



STATISTICS

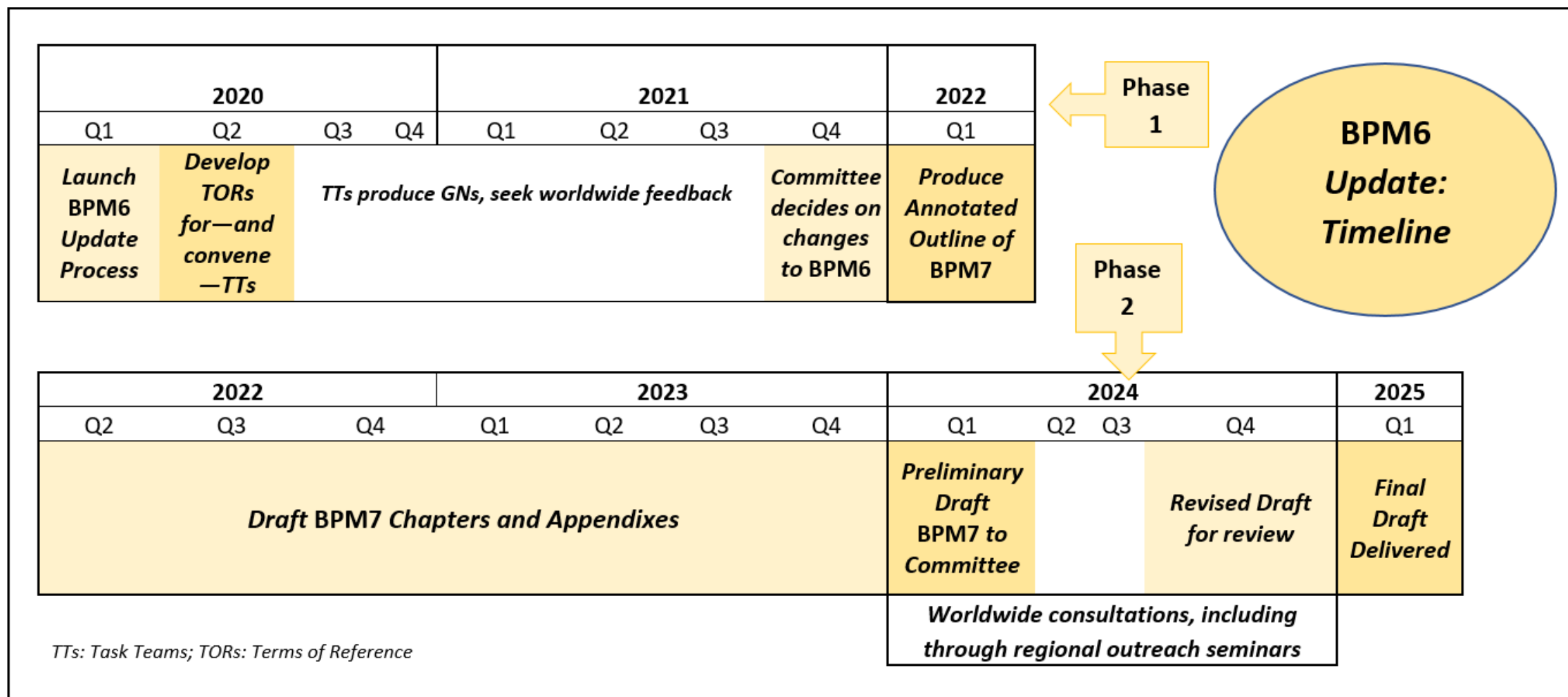
Financial and Payments Systems Task Team (FITT) Inaugural Meeting

June 10, 2020

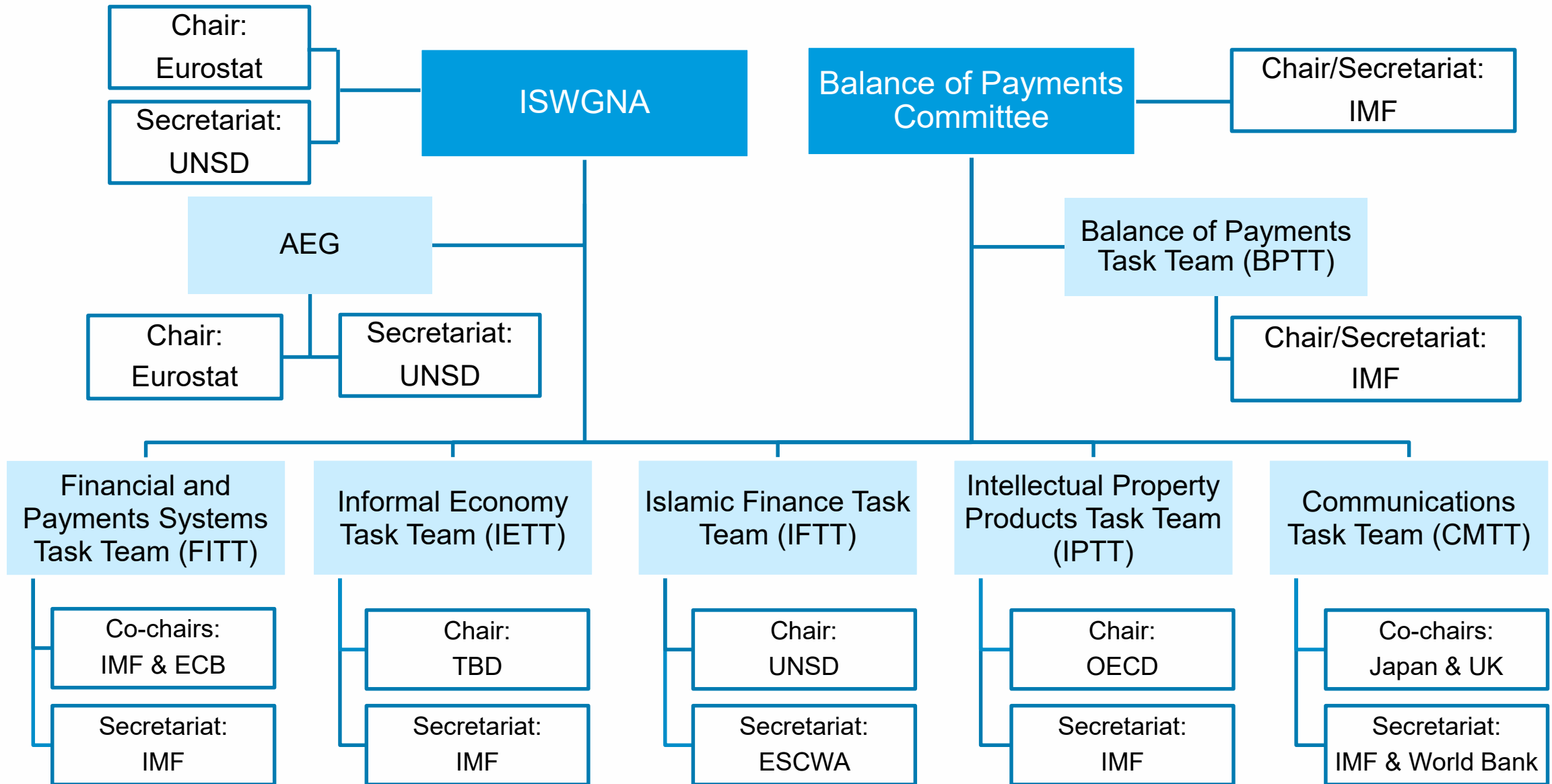
Outline

- Updating the *BPM6*: Timeline and Process
- Financial and Payments Systems Task Team (FITT) Terms of Reference
 - Working Procedures with the BPTT
 - Life Cycle & Governance of TEG Guidance Notes (GNs)
- Structure, Approval Process, and Timeline to Prepare GNs
- FITT Research Topics: Proposed Assignments

BPM6 Update Timeline



Joint Task Teams for Updating the *BPM6* and the *2008 SNA*



The Role of FITT

A joint Task Team established by the IMF's Committee on Balance of Payments Statistics (the Committee) and the Intersecretariat Working Group on National Accounts (ISWGNA)

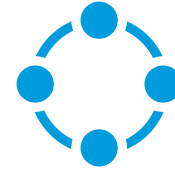
- to contribute to the work on revising the IMF's *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)* and the *System of National Accounts 2008 (SNA 2008)*
- to provide technical inputs and make recommendations on the methodology of financial and payment systems issues within the framework of the revision via preparing Guidance Notes on specific issues
- to work and coordinate closely with the Balance of Payments Task Team (BPTT) and with the Advisory Expert Group on National Accounts (AEG)
 - FITT's Guidance Notes to be sent to the Committee and to the ISWGNA, respectively, for final endorsement, following review by BPTT and AEG
 - coordination with ongoing work in other statistical domains, most notably in the area of National Accounts



ECB co-chair



membership representing
BP and SNA communities



coordination of work on
cross-cutting issues



review of guidance notes
by BPTT and AEG

Interaction with other TTs

Organization and Communication within FITT

- A public webpage related to the FITT work program.

UPDATE OF THE SIXTH EDITION OF THE BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION MANUAL (BPM6)

Compendium of Research Issues

Task Teams (BOPCOM)

Balance of Payments Task Team (BPTT) ▶

Current Account Task Team (CATT) ▶

Direct Investment Task Team (DITT) ▶

Joint Task Teams (BOPCOM/ISWGNA)

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Update of the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6)

The IMF Statistics Department has launched the update of the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)* targeting to publish an updated version of the Manual (*BPM7*) by March 2025. The *BPM6* update is being coordinated with the update of the *System of National Accounts 2008 (2008 SNA)*, which was officially launched by the United Nations Statistical Commission (UNSC) also with a target release date of March 2025.

Key Features:

- Terms of Reference and CRI would be available, soon.
- Link for a separate Guidance Note page.
- Link to provide feedback on GNs.
- Link to a collaboration site (restricted) for comments. FITT members will be provided a login/password for access.

Working Procedures with the BPTT

BPTT has an oversight/coordinating role for *BPM6* update.

FITT will also send the GNs to AEG, as it is a joint TT.

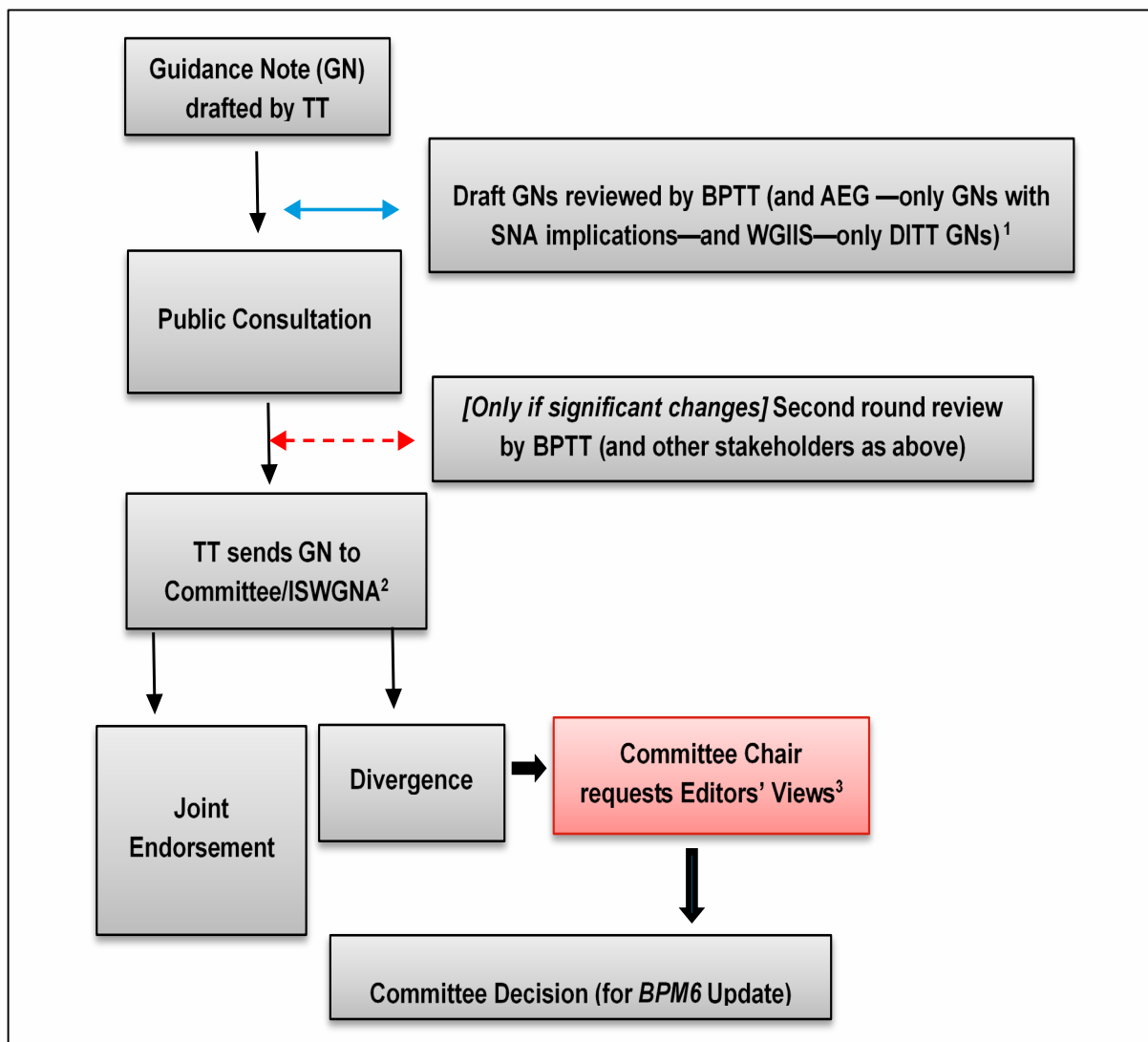
Working Procedure:

- To attain objective and avoid duplication, FITT will:
 - Take into account current or completed work on topics on financial and payments systems.
 - Coordinate with other Task Forces or Working Groups on cross-cutting issues.

Reporting:

- Periodic reports to the Committee and ISWGNA
 - Key report: Committee's annual meeting progress reports: will include both the outcomes and recommendations on the issues considered through the Guidance Notes.
- The Committee will make the final decisions for the *BPM6* update and the ISWGNA for the SNA update.

Life Cycle & Governance of TT Guidance Notes



1. In its oversight/coordinating role, BPTT reviews the draft GNs to ensure overall consistency of the proposals. Only those GNs that impact SNA, the AEG will be asked to review.
2. After the second round review by BPTT in case of major changes out of public consultation, the FITT will send the GNs to the Committee. For issues impacting SNA, the FITT will send to both the Committee and ISWGNA.
3. For cross-cutting SNA and BP issues, in case of joint endorsement the Committee will decide. If divergent views emerge, Committee and ISWGNA Chairs request SNA/BPM editors' views. If the editors' views also diverge, the Committee and the ISWGNA may consider adopting their respective positions, with transparent documentation of the points of departure.
4. Final endorsement of recommendations on the *BPM6* Update resides with the Committee; and should take account any new perspectives/considerations raised in the editors' views. Should the Committee have reservations about the FITT's proposal, it may also seek the editors' views. In this regard, the Committee should also carefully consider retaining the status quo (i.e., no change) and placing the issue on a future research agenda.

Standard Framework of Guidance Notes

SECTION 1: THE ISSUE

- **Background (up to two pages)**
 - ▶ What is the issue
 - ▶ Current international standards to treat the issue
 - ▶ Concerns/shortcomings in the current standards
- **Issues for discussion (up to two pages)**
 - ▶ Possible alternatives
 - ▶ Points for discussion

SECTION 2: OUTCOMES (up to two pages)

- **Recommendation**
 - ▶ To revise: proposed revision and its rationale
 - ▶ Not to revise: reasons
- **Rejected alternatives with reasons**
- **Required changes in the current standards**

Approval Process for Guidance Notes

- **Step 1:** First draft of the GN by authors, including summary of recommendations
- **Step 2:** Review by Secretariat and Co-chairs
- **Step 3:** Written consultations within FITT (via VC, if necessary)
- **Step 4:** Finalize GN based on consultation
- **Step 5:** Submit for review to BPTT and AEG
- **Step 6:** Incorporate comments and circulate within FITT
- **Step 7:** Release of draft Guidance Note for wider public consultation
- **Step 8:** Second review by BPTT and AEG **only** if there are significant changes (AEG second review for issues that impact SNA)
- **Step 9:** Presentation to the Committee and to the ISWGNA for endorsement

Key Targets along the Timeline



Timeline for the GNs

Timeline	Number of Weeks
Drafting of the GN	3
Consultation within the TT members	2
Draft Finalized	1
Draft GN submitted for review to BPTT (and AEG/WGIIS) by TT Chairs	1
Incorporate comments and circulate within TT	1
Posting for public consultation	4
Incorporation of comments, discussion within TT and finalization by co-chairs	1
If significant changes, only, second round of review to BPTT/AEG/other stakeholders	1
GN final version including recommendations completed and sent to BOPCOM (via BPTT)	1
BOPCOM Discussion/Decision*	2
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* *GNs to be discussed at BOPCOM meetings should be sent at least 2 weeks in advance of meeting date; for written consultations, two weeks timeline suggested*

Financial and Payments Task Team (FITT)

Research Topics : **High-priority** items

Issue No.	Research Topic	Links to other TTs
F.1	More disaggregated definition of the financial sector and financial instruments	
F.2	Asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships	DITT
F.3	Reverse transactions	
F.4	Financial derivatives by type	
F.5	Treatment of credit default swaps	
F.6	Non-bank Financial Intermediation	
F.7	Impact of FINTECH and other financial innovations	DZTT/CA TT
F.8	Valuation of debt securities at both market and nominal value	
F.9	Valuation of loans (fair value)	

Financial and Payments Task Team (FITT)

Research Topics : **Medium-priority** items

Issue No.	Research Topic
F.10	Treatment of cash collateral
F.11	Treatment of electricity forwards
F.12	Covering hybrid insurance and pension products
F.13	Measurement of margins on buying and selling of financial instruments
F.14	Treatment of factoring transactions