Joint Thirty-Eighth Meeting of the
IMF Committee on Balance of Payments Statistics
and Eighteenth Meeting of the Advisory Expert
Group on National Accounts

Inter-secretariat
Working Group on
National Accounts

Remote Meeting
March 7–10, 2022

BOPCOM VM1—22/02.1
SNA/M1.22/02.1
For discussion

F.1 More Disaggregated Institutional Sector and Financial Instrument Breakdowns: Outcome of Global Consultation

Prepared by the Financial and Payment Systems Task Team (FITT)

INTERNATIONAL MONETARY FUND

F.1 More Disaggregated Institutional Sector and Financial Instrument Breakdowns: Outcome of Global Consultation[1]

The global consultation[2] revealed that, from a conceptual perspective, the majority of respondents favored introducing more disaggregated institutional sector and financial instrument breakdowns proposed by the guidance note (GN).

In view of the broad support received during the global consultation, the GN F.1 is presented to the IMF's Balance of Payments Statistics Committee (the Committee) and the Advisory Expert Group on National Accounts (AEG) for final decision.

1. *Do you agree with the proposed recommendations on more disaggregated institutional sector breakdowns for the updated SNA and BPM?*

There was wide support for the proposed institutional sector breakdowns (72 percent).

Thirty-three respondents supported the proposed institutional sector breakdowns, indicating that (i) more detailed institutional sector breakdowns aligned with recent developments in the financial industry and markets will provide better insights and analytical bases for the financial world; (ii) the additional breakdowns for the entities involved in financial intermediation are particularly relevant for policy work, for addressing data gaps, and to meet user demands; (iii) the "of which" categories are a good idea as their compilation is voluntary depending on the circumstances of the country allowing publication without presenting a full set of the data (e.g., balancing items); and (iv) including the additional breakdowns in the manuals will ensure consistent treatment across countries at a lower level of disaggregation, ensuring comparability of the data.

Nine respondents (20 percent) did not support the proposed institutional sector breakdowns, mostly for challenges in compiling the breakdowns (e.g., lack of source data), resource limitations, and the relevance of the breakdowns in their countries.

2. *Do you agree with the proposed recommendations on financial instrument breakdowns?*

The majority supported the proposed recommendations (55 percent).

Twenty-six respondents supported the proposed financial instrument breakdowns, indicating that (i) repos and financial derivatives have become increasingly important, and the proposed breakdowns will be of analytical interest; (ii) more granular breakdowns of financial instruments would be useful to improve overall understanding of specific types of risks and possible spillover effects; and (iii) compliance with the requirements of the G-20 Data Gaps Initiative and the submission of the SDMX tables have prepared compilers for the compilation of the proposed breakdowns.

---

[1] Prepared by the FITT Secretariat and approved by FITT Co-chairs.

[2] The joint global consultation on the GN F.1 "More Disaggregated Institutional Sector and Financial Instrument Breakdowns" took place during December 23–February 4, 2022, collecting input from 47 respondents representing 40 economies (Annex I and II provide comprehensive information on the results of this consultation). European countries had the largest participation (48 percent), followed by Asia and Pacific countries (18 percent), Middle East and Central Asia and Western Hemisphere countries (each,15 percent), and African countries (5 percent).

Thirteen respondents (28 percent) did not support the proposed financial instrument breakdowns, mostly for challenges in compiling the breakdowns (e.g., lack of source data), resource limitations, and the relevance of the breakdowns in their countries. Some suggested introducing the breakdowns for financial derivatives as supplementary items (therefore, the compilation would be voluntary), not as standard components as the GN proposes, and allowing countries sufficient time to implement, if the proposal is approved.

3. *Do you agree to separately identify nonfinancial corporations from households and nonprofit institutions serving households (NPISHs) in external sector statistics (ESS)?*

There was wide support for the proposed recommendation (79 percent)

Thirty-seven respondents supported the proposed recommendation to separately identify nonfinancial corporations from households and NPISHs in ESS, indicating that (i) the activities and investment decisions of nonfinancial corporations are very different from those of households; (ii) it will contribute to improving consistency between ESS and other macroeconomic statistics; and (iii) the data are already available.

Six respondents (13 percent) did not support the proposal. In their view, data for households and NPISHs are insignificant compared to those for nonfinancial corporations in ESS so that the expected increase in the implementation costs would not justify the proposed compilation.

Annex I. Responses to the Global Consultation Questionnaire

Questions	Number of Responses	%
Your response concerns which area of macroeconomic statistics:		
National Accounts	19	40%
Balance of Payments	10	21%
Both National Accounts and Balance of Payments	18	38%
Total	47	100%
How relevant is this topic to your country		
High relevance	21	45%
Medium relevance	18	38%
Low relevance	8	17%
Total	47	100%
Conceptual Issues/Recommendations		
Do you agree with the proposed recommendations on more disaggregated institutional sector breakdowns for the updated SNA and BPM?		
Yes	33	72%
No	9	20%
Undecided	4	9%
Total	46	100%
Do you agree with the proposed recommendations on financial instrument breakdowns?		
Yes	26	55%
No	13	28%
Undecided	8	17%
Total	47	100%
Do you agree to separately identify nonfinancial corporations from households and nonprofit institutions serving households (NPISHs)?		
Yes	37	79%
No	6	13%
Undecided	4	9%
Total	47	100%
Practical Implementation		
Does your institution have plans to compile any of the additional institutional sector breakdowns in the SNA?		
Yes	12	27%
No	18	40%
Undecided	15	33%
Total	47	100%
Does your institution have plans to compile any of the additional institutional sector breakdowns in the ESS?		
Yes	15	33%
No	16	35%
Undecided	15	33%
Total	46	100%
Does your institution have plans to compile any of the additional financial instrument breakdowns?		
Yes	13	28%
No	22	47%
Undecided	12	26%
Total	47	100%

Questions	Number of Responses	%
Does your institution have plans to separately identify nonfinancial corporations from households and NPISHs?		
Yes	22	48%
No	14	30%
Undecided	10	22%
Total	46	100%

Respondent Countries (in Alphabetical Order)

1	Armenia	MCD	21	Lithuania	EUR
2	Australia	APD	22	Macao (SAR China)	APD
3	Austria	EUR	23	Mauritius	AFR
4	Bangladesh	APD	24	Mexico	WHD
5	Belarus	EUR	25	Morocco	MCD
6	Belgium	EUR	26	Netherlands	EUR
7	Bolivia	WHD	27	New Zealand	APD
8	Canada	WHD	28	Peru	WHD
9	Colombia	WHD	29	Portugal	EUR
10	Cyprus	EUR	30	Qatar	MCD
11	Denmark	EUR	31	Romania	EUR
12	Finland	EUR	32	Saudi Arabia	MCD
13	France	EUR	33	Slovakia	EUR
14	Georgia	MCD	34	South Africa	AFR
15	Germany	EUR	35	Spain	EUR
16	Indonesia	APD	36	Sweden	EUR
17	Italy	EUR	37	Ukraine	EUR
18	Japan	APD	38	United Kingdom	EUR
19	Kazakhstan	MCD	39	United States	WHD
20	Latvia	EUR	40	Vietnam	APD

Annex II. Comments Received

1. Comments on the proposal to introduce more disaggregated institutional sector (in the order the comments were received)

- We are in favor of the recommendations on Institutional Sector Breakdowns on the conceptual ground, since this taxonomy is helpful for making sure of appropriate data coverage. However, this should not necessarily impact on publication burden.
- The breakdowns allow for more accurate economic analysis.
- More detailed granular breakdowns of the financial corporations subsector would definitely assist in the correct/improved classification and capturing of data on non-bank financial intermediation. More granular institutional breakdowns would assist in the capturing of more recent/modern/ current developing subcategories in the financial world.
- More detail sector which aligned with recent developments in the financial industry and markets will help us obtaining better insights and analytical value into specific aspects of the recent financial world. The disaggregation in the manual will ensure the comparability between countries. However, in Indonesia, the more disaggregated institutional sector breakdowns of the financial corporations are only needed for insurance corporations (S128) and pension funds (S129).
- In Romania there are no entities having status of SPE, for the time being. External sector statistics is one of the main statistical data sources for national accounts statistics and from this perspective we are in the favor of the breakdown of each institutional sector, i.e. for S.126 and S127.
- One small point in the sector breakdown is that the “of which: SPE’s” category is introduced at different levels in SNA and the ESS. In the SNA, this category is introduced at the level of financial corporations. In the ESS, it is introduced for deposit-taking corporations and for other financial corporations. Considering the differences in the structure of institutional sectors in SNA and ESS this is perhaps unavoidable. Nonetheless, it seems a bit strange.
- In particular, a more detailed sectorization in the financial sector is relevant given its dynamics with new actors and innovative roles not corresponding to the more conventional approach regarding the activities of the financial sector. Consistency across GNs must be ensured.
- For the U.S. Financial Accounts, we think the additional financial intermediary sectoring breakdowns shown in Annex I are particularly relevant for policy work, data gaps and to meet user demands. The proposed sub sectoring also aligns with our long-term goals to provide more detail. For the ESS shown in Annex II, we defer to the comments of the Bureau of Economic Analysis (BEA).
- We consider important to have a greater breakdown both, in the 2008 SNA and in the balance of payments. This would a low better traceability to new businesses that are being developed in the financial sector, as well as a better understanding of the synthesis of the total economy.
- It is interesting to note much of the updated SNA 2008 / BPM is picking up on the work of the G20 DGI-2 via lessons learnt. We are supportive of the recommendations, but the ask remains an ambitious one if we bear in mind all the other changes that may be needed for BPM/SNA updates. Any improvements to Other Financial Institutions (OFIs/OFCs) via the UK’s Financial Services Survey (FSS) heading will depend upon the transformation of our financial statistics and the development of a new business register. On MMFs, we support the proposal presented under paragraph 15, page 6, to separate MMFs from the MFIs aggregate and put MMFs with S124 NMMFs, so that MMFs would become part of the definition Other Financial Corporations (OFCs). As noted in the Guidance Note this would address the different treatments of MMFs in the External sector Statistics

(ESS) and Monetary and financial Statistics (MFS). This inclusion of MMFs within OFCs would also be more akin to how the international Financial Stability Board treatment of MMFs as part of Shadow Banking and also G20 DGI-2 II.5 Target 1. The UK view is that MMFs as funds have more in common with OFIs (S124-S127) – particularly S124 NMMFs - than with MFIs. The only real commonality MMFs have with Banks (S122) is that F.521 units / shares are almost a perfect substitute for F.22 bank deposits when they are Constant Net Asset Value (CNAV) MMFs – see later discussion below. In the UK, many of the institutions active in F.521 / S123 MMFs are also active in F.522 / S124 NMMFs. We have some concerns about the proposed breakdown of MMFs into Constant Net Asset Value [CNAV] MMFs and Variable Net Asset Value [VNAV] MMFs. A recent Goldman Sachs MMFs reported demonstrated that the new MMFs regulations introduced by ESMA in January 2019 and subsequently adopted by FCA post- the UK's exit from the EU have a Low Volatility NAV (LVNAV) MMFs (so not quite a Constant Net Asset Value).

- The ABS broadly supports the proposed further disaggregation of the financial corporations sector. The ABS already separately publish several additional disaggregations including securitisers and SPVs (financial vehicle corporations engaged in securitisation transactions) and capture as part of the other broad money institutions sector registered financial corporations (financial corporations engaged in lending) and investment banks (security and derivative dealers). It is noted however that the ABS currently departs from the 2008 SNA such as the inclusion of private non-financial investment funds in the non-financial corporations sector rather than under non-money market funds and the classification of holding companies to the sector of their main subsidiary. These deviations would be preventative in adopting the recommended split of SPE's.

- For ESS, we agree with the authors that NFCs should be separate from HHs and NPISHs. NFCs are institutionally distinct from HHs and NPISHs and have distinct motivations, so NFCs should be a distinct sector from HHs and NPISHs.

- We agree on the concepts. However, the additional proposed breakdowns might not be relevant for all countries, and should be proposed as optional. Moreover, the more breakdowns in sectors / financial instruments, the more it will be difficult/heavy to compile whom-to-whom matrices.

- We agree for the most part. However, we have some concerns with the inclusion of many "of which" items. SPEs - work is still needed to implement a taxonomy on SPEs given the Task force on SPEs report. Populating the core sector classification with numerous "of which's seems to cause unnecessary clutter. We would prefer to create a separate classification based on the taxonomy of SPEs that could be layered onto the existing sector classification. A separate economic account may be more appropriate to deal with SPEs, at least initially. In Canada, the from-whom-to-whom matrix is an integrated product within the financial accounts, balance sheet and other changes on assets account. Complexity of the overall system has risen due to this integration in response to DGI2. Expanding the sector or instrument breakdown in these accounts needs to be a thoughtful exercise that focuses on key items. Supplementary information may be better served by a stand-alone economic account.

- Identifying separately households with NFCs will be informative, while we are indifferent with additional breakdown of the rest, as we plan to compile aggregated institutional sector accounts at the initial stage.

- The proposed breakdowns are in line with other international developments (ECB, OECD). The differences in detail between SNA and BoP can be explained by relevance and available source data in external statistics. But one should be aware that comparability is therefore diminished.

- We broadly agreed with the specific guidelines notes: F.6 Capturing Non-Bank Financial Intermediation in the System of National Accounts and the External Sector Statistics; F.4 Financial Derivatives by Type; F.7 Impact of Fintech on Macroeconomic Statistics; G.4 Treatment of Special Purpose Entities and Residency. So we have the same level of agreement with the proposal that synthesizes it.

- The proposed breakdowns are conceptually consistent with the core accounts and provide a different view that could be useful for users of national accounts data. The 'of-which' categories are a good idea as they allow for publishing this detail without needing to go through the usual national accounts processes, such as balancing. It's also good that they are voluntary, like a satellite account, as this detail can be difficult to collect and the benefit of doing so may not stack up for many countries.
- These sector breakdowns will allow for better understanding and more in-depth analysis of these financial statistics.
- Because it is important to better visualize the impact of the effects of Globalization, to have greater coherence with multinational companies and therefore better reconciliation between the Rest of the World account with the Balance of Payments (BoP) transactions and the International Investment Position (IIP).
- БНС разработал Национальный классификатор секторов экономики в соответствии СНС 2008.
- El mayor detalle de estas transacciones mejoraría su utilidad analítica, contribuyendo a las decisiones de las autoridades económicas.
- We agree with the recommendations of the GN as far as the issues have already been covered in previous GNs and have been accepted by the BOPCOM.
- This recommendation will add more detailed information desired by users.
- The disaggregation by industry will better serve statistical work.
- Por las nuevas evoluciones del sector financiero estamos de acuerdo, sin embargo se debe considerar en algunos casos las dificultades en la obtención y calidad de la información de base.
- The breakdown of other financial corporations would improve the understanding and analysis of the various operations of financial subsectors and channels of possible contagion.

2. Comments on the proposal to introduce additional financial instrument breakdowns (in the order the comments were received)

- As well as the sector breakdowns, we consider that financial instruments should reflect what is happening in the financial markets. Compliance with the requirements of the G-20 and the submission of the SDMX tables has allowed us to have sufficient statistical maturity to accept the challenge of complying with the new breakdowns requested. Therefore, it is valuable to achieve breakdowns by financial instruments, since there will be a more breakdown of analysis between countries, allowing the exchange of experiences and guidelines in the measurement of financial assets.
- Financial Derivatives are mainly in the banking sector and these surveys are being adjusted to obtain this information. More granular breakdowns of financial instruments would be useful to improve overall understanding of specific types of risk and possible spillover effects. If the granular data for the "of which items" are available for Loans and Financial derivatives then these can be captured accordingly.
- The additional loans "of which" category is relevant and desirable. We agree with additional breakdown on financial derivatives, but note that there are currently data challenges in implementing breakdowns for the U.S. Financial Accounts.
- We believe it important to present a greater breakdown in the 2008 SNA and in the balance of payments in order to provide greater and better traceability of financial instruments and their impact over the results by institutional sector.

- The ABS broadly agrees with the proposed breakdowns of financial instruments.
- For ESS, we agree that risk categories are better instrument breakdowns for financial derivatives than the current breakdown between options and forward-type contracts. We agree that repos, securities lending, and margin lending should be provided as a supplemental category because of the importance of these transactions.
- We agree with the recommendation. However, we foresee major difficulties with its implementation in Canadian macro accounts given the availability of data sources. It is unlikely that we will be able to produce any of the supplementary detail regarding derivatives. With the BIS standards on collection of derivative related information for securities authorities, we hope that well-defined granular information will be available in the future with which to construct some of these breakdowns.
- We are indifferent with the additional breakdown as we plan to compile aggregated level only.
- In principle, these breakdowns are also in line with other developments (ECB Task Force on Financial Derivatives). But it must be mentioned that the availability of information will differ substantially between countries and regions. Furthermore, with regards to the of which position under loans, information is not readily available in any case (e.g. repos are part of Monetary Statistics in the Euroarea, but securities lending et.al. is not).
- We broadly agreed with the specific guidelines notes: F.6 Capturing Non-Bank Financial Intermediation in the System of National Accounts and the External Sector Statistics; F.4 Financial Derivatives by Type. So we have the same level of agreement with the proposal that synthesizes it.
- The additional details will definitely improve the analytical usefulness of the data by providing more valuable information for risk assessment purposes, in terms of the type of instrument and trading platforms. However, the practical difficulties in obtaining these additional details from data providers should also be taken into consideration.
- It is important to know more about the behavior of Financial Derivatives, because in the country there is greater knowledge by instrument, we need to delve into the categories of market risk; and by trading venue and clearing status.
- Если Национальный Банк РК в будущем будет собирать данные по вышеуказанной разбивке финансовых инструментов.
- The detail of these instruments allow users to refine their analysis.
- Financial instruments are one of the important bases in operating macroeconomic policy.
- It is possible to provide further breakdowns however some of the proposed breakdowns, such as securities with cash collateral, is not feasible at this stage.
- La recomendación es pertinente, sin embargo se debe considerar las limitaciones en cuanto al desglose de la información de base.
- Repos have become increasingly important and the breakdown of derivatives will be of analytical interest.

3. Comments on the proposal to separately identify nonfinancial corporations from households and NPISHs in the ESS (in the order the comments were received)

- This breakdown is possible to achieve in ESS as this information is already available.

- El mayor detalle de estas transacciones mejoraría su utilidad analítica y la conciliación con otros indicadores macroeconómicos como las cuentas nacionales.
- It will help in the use of external sector statistics for the compilation of national accounts
- The breakdowns allows for more accurate economic analysis
- In the ESS Households and NPISHs are small. Difficult to obtain data for households.
- Too detailed.
- We have not enough information to complete all the breakdowns sector
- We agree with the breakdown, because the required information is already available.
- In Romania, the external sector statistics are already compiled as it is proposed.
- In our view, this breakdown is relevant given the growing importance of the non-financial corporations sector and efforts should be carried out in order to separately identify them.
- Although we must defer to BEA for ESS, for Financial Accounts purposes, we would very much like this split to help with reconciling domestic and foreign data sources.
- Yes, since it gives greater precision and consistency to the relationships between the external sector and the different sectors of the internal economy
- It would be beneficial to observe the different counterparty relationships by further disaggregating nonfinancial corporations, households and nonprofit organizations with the rest of the world
- The ABS broadly agrees with the separate identification of non-financial corporations from households and NPISHs.
- The corporate sector is functionally different from HHs and NPISHs, so we agree with this recommendation in principle; however, limitations on our ability to separately identify NPISHs and HHs will delay our ability to implement this recommendation.
- Should be identified separately as have different economic goals, functions and behavior
- The activity, as well as the investment decisions of non-financial corporations and households, are due to very different reasons, so having both sectors separated can be very useful for analyzing the decisions of agents and their implications for economic activity.
- The amounts of households and NPISHs in ESS are negligibly small compared to “other sectors” as a whole. Considering the cost for introducing the further breakdown, it does not seem to make much advantage. We think there is no need to change the current sector breakdown. Also, the issue involves a fundamental change in institutional sectors as standard components. The GN should take into account the difficulty in obtaining the data of nonfinancial corporations, and households and NPISHs separately, and certain amount of time to introduce.
- This is of importance for the analytical use of BoP/IIP.
- These sectors have different characteristics so it makes sense to separate them if possible. Closer alignment with SNA is also an added benefit.
- This is a welcome initiative which will bring more consistency in terms of institutional sector breakdowns between ESS and MFS datasets and improve comparability and analysis.

- It would allow to better identify the transactions of these sectors and their reconciliation through flows of Balance of Payments and stocks of the International Investment Position.
- It is important to isolate other financial companies from households because they do not have the same behavior. In addition, some users request information on households and entities serving these households.
- It is seperately identified in ESA2010 however we welcome such a distinguishment in BPM6.
- Se necesita la información desagregada para realizar las matrices quien a quien por sector institucional
- Even though the data for NPISHs and households is not significant, breaking it down would help the analysis when users are only interested in understanding the role of nonfinancial corporations.
- Indeed separate identification of nonfinancial corporations, and households and NPISHs will make the institutional sector of BPM consistent with that of SNA. However, the amounts of households and NPISHs in ESS are negligibly small compared to "other sectors" as a whole. Considering the cost for introducing the further breakdown, it does not seem to make much advantage. We think there is no need to change the current sector breakdown. Also, the issue involves a fundamental change in institutional sectors as standard components. The GN should take into account the difficulty in obtaining the data of nonfinancial corporations, and households and NPISHs separately, and certain amount of time to introduce.
- Nonfinancial corporations are separately already from households and nonprofit institutions serving households (NPISHs) in external sector statistics (ESS).