

## **Main Takeaways and Concluding Comments**

### **FSB/IMF Global Conference on the Second Phase of the G-20 Data Gaps Initiative (DGI-2) Washington DC, USA**

**June 12–13, 2019**

#### **I. Overview of the Third Year of the DGI-2 Implementation**

1. Considerable progress has been made by participating economies since the 2018 DGI-2 Global Conference. The G20 and non-G20 FSB member economies advanced in areas such as (i) derivatives data, with governance arrangements for Unique Product Identifier (UPI) making progress; (ii) securities statistics, with almost all participating economies implementing the self-commitments; (iii) non-bank financial intermediation, with the setup of a framework for aggregating securities financing transactions (SFTs); (iv) sectoral accounts, with several economies improving coverage and periodicity; (v) international investment position (IIP), with an additional country reporting currency composition; (vi) international banking statistics (IBS), with an increasing number of countries implementing the enhancements; and (vii) government finance statistics, with quarterly general government data being disseminated by more countries. In addition, the FSI Compilation Guide was released in March 2019 and a compilation tool for the Concentration and Distribution Measures (CDM) has been developed.
2. Amid these positive developments, substantial challenges remain. Progress is needed to fully implement IBS enhancements, improve the periodicity and timeliness of FSIs, compile and disseminate sectoral accounts, increase the coverage of semi-annual CPIS, and report complete quarterly general government debt and operations. Furthermore, while substantial achievements have been realized in the promotion of data sharing, enhancing data sharing practices will remain an ongoing challenge.
3. The participating economies expressed strong continued commitment to the initiative underscoring the importance of meeting the DGI-2 targets by 2021. With only two more years, they indicated the need for enhanced national coordination, adequate resources (IT infrastructure and knowhow) as well as greater political support to fully succeed in the DGI implementation. Close cooperation between the Inter-Agency Group on Economic and Financial Statistics (IAG) and the participating economies should continue.
4. The work of the DGI is relevant to support Japan's G-20 Presidency in 2019. The DGI-2 recommendations are particularly important for the two priority issues – “global imbalances” and “debt sustainability and transparency in low income countries.” Japan also

highlighted progressed in relation to Securities Financing Transactions (SFT) data (Rec II.5) and securities statistics (Rec II.7).

5. The participating economies commended the achievements observed and generally agreed with the way forward. Guidance was sought in particular on (i) Commercial Property Price Indicators (CPPI), (ii) data dissemination for sectoral accounts, (iii) currency composition of International Investment Position (IIP), (iv) gross and net reporting for equity and debt in the Coordinated Direct Investment Survey (CDIS), (v) the timeline for the implementation of the new Standard Reporting Forms, (vi) derivation of transactions from positions data, and (vii) measurement of (implicit) pension entitlements.

## **II. Outcomes of the 2019 Thematic Workshops and Other Developments**

### **CPPI Thematic Workshop**

6. The CPPI Thematic workshop was organized by Eurostat and IMF during February 20-22, 2019 in Luxembourg. It underscored the challenges that remain in compiling CPPI and highlighted issues specific to individual economies that require different solutions. A proposal towards the reformulation of the target for recommendation II.18 was considered necessary– as an exception to the principle of sticking to the set targets. The reformulated target – *“Provide Commercial Property Price Indicators data and associated metadata, including descriptions of data source(s) and compilation procedures, to BIS, be it from private sources or sourced from official statistics, the latter being the preferred option”* – was presented to the participants during this Global Conference and approved with a slight change that is to reintroduce “available”: *“Provide available Commercial Property Price Indicators data....”*

7. While in the long-term the aim is to compile harmonized CPPIs, this agreement recognizes the need for a pragmatic approach in the short term using available private sources, as needed. The provision of metadata will be essential to allow users to better understand the data strengths and weaknesses. The use of big data and the adoption of a multi-source approach for the compilation of broader indicators were supported.

### **Institutional Sector Accounts Thematic Workshop**

8. The OECD hosted the workshop on institutional sector accounts during April 24–26, 2019 in Paris. It focused on data sources and compilation methods of institutional sector accounts and discussed: (i) institutional arrangements among national statistical agencies and other relevant stakeholders, (ii) the use of administrative data sources and big data, and (iii) the alignment of institutional sector accounts, more specifically between non-financial accounts and financial accounts and balance sheets, and between the balance of payments and the rest of the world.

9. The workshop also discussed the preliminary outline of the planned Compilation Manual on Institutional Sector Accounts and possible contributions by compiling agencies. The objectives of the manual are as follows: (i) to consolidate available knowledge on compiling sectoral accounts; (ii) to provide guidance to compilers and users; (iii) to foster cross-country comparability; and (iv) to share countries' best practices. In addition, it will present an overview of the analytical objectives and practical uses of sectoral accounts.

10. A survey on sources and methods on sectoral accounts was sent to participating economies in October 2018. The response rate was higher for financial accounts and balance sheets than for non-financial accounts. Responses from some economies are still pending. The survey results will feed into drafting the manual. The OECD expects to finalize a first draft for global consultation in the third quarter of 2020. Participating economies stressed that further guidance was crucially needed on the compilation of sectoral accounts to meet the targets under Rec II.8.

### **GFS and PSDS Thematic Workshop**

11. The thematic workshop on GFS/PSDS (Recs II.15 and II.16) organized by the WB and IMF was held in Washington, D.C. during April 17–18, 2019. Work on the compilation of GFS and PSDS is improving, but progress is needed over the next two years to meet the recommendations.

12. The workshop highlighted circumstances in the participating economies that require specific solutions. It was agreed that countries might first meet “second best”<sup>1</sup> solutions for general government reporting as outlined in the IAG-agreed Principal Global Indicators (PGI) Template. With respect to PSDS, where G-20 economies are not able to report quarterly general and central government debt data with broad instrument coverage, it was agreed as “second best” solution consolidated general government coverage with best possible sub-sector and debt instrument coverage reported with at least annual frequency.

13. Participating economies and international organizations raised concerns about the provision of government finance datasets that are inconsistent with international standards and other macroeconomic statistics (e.g. sectoral accounts).

### **Questionnaire on Data Sharing**

14. In particular in the context of globalization and digitalization, the sharing of detailed and more granular data (e.g. sharing of information on multinational enterprises) is essential and should continue to be promoted.

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<sup>1</sup> An acceptable “second best” would be general government and budgetary central government on a cash-based recording with annual periodicity and asset/liability valuation at nominal or face value.

15. Eurostat and the Deutsche Bundesbank had launched a questionnaire on data sharing with an excellent response rate. Among the lessons drawn there is the need to promote the use of unique identifiers at global level to trace financial and non-financial transactions. Participating economies also contemplated linking registers at national and international level as an option to further enhance data sharing and transparency. For this, the appropriate IT infrastructure will be key to enable both standardization and exchange of data.

16. The G-20 economies and interested non-G20 FSB member economies were invited, by August 2019, to (i) comment on the draft report and send outstanding contributions, (ii) agree on the publication of the final report on the PGI website (while not publishing the individual answers to the questionnaire in the annex C, which is only foreseen for the internal version of the report), and (iii) consider the possibility of inviting United Nations Economic Commission for Europe (UNECE) and International Network for Exchanging Experience on Statistical Handling of Granular Data (INEXDA) to present their work at the next G-20 Global Conference, and (iv) communicate actively on the concrete steps already undertaken in the context of the DGI to enhance data sharing both at national and international levels.

### **III. Progress in Implementing the DGI-2 – National Perspectives**

17. Presentations were made by Brazil, China, India, the Netherlands, Russia, Saudi Arabia, and South Africa on their progress in implementing the DGI-2 recommendations. All presentations highlighted substantial progress in implementing the DGI-2 targets, and in some instances, more advanced ambitions. Key challenges ahead and planned activities to tackle them were also presented.

18. Participating economies discussed issues including, but not limited to, emerging data gaps related to FinTech, transparency in using indicators developed by private data providers, and challenges in the availability of source data for the compilation of non-financial accounts information. While good progress was highlighted, it was important to continue learning from the experience of other economies, and coordinating among statistical agencies at the national level.

19. The IMF on behalf of the IAG delivered the presentation aimed to clarify for each of the DGI-2 recommendations (i) the targets; (ii) where we stand two years from the end; and (iii) remaining challenges that should be tackled by 2021. It will serve as an input to the Fourth Progress Report which will be submitted to the G-20 meeting of Finance Ministers and Central Bank Governors (FMCBG) in October 2019.

20. Among the remaining challenges the following were highlighted: to improve the timeliness and periodicity of the seven FSIs, particularly for RPPI; to report self-commitments for debt securities statistics (issues and holdings), to compile and disseminate sectoral accounts; to timely report Securities Financing Transactions (SFTs) to the FSB global data collection; to fully implement the IBS enhancements; to improve the number of

Coordinated Portfolio Investment Survey (CPIS) reporters that provide the sector of holder table; and to enhance consistency in sectoral coverage, valuation, frequency, length and timeliness of the series, consolidation, netting practices, cash/accrual basis, and instrument coverage in GFS and PSDS.

21. The participating economies were encouraged to address the challenges they face and to enter into request bilateral discussion with the IAG members to investigate the possibility of tailored technical assistance. Discussion was also geared towards the use of experimental data. It was agreed that these data could be shared with IAG members with a disclaimer informing users about the experimental status of the statistics.

#### **IV. Users' Perspective on DGI-2**

22. During this session, the Bank of Italy (linking macro and micro statistics), the US Federal Reserve (policy uses of financial accounts), the ECB (use of securities statistics), and the IMF Fiscal Department (fiscal space and debt reporting) presented. Their presentations underscored the importance of data sets produced in the context of Recommendations II. 7, II.8, II.9, and II.15, II.16 from users' perspective.

23. The Bank of Italy introduced its ongoing work, in collaboration with the OECD and Eurostat, on developing a set of distributional indicators for the household sector, linking macro and micro data. The ECB provided an overview of the main features of the ECB security-by-security database (SBS), issues and holdings, its multi usage in measuring shifts in sectors holding securities, Euro area investment funds' exposures, and rating-based risk profiles, amongst others. The US Federal Reserve's presentation underscored the importance of the financial accounts dataset in policy analysis and formulation. The IMF Fiscal Department's presentation was directed on the compilation of a new data set '*The public sector balance sheet* (PSBS)<sup>2</sup>. The PSBS compilation framework is built largely on the GFS framework and is consistent with existing GFS data (public sector debt data).

24. In the discussion participants underscored the importance of having recourse to administrative data to improve the robustness of certain indicators. The SBS database raised interest on data collection tools and quality control, as well as sourcing data from third parties. Presenters stressed the importance of having high frequency, timely, comparable, and detailed data.

#### **V. Way Ahead for the 2020 Work Program**

25. The FSB/IMF presented the proposed next steps, including the timeline and outline of the Fourth Progress Report, to which the participants agreed. Participating economies posed

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<sup>2</sup> The PSBS covers public sector's all assets and liabilities and aims to provide a most comprehensive view of public finances in a country.

the question on how to continue work and maintain momentum after the finalization of DGI-2 in 2021, considering new emerging topics and the need for continued international collaboration. A wide range of preliminary views were expressed on how and which topics should be focused on, but the participating economies and international organizations agreed some form of continued international collaboration is needed beyond 2021.

## **VI. Concluding statements**

26. Additional efforts by the IAG and participating economies are needed to fill the remaining data gaps. Coordination among statistical agencies at national level should be improved and joint action plans could be considered.
27. Participating economies were requested to be represented at the 2020 Global Conference by the relevant national statistical compilers involved in the DGI recommendations. When presenting at the G-20 DGI-2 Global Conference and other related events, participating economies and IAG members commit to submitting materials at least three weeks in advance.
28. The OECD will provide a revised outline for the manual on the compilation of sectoral accounts, including a request for examples of country practices.
29. The target of the DGI-2 recommendation II.18 on CPPI, has been reformulated – see paragraph 6. A stock-taking exercise on current practices, actual indicators proposed, data sources and estimation techniques for CPPI will be prepared and discussed.
30. The G-20 economies and interested non-G20 FSB member economies are invited to comment on the draft report on promotion of data sharing and send updates on their practices by end-August 2019. The final report on data sharing will be published on the Principal Global Indicators website.
31. The IAG will introduce a new semi-annual review of progress made in the implementation of the DGI-2 recommendations by participating economies and propose actions and provide support. Related documents will be sent by December 1, 2019 with an update to be provided by January 7, 2020.
32. The IAG will discuss the most appropriate format of the work plan until 2021 (thematic workshops, regional workshops, bilateral consultations including technical assistance or webinars). Most likely the way forward will be a combination of regional and thematic workshops as well as webinars dependent on the themes. Webinars could be used for specific, particularly concrete issues. The IAG will provide contact points for participating economies to allow for bilateral interactions. Non-G-20 economies, beyond FSB, could be invited as observers in the events organized until 2021.

33. The participating economies requested guidance and support regarding in particular compilation of CPPI, GFS/PSDS, sectoral accounts, securities statistics, distributional income and wealth data, and currency composition of IIP. Furthermore, interest was expressed to organize a workshop on data sharing practices, in addition to the ones possibly envisaged on securities statistics, sectoral accounts, and government finance statistics (the latter being proposed by Saudi Arabia during its G20 chairmanship). IAG has also been requested to provide references to supporting materials on gross and net reporting of equity and debt in the CDIS.

34. Participating economies requested the IAG to consider how to include new emerging issues such as FinTech, sustainable finance, globalization, and the digital economy that are only partially covered in the DGI-2.