



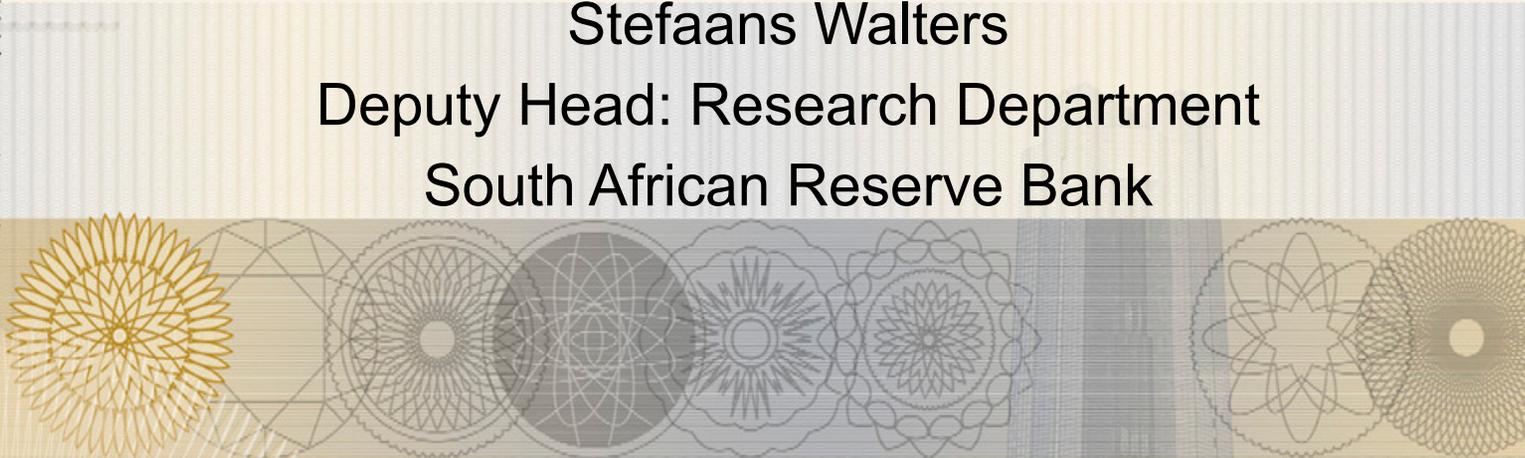
Global Conference on the G-20 Data Gaps Initiative

Progress made by South Africa

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Financial Soundness Indicators #2

Progress made

Development of FSIs for Deposit-taking institutions:

- 2009 Trial submission of reporting template
- 2010 Agreed on work plan to complete and submit FSI templates on monthly basis
- 2011 Calibrated internal systems and started monthly reporting (backdated to 2008)
- 2012 Amended banking regulatory survey forms for geographic categories
- 2013 Amended reporting for implementation of Basel III and refined reporting for geographic and large exposure categories
- 2014 SA currently reports the seven FSI's expected from SDDS Plus adherent countries

Financial Soundness Indicators

Way forward

The main challenges for the reporting of FSIs are:

For deposit-taking institutions:

- The basis of consolidation
 - SA reports on domestic consolidation basis
 - Selected information is available for consolidated banking groups
 - Limited to accounting type information
 - Exclude risk type information
 - A change to CBCSDI basis of reporting implies that the frequency of reporting would likely change to quarterly
 - Not possible to report income statement information for deposit-taking institutions on a group basis based on current regulatory forms

For non deposit-taking institutions:

- Source data
- Various regulatory authorities in South Africa
- Implementation of Twin Peaks regulatory framework should improve access to data from non deposit-taking institutions in future

BIS data collection on securities #7

- SA provides information regarding the issuance of securities to the BIS Securities database. The information covers
 - Both domestic and international markets
(monthly and quarterly)
- With respect to securities issued in the domestic market, the Bank complies with Part 1 of the Handbook on Securities Statistics by providing information on:
 - market, currency, sector, maturity and interest rate
- With respect to securities issuances on international markets, detailed information on the maturity of the issues is still lacking
- SA meets the proposed implementation target for recommendation 7

BIS - International Banking Statistics #10

Progress made

- The Money and Banking Division of the Research Department has been reporting Locational Banking Statistics (LBS) to the BIS since September 2009
- The submission of LBS is subject to the Regulations governing the banking sector in South Africa, thus ensuring effective and timely quarterly reports
- Stage 1 and 2 enhancements to the LBS were implemented simultaneously with effect from June 2013
- The enhancements provide for a more granular breakdown of
 - Instruments
 - Counterparty sectors by residence and nationality
 - A split between domestic and (five major) foreign currencies
 - The full balance sheet of reporting banks, previously only international detail was covered
- SA meets the implementation target for recommendation 10

BIS - International Banking Statistics Way forward

Intension is to improve internal processing of LBS data to enhance in-house analysis - no direct impact on current reporting to the BIS

Attention will be paid to:

- the balancing and reconciliation of LBS data
- Addressing the various technical difficulties experienced with the processing of data caused by the multitude of dimensions and reporting cells
- Linking historic data on the Bank's mainframe processing system to new layout/reporting requirements that came into effect in June 2013, in order to enhance analyses
- IT difficulties, however, remain a constraint

Coordinated Portfolio Investment Survey #11

Progress made

- SA has participated in CPIS since 2001, reporting primarily outward portfolio investment (position) data
- SA has been reporting the currency composition of outward portfolio assets (encouraged item) from 31 December 2012
- CPIS data have been reported on a semi-annual basis as from the 30 June 2013 reference period – data submitted to the IMF in Jan 2014
- CPIS is primary data source for IIP (outward portfolio investment asset) statistics
- CPIS data are cross-checked with exchange control data obtained from the Bank's Financial Surveillance Department. (SA residents still subject to exchange control regulations)
- CPIS survey data are supplemented with data on residents' equity holdings in former South African companies which now have primary listings abroad and secondary listings on the JSE in SA

Coordinated Portfolio Investment Survey Way forward

- No further enhancements are envisaged to CPIS reporting in the short term
- Semi-annual CPIS data to form part of quarterly IIP statistics
- The longer time lag for the reporting of CPIS statistics could probably give rise to frequent revisions of quarterly IIP statistics (published with a one-quarter lag)
- Staff complement in Balance of Payments Division of the Research Department to be expanded to facilitate the more frequent collection of outward portfolio stock positions alongside the conversion to BPM6 by the end of 2014

International Investment Position data #12

Progress made

- In line with SDDS requirements, SA currently compiles and disseminates annual IIP data with a nine-month lag
- The country also participates in the CDIS
- Annual IIP data are comprehensive, covering also bilateral investment positions by kind of economic activity
- Quarterly IIP data for the quarter ending 31 December 2013, 31 March 2014 and 30 June 2014 to be disseminated by 30 September 2014 - thereafter with a one-quarter lag
- New reporting requirements may lead to regular revisions of quarterly IIP
- The estimation of direct investment equity positions appears to be a major challenge in the compilation of quarterly IIP statistics
- Foreign liabilities are somewhat easier to estimate as a large number of data points could be estimated from quarterly foreign debt statistics
- Reliable split between financial and non-financial companies problematic

International Investment Position data Way forward

- South Africa is committed to the dissemination of quarterly IIP statistics as outlined
- Transaction flows and stock data to be reconciled on regular basis
- Quarterly IIP statistics to be aligned with BPM6 requirements
- Research Department's data revision policy to be reviewed to ensure data consistency
- The staff complement of the Balance of Payments Division will be expanded, where necessary, to maintain the quality of statistics

Sectoral accounts #15

Progress made

Common practice in South Africa to conduct a benchmark and rebasing exercise every five years, to introduce methodological and definitional changes, and to expand expenditure components, resulting in a revision of published accounting sets

In the current benchmark exercise to be concluded by the end of 2014:

- The base year will change from 2005 to 2010
- SNA 2008 will be partially implemented
- Quarterly institutional sector accounts will be disseminated
- The capital account will be compiled in more detail
- “Other changes in asset account” to show revaluation of assets
- The financial account will be integrated into the broader national accounting framework – currently compiled independently

Sectoral accounts Progress made (continued)

With the partial implementation of SNA 2008, SA will:

- Enhance the estimation of central bank output
- Expand the recording of non-life insurance services
- Treat re-insurance as direct insurance
- Expand FISIM to include non-bank financial corporations
- Capitalise expenditure on R&D and military systems
- Separate computer software and hardware
- Reclassify mineral exploration and evaluation
- The Bank is committed to compile a full set of balance sheets by institutional sector - Surveys conducted by Statistics South Africa and the Bank were accordingly amended to collect appropriate information – first data sets due in 2014
- To date, progress has also been made in revisiting the life expectancy of assets in line with international best practice
- Mineral resources and sub-soil assets are computed on an annual basis

Sectoral accounts

Way forward

Immediate challenges

- The extension of capital accounts to be captured in formula structures to facilitate the inclusion of new assets in the institutional sector balance sheets – due date end of 2014
- Institutional balance sheets developed on excel, formula structures to be created on mainframe – due date June 2015
- Computation of mineral reserves and sub-soil assets to be done on a quarterly basis – due date end 2014

Issues to be addressed in benchmark project in 2019

- Inclusion of land as non-produced asset in balance sheets as well as land improvements
- Revaluation of most non-financial assets in balance sheets from depreciated replacement values to market values
- Align costs of ownership transfers on non-produced assets to SNA 2008 methodology

Government Finance Statistics #17

Progress made

All levels of government report in accordance with GFSM 2001, some levels, however, report on a cash basis. Information has been disseminated in Bank's Quarterly Bulletin since September 2003

- National government - Modified cash system
- Social security funds - Full accrual GFSM2001
- Extra-budgetary institutions - Full accrual GFSM2001
- Provincial government - Modified cash system
- Local government - Full accrual GFSM2001

Challenge to convert national and provincial government to full accrual system (Modified cash system includes consumption of fixed assets)

SA provides quarterly general government data consistent with presentation in GFSM 2001 and meets the proposed implementation target for recommendation 17

Public-sector debt database #18

Progress made

National government debt compiled and disseminated in the *Quarterly Bulletin* of the South African Reserve Bank. A distinction is made between

- Domestic (marketable and non-marketable) debt
- Foreign (marketable and non-marketable) debt

By instrument

- Treasury bills, bonds and other debt

According to ownership of domestic marketable debt:

- Monetary authority, Banks, Public sector and non-monetary private sector

South Africa participates in the World Bank Public Sector Debt Database and currently meets the proposed target for recommendation 18

Real estate prices #19

Progress made

- South Africa submits on a monthly basis four residential property price indices (sourced from a large retail bank) to the BIS for dissemination on its website. These include price indices for:
 - All houses;
 - large houses;
 - medium-sized houses; and
 - small houses
- The country accordingly meets the proposed implementation target for recommendation 19.
- Statistics South Africa is currently considering the compilation of a property price index - could take approximately two years to finalise

Thank you

