as “fintech” in a study for the German Government, it turns out that most of them are not classified as companies according to current standards. Third, in order to enable statistics to register and map financial activity in the economy, one useful way is to identify the key processes necessary to produce financial services and to classify those activities and products as “financial”, no matter whether they are provided within a traditional financial institution or, e.g., in an IT company specialised on one link of the financial value chain. This will render statistical measurement immune to outsourcing and specialisation within the financial industry and, at the same time, also open to rapid technological progress in the future. Ultimately, to cope with so called “bigtech” firms, statistical

reporting obligations on financial issues should not depend solely on the industry classification of a firm.

#### **Item 2.e. Network analysis using integrated Financial Accounts and IIP data**

*Melle Bijlsma, Dutch Central Bank (DNB)*

Abstract: To be added.

#### **Item 2.f. Enhancing financial accounts for financial stability analysis**

*Celestino Girón, European Central Bank (ECB)*

The European System of Central Banks' (ESCB) medium term strategy for financial accounts encompasses work streams for studying interconnectedness, risk exposures and contagion chains. They include the presentation of portfolios on a look-through basis, the extension of the sector granularity of the financial sector and the development of Global Flow of Funds. This presentation details the deliverables and provides examples of how they can help improve financial stability analysis. It also includes the results of a comparability study of the interconnectedness of the Other Financial Institutions (OFI) sector across countries in the euro area, based on available who-to-whom information, to illustrate the possibilities to support interconnectedness analysis.

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*Lunch, 13:00 – 14:30*

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14:30 – 15:00

#### **Item 2.g. Draft definitions for new subsectors and instruments to capture trends in financial world**

*Isabelle Ynesta and Matthew de Queljoe, OECD Statistics and Data Directorate (SDD)*

The financial crisis of 2008 revealed the risks posed by credit intermediation involving entities outside the regular banking system (also known as “shadow banks”). In response, the leaders of the G20 agreed to measure and monitor this non-bank financial intermediation (as part of recommendation II.5 of the G-20 Data Gaps Initiative), and to further break down the financial corporations' sector in SNA-based sectoral accounts, and to approximate shadow banking from a macro perspective. In the summer of 2018, G-20 countries endorsed the templates for capturing the relevant information (as part of the more advanced ambitions) and the additional data series will be included in the international data collection templates as of 2020. As this concerns new subsectors and instruments that are not covered in the 2008 SNA, this paper proposes some definitions.

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15:00 – 16:00 and 16:30 – 17:30

### **Item 3. Accounting for pensions**

Not that long ago, countries started to compile and disseminate data for the supplementary table on pensions (Table 17.10 of the 2008 SNA), thus also providing estimates for pension entitlements not included in the central framework of national accounts. This item will provide an overview of recent efforts in compiling estimates for the supplementary table: sources and methodologies applied, main issues in compiling estimates, analysis of the results across countries, and feedback from users.

#### **Item 3.a. Recent developments in Europe on the pensions supplementary table**

*Filippo Gregorini, Eurostat*

National Statistical Institutes in the European Statistical System have started compiling Table 29 of the European System of National Accounts (ESA) 2010, which provides information on households' accrued entitlements in pension schemes. Information is compiled for both private and public

schemes, including pay-as-you-go defined benefit and social security pension schemes, for which figures are published for the first time in December 2017 for the year 2015. Pension figures rely on a number of assumptions about the future, including discount rates and life expectancies. They are also contingent on possible future reforms of the schemes. Due to the heterogeneity of national pension systems, a number of interesting methodological issues arose during the first compilation of the table and were further discussed during Eurostat's Pension Expert Group meeting held in April 2019. Pension experts are already preparing for the next data transmission, foreseen in December 2020 with data for 2018. Eurostat, together with the ECB and in close cooperation with the Ageing Working Group and the Actuarial Association of Europe, is currently working on the revision of the 2011 Technical Compilation Guide for Pension Data in National Accounts. The state of the art of European pension reporting – including the main results of the first data collection – as well as plans for the future will be presented.

### **Item 3.b. Compilation of supplementary table on social insurance pensions in Canada**

*Emmanuel Manolikakis, Statistics Canada*

Financial preparedness for retirement is a long-standing preoccupation of policy-makers in Canada – from fiscal and social policy to financial stability and sustainability of public resources in the context of an aging population. While pension assets and flows are accounted for in the central framework of the Canadian System of National Accounts, they are not fully articulated. For this reason, the Canadian Pension Satellite Account has been published annually since 2010 to provide additional detail on tiers of the Canadian pension system, including stocks and flows relating to employer sponsored funds, tax sheltered savings vehicles and social security schemes. While the Pension Satellite Account fulfils many of the same objectives as the SNA supplementary table on pensions, a number of adjustments and new data elements are required to compile the new table as specified. The presentation will describe the compilation process from the Canadian perspective, highlighting gaps, limitations and strategies moving forward.

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*Break, 16:00 – 16:30*

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16:30 – 17:30

### **Item 3.c. United States supplementary table on social insurance pension schemes**

*Matt Hoops, US Federal Reserve*

The supplementary Table on Social Insurance Pension Schemes is now available with most recent publication of the Financial Accounts of the United States. Retirement data in the Financial Accounts of the United States has long included governmental and non-governmental defined contribution and defined benefit pension schemes, retirement assets held in individual retirement accounts (IRAs) and pension entitlements held at life insurance companies. The new supplementary table shows additional pay-as-you-go social security retirement assets and flows not included in the core accounts. The presentation will focus on the incorporation of social security assets that substantially increase retirement assets and discuss the methodology utilized given available data.

### **Item 3.d. Collection of supplementary table on social insurance pensions**

*Bettina Wistrom, OECD Statistics and Data Directorate (SDD)*

The last couple of years have seen an increased interest in data on pensions, related to concerns about the solvency of pension systems and policy issues regarding generational equity in ageing societies. A lot of information can be obtained from the system of national accounts, but as the central framework only recognises liabilities for employment-related and individual pension schemes but not for social security pension schemes, it only provides a partial picture. Furthermore, due to difficulties for some countries in drawing the line between employment-related and social security pension

schemes, pension data are not always fully comparable across countries. For these reasons, the 2008 SNA introduced a supplementary table on social insurance pension schemes (2008 SNA, Table 17.10) to provide a comprehensive overview of liabilities of all social insurance pension schemes in an economy. Whereas Eurostat already started to collect data for this specific table as of December 2017, the OECD included this table in its data collection in 2018. The paper will provide an overview of the results obtained so far and present some issues as encountered in the data.

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17:30 – 18:00

#### **Item 4. Miscellaneous**

##### **Item 4.a. Aligning financial accounts data with the international standards: The Indian experience**

*Anand Prakash Ekka, Reserve Bank of India*

Various new initiatives have been under taken for the current publication of financial accounts of the Indian Economy to increase the data quality and the coverage. For the first time outstanding position data is provided in addition to the acquisition of financial assets and liabilities. Additionally, bifurcation of financial flows into transaction and revaluation has also been attempted for select sectors. Our presentation would highlight various issues faced by the team during the compilation process and the methods used to address them. We would also briefly discuss some of the findings from the latest data release.

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**Tuesday 5 November, 09:30 – 10:30**

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09:30 – 10:25

#### **Item 5. Estimating missing wealth**

It is a well-known phenomenon that part of (global) wealth is hidden for tax purposes, for example via setting up financial constructions in the rest of the world, or by simply concealing (foreign) holdings from tax authorities. Another problematic area that may lead to an underestimation of wealth concerns the measurement of particular financial instruments, such as unlisted shares and other equity. This item includes presentations on recent work that has been done within countries. Also international initiatives on capturing the full extent of worldwide wealth will be addressed.

##### **Item 5.a. How to value equity in national financial accounts**

*Filipa Lima, Banco de Portugal*

Market valuation is the generally recommended method for valuing assets in the framework of national accounts. The application of this principle is not straightforward in the case of financial assets which are not usually traded in organised markets and for which there is no observable price. There is one financial instrument for which this is particularly relevant – equity – to the extent it represents the residual value of corporations in the case of liquidation. The System of National Accounts proposes several methods for the valuation of equity not traded in organised markets – unquoted equity. This presentation discusses the available methods and the impact of the methods in the financial balance sheets of institutional sectors, and the reasons for using the own funds method, applied in the Portuguese national financial accounts. The presentation further details the issue of negative own funds, the treatment of provisions, and the advantages of using micro data on corporations for this exercise.

**Item 5.b. Measuring unlisted equity in non-money market investments funds and impacts on household wealth and net lending and borrowing**

*Amanda Seneviratne, Australian Bureau of Statistics (ABS)*

The Australian quarterly household balance sheet and financial account is a vitally important statistical output. The second largest assets class after residential land and dwelling are the household pension fund assets. And within the pension fund assets, are the sectors' investment via large non-money market investment funds. Obtaining good quality measures of the outstanding unlisted equity holding of these funds is of a moderate quality, however the assets classes and the counterparty sectors within the funds is difficult to measure mainly due to lack of good quality source data of these large investment funds. The presentations will explore the measurement of these funds for the pension fund and household sectors, and in particular look at a new methods to derive the unlisted equity transaction estimates that have a significant impact on the household net lending estimates (derived from the financial accounts). The household net lending and borrowing estimate is another important estimate as it is currently used to derive an alternate view of household saving by our central bank and treasury departments to validate Australia's household saving estimates (from the income accounts).

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10:25 – 10:30

**Item 6. Closing of the meeting of the OECD Working Party on Financial Statistics**