Working Party on Financial Statistics

WORK PROGRAMME OF THE WORKING PARTY ON FINANCIAL STATISTICS FOR 2001-2002

Note by the Secretariat

This document is circulated for consideration under item 9 of the Agenda.
1. Work programmes and priorities of individual bodies of the OECD are established by the standing committees which also include the work programmes of all their sub-groups, working parties or task forces. The overall work programme of the Organisation is established on the basis of programmes and priorities of individual committees and their sub-groups.

2. Following this general pattern, the programme of the Working Party on Financial Statistics (WFS) is included within the priorities of the Committee on Financial Markets\(^1\). However, parts of the work of WFS support the activities of the Committee on International Investment and Multinational Enterprises (CIME), namely in the field of foreign direct investment, and of the OECD Privatisation Network. The programme of the Working Party is supported by the Financial Statistics Unit of the Directorate for Financial, Fiscal and Enterprise Affairs.

3. The CMF met on 10-11 October 2000. Under agenda item “work planning for 2001”, the committee also “agreed to hold a discussion at its March 2001 session on the activities and work programme of the Committee’s Working Parties on Financial Statistics and on Government Debt Management”. The present document\(^2\) is circulated not only to identify and plan the future work of the WFS but also to establish the basis for the briefing to be prepared for the Committee’s discussion in March 2001.

4. The activities of the working party could be summarised under the following general headings:

- Collecting/disseminating comprehensive financial statistics for the OECD area: establishing the methodology and relevant questionnaires for comparable and comprehensive data collection/dissemination by the Secretariat, taking into account the needs of the OECD committees and other user requirements;

- Harmonisation of national statistics: the Working Party devotes considerable time to the harmonisation of statistics across the countries mostly through the clarification or analysis of underlying statistical concepts included in international standards applied by national compilers;

- Forum to exchange views and experiences: the Working Party allows for the exchange of views and experiences between national experts. Such exchanges provide a better

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2. The present document was initially included in the draft agenda to focus only on the methodological work of the Working Party. The draft agenda was circulated before the meeting of the CMF.
understanding of the methods used in other countries and may help in setting examples or for solving problems of other statisticians;

- **Co-ordination with international organisations:** the Working Party allows for consultation and close co-operation with other international organisations (BIS, EUROSTAT, European Central Bank, IMF, World Bank).

- **Horizontal activities:** joint activities or co-operation with other OECD Directorates and their committees

- **Outreach activities:** these are ad-hoc activities to provide assistance to national compilers of financial statistics and foreign direct investment in non-Member countries. Members of the Working Party (or other members from their agencies) also participate in these activities. This work also involves co-ordination with other international organisations which are not regular partners of the OECD (e.g. APEC).

5. Statistical databases and publications organised by the Secretariat under the auspices of the Working Party are the following:

- **Financial accounts of OECD countries:** currently under revision (see agenda item 7) the underlying methodology for national financial accounts (flow of funds and outstanding assets and liabilities) will be revisited to bring them into line with the standards set by the System of National Accounts 1993 (SNA 93) and the European System of Accounts (ESA 95). Moreover, the objective is also to improve the presentation to provide comprehensive time series taking into account the growing user requirements for such data. This work will be conducted in close co-operation with the ECB and EUROSTAT. The project will also incorporate, insofar as possible, the analytical requirements of the IMF for surveillance initiative to establish meaningful macro-prudential indicators for financial systems.

- **Institutional investors** – The Secretariat will continue the annual exercise for compiling and disseminating the statistics (and notes) on institutional investors analysing the portfolio composition of their financial assets. At the same time, the Secretariat will explore the possibilities for improving the statistics, e.g. on cross border portfolio transactions, classification of categories of institutional investors, etc. The improvements require a timely implementation in view of the upcoming study of the CMF on institutional investors.

- **Bank profitability** – financial statements of banks [income statements, balance sheets and off-balance sheet information] the Secretariat will continue compiling the statistics and will ensure that methodological country notes are kept current. Moreover, the Secretariat will take the necessary steps to improve the timeliness, frequency and the coverage of the data to take into account additional user requirements (e.g. IMF exercise on macro-prudential indicators, work by the G-10 secretariat, etc). Particular attention will be paid to the improvement of the off-balance sheet information to coincide with the revised recommendations of the Basel Committee on Banking Supervision.

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3. Since 1999, the Financial Statistics Unit also contributes to the activities of the Working Party on Government Debt Management. A new publication on central government debt instruments was prepared and is submitted to that Working Party for approval on 7 November 2000.
Privatisation statistics – The statistics on privatisation operations in OECD countries, will be disseminated more widely to the public at large given the wide demand for such data. Secretariat is currently discussing a co-operation exercise with the World Bank to disseminate individual transactions and aggregate data through a joint web-site. The World Bank compiles similar data for non-OECD countries. Data contents are currently revised to complete missing components in individual country information and new programmes are being developed to implement the technical means for data dissemination. The Privatisation Network of the OECD also supports strongly the improvements of this database.

Funded pension statistics – (still in preparatory phase). The objective of the exercise is to compile internationally comparable statistics on all types of funded pension schemes in the OECD area. In the absence of clear recommendations by existing international methodological manuals, first steps were taken towards the harmonisation of basic methodological concepts. Nevertheless, given the large diversity of funded pension schemes applied in Member countries, the exercise will require substantial additional efforts for implementing comprehensive statistical series. The results of the work will be published and the database will be maintained for regular dissemination of the statistics.

Foreign direct investment statistics – FDI flows and stocks by geographical and industrial distribution based on a joint EUROSTAT-OECD questionnaire. The annual publication will be revised to incorporate new series which have become available (e.g. reinvested earnings) with the implementation of international standards. At the same time the details of the geographical distribution will be improved. Moreover, the methodological notes will be completely revised based on the results obtained through the Survey of Implementation of Methodological Standards for Direct Investment (joint IMF/OECD Survey).

6. The Working Party is requested to review the status of the statistical databases and to make recommendations regarding the required revisions, improvements or implementations.

7. Regarding the work on harmonisation, the Working Party identified a large number of items for future work which result from either one or more of the following considerations:

- Existing international methodological recommendations are not clear;
- Recommendations do not cover all the cases, i.e. are not detailed enough;
- To provide operational guidelines, i.e. the recommendations do not take into account issues raised by the practical application of these concepts and are therefore difficult to implement;
- To ensure that the standards used/interpreted by individual countries allow international comparability;
- To clarify the relations between different types of statistics or between different components;
- To identify the analytical relevance of concepts and procedures.

4. The work of the Unit on Foreign Direct Investment supports primarily the activities of the Committee on International Investment and Multinational Enterprises (CIME).

5. See also agenda item 10. Other issues on financial statistics.
8. The topics identified by the Working Party or the Secretariat (including other parts of the organisation) are listed below. They either relate to national financial accounts or balance of payments or both.

- The treatment of non-profit institutions;
- The treatment of write-offs and write-downs;
- The treatment of asset-backed securities;
- Consolidation within sectors and the treatment of holding companies;
- Co-ordination between financial accounts and income and product accounts;
- Harmonisation of financial accounts statistics and government finance statistics;
- Harmonisation between the rest of the world sector of financial accounts and balance of payments statistics;
- Recording accrual of interest;
- Assessing the methods of valuation and the use of “market valuation” in Member countries;
- Seasonal adjustment of financial accounts;
- Income and holding gains and losses;
- Uses of financial accounts and the presentation of financial accounts;
- Statistical treatment of mergers and acquisitions and the possible use of existing statistics.
- Operational guidelines on foreign direct investment (based on SIMSDI and in relation to the OECD Benchmark Definition of Foreign Direct Investment, 3rd edition)

9. Regarding the review topics listed under paragraph 7, the Working Party is requested to establish a work programme and the modalities. Suggested practical considerations are listed below:

a) Some of the above topics are interrelated. Would it be appropriate to group some of them? If yes, could the working Party decide on the groupings and the components?

b) Are there already studies conducted in individual countries or international agencies on any of the topics? Such research papers or notes could be useful contributions as starting points.

c) Given the number of subjects to review and the resource limitations of the Secretariat, the work will have to be conducted with the active participation of Member countries and other international agencies. Once the main headings (groups of topics) are identified, it would be useful to identify the list of countries for each group and the leading country within each group.

d) It would also be useful for the Working Party to identify priorities and to spread the work over a period to be set by the Group.
e) Work related to the methodology of Foreign direct investment issues will be dealt with in a Workshop to be held in the first half of 2001. Nevertheless, it would be useful to identify a small group as an advisory group on FDI issues for 1) the preparation of the issues for the Workshop; 2) co-ordination with other international organisations (IMF, ECB and EUROSTAT); 3) co-ordination with concerned committees and working parties of the OECD; 4) outreach activities; 5) the implementation of a network of FDI experts which will include non-OECD countries.

10. The Secretariat will provide a brief introduction to the Internet data dissemination of the OECD which is expected to start in 2001. Based on this information, Delegates are requested to make recommendations and to establish tentative time tables for data submission to OECD.