

STATISTICS DIRECTORATE  
COMMITTEE ON STATISTICS

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**OECD FINANCIAL STATISTICS: WORK IN THE STATISTICS DIRECTORATE**

**Meeting of the Committee on Statistics**

**to be held on 7-8 June 2010  
at the OECD Conference Centre  
OECD Headquarters, Paris**

*This document is for DISCUSSION at the meeting of the Committee on Statistics.*

*Delegates are invited to:*

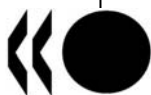
- *take note of the work carried out by the financial statistics unit in STD, under the auspices of the Working Party on Financial Statistics;*
- *take note of the proposals for future activities by the Secretariat;*
- *express their views on the proposed refocusing of future work on Financial Statistics, taking into account demands for new data collections, including new frequency, and methodological work;*
- *consider the pros and cons of a possible affiliation of the WPFS to CSTAT versus its current affiliation to the CMF.*

For more information, please contact:

Paul Schreyer, Tel.: +33.1.45.24.98.41 or email: [paul.schreyer@oecd.org](mailto:paul.schreyer@oecd.org)

Michèle Chavoix-Mannato, Tel.: +33.1.45.24.94.45 or email: [michele.chavoix-mannato@oecd.org](mailto:michele.chavoix-mannato@oecd.org)

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## OECD FINANCIAL STATISTICS: WORK IN THE STATISTICS DIRECTORATE

### Introduction

1. The basic objective of the OECD's work on financial statistics is to gather analytically useful information on financial transactions, assets and liabilities in major sectors of Member countries' economies and to improve understanding of the interactions between the "real" economy and financial activities. The economic and financial crises have generated significant additional demand for financial statistics and brought out gaps and timeliness issues regarding the current available data. Improving the timeliness, the quality and the international comparability of the OECD financial statistics with a view to adapting them to the evolving requirements for such information constitute high priorities.

2. The purpose of the present note is to acquaint CSTAT with the work on financial statistics, to solicit CSTAT's views on relative priorities in this area, and to raise some issues of institutional governance with regard to the affiliation of the Working Party on Financial Statistics (WPFS), the body overseeing (most of) the Secretariat's work in the area.

### Outputs

3. The main data collections and associated products (see more detailed information in annex 2) in the Statistics Directorate comprise:

- Financial accounts and financial balance sheets. This data is in accordance with the SNA and provides sectoral information on financial and non-financial corporations, the government, households, and the rest of the world);
- Households' assets and liabilities (a detailed, SNA-compatible, set of information on mainly financial assets and liabilities of private households). The data complements the financial balance sheets
- Institutional investors' assets (a detailed, SNA-compatible, set of information on mainly financial assets held by different types of institutional investors). This data also complements the financial balance sheet information;
- Bank profitability (a data set that shows profit and loss as well as balance sheet statements of banks). This data reflects countries' statistics on income and expenditure accounts of banks, a sub-sector of the SNA financial corporation sector. However, the data in the bank profitability database is not integrated with the SNA.
- Central government debt (information on detailed marketable and non-marketable central government debt instruments). This data responds to requirements from government debt management experts. The scope of the sector and the definitions of instruments correspond broadly to the SNA (more details are provided for instruments); however the data differs from the SNA with respect to the method of valuation of some instruments.

4. While much of the WPFS' work consists in data collection and dissemination, significant effort is also devoted to methodological work and the development of indicators. Methodological work relates to the clarification of concepts or the harmonisation of methods used for the compilation of the financial statistics. In this context the Secretariat has been carrying out several methodological surveys. Recent methodological questions concerned for example the revision of the SNA, the treatment of securitisation instruments or the valuation of certain financial assets on balance sheets<sup>1</sup>.

5. With regard to indicators based on the information available from the above data bases, work has only started but should take up a more central role in the future. Boxes 1 and 2 provide an example of indicators that can be derived from the Financial balance sheet database. Box 1 shows the evolution of household financial assets across OECD countries (published in the OECD's *National Accounts at a Glance* publication), Box 2 shows the evolution of debt in the corporate sector (to be published in the special chapter on the economic crises of the OECD *2010 Factbook*). However, to date there is no broad-based and periodic publication of financial indicators and advancing in this area is one of the objectives of the 2011-12 programme of work (see below).

### **Financial statistics and the crises**

6. The financial crisis led to a surge in the request for financial statistics and indicators. While the existing data has been able to accommodate such demand to some extent, one particular drawback of OECD's financial statistics is the absence of higher frequency (e.g., quarterly) data. Indeed, for purposes of monitoring short-term developments in times of crisis, the annual frequency with which data are collected and disseminated is insufficient. Quarterly statistics to better monitor the wealth of households, government and corporations as well as relevant indicators showing the financial exposure of various economic sectors are considered essential by policymakers and analysts. For instance, the development of quarterly sector accounts data at the international level is part of one of the recommendations advanced by the *Inter-agency Group on Economic and Financial Statistics*<sup>2</sup> to the Financial Stability Board.

7. The crisis has also brought into focus some of the methodological and statistical gaps that exist with regard to several financial instruments, such as derivatives and with regard to an uneven use of accounting standards in the area of bank statistics. Both the low frequency of financial statistics and the methodological gaps are areas that are proposed to be addressed in the CSTAT 2011-12 programme of work (see STD/CSTAT(2010)1).

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<sup>1</sup> For more details, see summary record of the 2009 WPFS meeting [COM/STD/DAF/M(2010)1].

<sup>2</sup> For more information on the work of the IAGEFS including its data dissemination tool, the Principal Global Indicators, see [<http://www.principalglobalindicators.org>]. The OECD is a partner and active contributor to the work of the IAGEFS.

**Box 1. Example of indicator: *Financial assets held by households***

Data on financial assets held by households play an important role in economic analyses. The bulk of financial assets held by households, which forms an important part of their overall wealth and an important source of revenue, reflects currency and deposits, securities, shares and equity and net equity in life insurance reserves and pension funds.

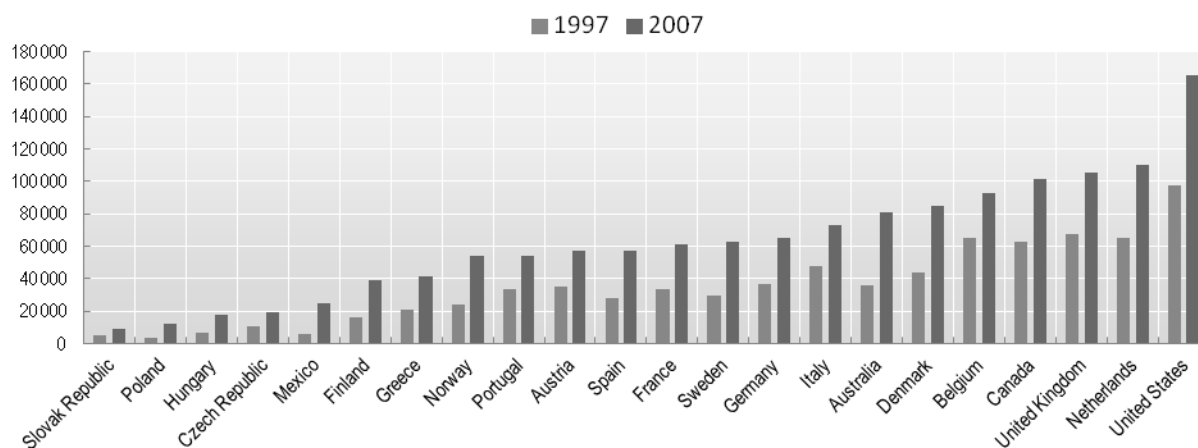
Life insurance reserves and pension funds are typically managed by institutions outside of the household sector but the reserves and funds are considered the property of the household sector according to the SNA.

Non-life insurance is treated differently however and only the prepayment of premiums made by households and outstanding claims payable to households are considered as financial assets of the households themselves.

Other financial assets typically reflect outstanding payments to households not included elsewhere, such as outstanding tax reimbursements, outstanding wages and salaries and, depending on national practice, interest accruing on deposits and loans that is not capitalized in the underlying asset.

An important additional item relating to household financial assets, concerns contingencies, in particular, entitlements of households to pensions from unfunded schemes, such as pay as you go social security schemes. In these cases no actual financial reserves hypothecated to a pension fund exist and, so, no financial assets are recorded to the households sector.

***Financial assets of households per capita***  
*US dollars at current PPPs*



Source: OECD National Accounts at a Glance, 2010.

### Box 2. Example of indicator Debt of financial and non-financial enterprises

*Indebtedness of enterprises* is measured by the ratio of their liabilities to their gross operating surplus. Data on liabilities is derived from the annual Financial Accounts of OECD countries. Liabilities are the sum of currency and deposits, securities, loans, shares and other equity, insurance technical reserves and other accounts payable.

Data on gross operating surplus is also derived from the National Accounts. It measures the surplus (profits) accruing from production after deducting wages and salaries but before taking account of interest, rent or similar charges paid or received.

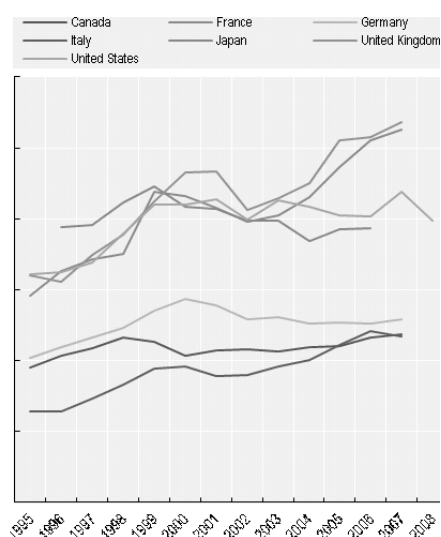
Leverage of the banking sector (a sub-sector of financial corporations in the SNA that includes central banks, other depository corporations and other financial intermediaries) is computed as the ratio of selected financial assets to total equity. Financial assets include currency and deposits; securities other than shares except financial derivatives; and loans. Total equity relates to liabilities in shares and other equity except mutual funds shares.

By 2008, indebtedness of all enterprises increased in all major OECD countries except Germany and Japan. In the United Kingdom and the United States, much of this rise in indebtedness reflected trends in financial corporations, whose liabilities increased since 1995 at a rate almost double that recorded by the non-financial corporations.

Among financial corporations, the increase in liabilities in the build-up to the crisis occurred alongside a change in their composition. For example, at the height of the crisis, the leverage of the banking sector had increased in most major OECD countries, partly due to the fact that banks repatriated their off-balance sheet exposures and deducted losses from shareholders value.

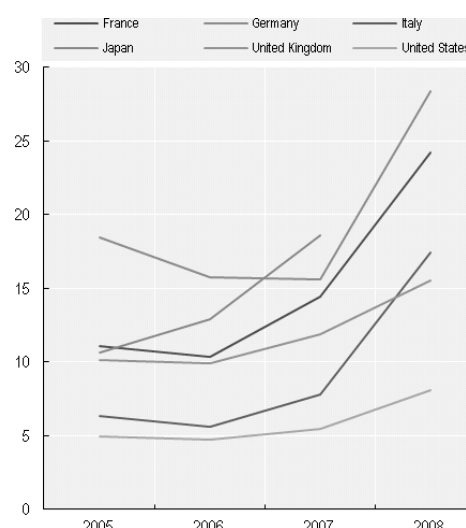
#### Indebtedness of enterprises

As a ratio of gross operating surplus



#### Leverage of the banking sector

As a ratio of total equity



### Governance of the work on financial statistics

8. The WPFS is a unique forum for consultation and co-ordination among a wide range of financial experts from OECD governments and international organisations (see the mandate of the WPFS in Annex 1). Delegates to the WPFS typically come from Central Banks and to a lesser degree, from Statistical Offices. The WPFS registers an excellent turnout to its meetings and an active participation of its delegates. The WPFS is serviced by the Financial Statistics Unit of the OECD Statistics Directorate (STD). However, the parent body of the WPFS is the Committee on Financial Markets (CMF) which is served by the OECD Directorate for Financial and Enterprise Affairs (DAFE). A similar situation exists with regard to the work on Central government debt. This activity is undertaken under the auspices of Working Party on Debt Management (WGDM). Like the WPFS, the WGDM reports to the CMF.

9. This dissociation of parent bodies and OECD directorates that ensure their secretariat – in place for historical reasons rather than by specific design - constitutes a unique situation at the OECD. There are advantages to this arrangement, in particular the proximity of data work to analysis and policy debate and the availability of expertise from other parts of the Organisation. But there are also major drawbacks: the WPFS' programme of work is hardly visible to CSTAT and at least formally, CSTAT cannot set priorities or budgetary allocations regarding the different areas of financial statistics and regarding financial statistics in relation to other statistical areas. The question arises whether it would be desirable to attach the WPFS as a subgroup to CSTAT. This option is currently discussed with the CMF and with the part of the Secretariat working for it but STD would like to also solicit CSTAT's views on this matter.

### **Work on financial statistics in the next biennium**

10. A number of changes are proposed for the 2011-12 Programme of work, concerning periodicity, contents and scope, as well as data collection mechanisms [see output result 1.5 in STD/CSTAT(2010)1]. The proposals reflect indications given by delegates in the WPFS and in the CMF as well as by direct users of the financial statistics databases. (see Annex 3)

#### ***Periodicity***

11. The single most important weakness of the financial statistics data comes from its annual periodicity. It is thus proposed to move several of the databases to a quarterly rhythm of updating. In particular, this will concern the national financial accounts, and the databases on institutional investors and household wealth.

12. This collection of quarterly financial accounts data for institutional sectors is part of a broader move towards collecting financial and non-financial quarterly sector accounts from Member countries in close co-ordination with Eurostat and the European Central Bank.

#### ***Contents and scope***

13. As in the past, improvement of the quality, international comparability and timeliness of the various data bases will continue to be high priorities. Particular extensions in scope concern:

- the institutional investors database where information on liabilities will be collected in addition to assets, for a better assessment of the trends of the portfolios and net positions of institutional investors;
- the financial accounts data will be used to develop a new set of annual and quarterly financial indicators;

14. In addition to data development projects, **methodological** work will also be undertaken, including statistical methods to treat securitised assets, the measurement of unquoted shares or the measurement of financial derivative products.

15. As a more general point, it is proposed to re-focus work on financial statistics carried out in the Statistics Directorate on data and associated indicators that are compatible with the SNA. Those databases that reflect other accounting standards or are specifically conceived to serve more narrowly defined purposes (such as the bank profitability and central government debt databases) should either be serviced directly by those parts of the Secretariat that deal with the specific policy domain (for instance government debt management) or be financed by resources transferred between directorates to account for the fact that STD carries out this work on behalf of other groups. Discussions on this matter are currently on-going

between STD and DAFE and possible options will be presented to, and discussed by, the WPFS and the CMF at their fall meetings.

16. Work will also include the integration of accession (Russian Federation) and **enhanced engagement countries** into the OECD financial databases through strengthened links with national compilers in Brazil, China, India, Indonesia, and South Africa as well as of two other G20 countries (Argentina and Saudi Arabia), and in co-operation with other OECD Directorates and their committees.

17. The Working Party will strengthen its co-operation with other International Organisations, with the aim of developing a shared vision of their various roles and responsibilities, more especially in the framework of the **Inter-Agency Group on Economic and Financial Statistics (IAGEFS)**, and with a view to substantively contributing to the G20 agenda.

### ***Data management and international co-operation***

18. To date, European countries send their data both to Eurostat and to the OECD (using Gesmes files and the EDAMIS system), the OECD Secretariat then treats these data in parallel with Eurostat. In order to reduce the workload of the Secretariat, it is proposed to fully source financial account data for European countries from Eurostat, i.e., to update the OECD database on financial accounts and financial balance sheets with data already validated by EUROSTAT.

19. A closer cooperation with the Bank of International Settlements is also envisaged in the framework of the collection of annual and quarterly data on Institutional Investors. The BIS is very interested in these statistics and discussions are ongoing for a possible cooperation on processing the data.

20. In order to optimise the collection and processing of the data, new IT tools will also be implemented. In particular, SDMX should be investigated as a means for improving efficiency of the data collection process and volunteers for a pilot will be sought at the next WPFS meeting.

### **Conclusions**

21. Delegates are invited to:

- take note of the work carried out by the financial statistics unit in STD, under the auspices of the Working Party on Financial Statistics;
- take note of the proposals for future activities by the Secretariat;
- express their views on the proposed refocusing of future work on Financial Statistics, taking into account demands for new data collections, including new frequency, and methodological work;
- consider the pros and cons of a possible affiliation of the WPFS to CSTAT versus its current affiliation to the CMF.

## ANNEX 1

## MANDATE OF THE WORKING PARTY ON FINANCIAL STATISTICS

**WORKING PARTY ON FINANCIAL STATISTICS**

<b>Chair:</b>	Mr. Patrick O'Hagan	(Canada)
<b>Vice-Chairs:</b>	Ms. Beatriz Sanz	(Spain)
	Ms. Susan Hume McIntosh	(United States)
	Ms. Dominique Durant	(France)
	Ms. Paola de Rita	(Italy)
	Ms. Amanda Seneviratne	(Australia)
	Mr. Michael Andreasch	(Austria)
<b>Members:</b>	Open to all Member countries	
<b>Regular Observers:</b>	<ul style="list-style-type: none"> <li>Israel</li> <li>Eurostat</li> <li>European Central Bank (ECB)</li> <li>Bank for International Settlements (BIS)</li> <li>European Investment Bank (EIB)</li> <li>International Monetary Fund (IMF)</li> <li>World Bank</li> <li>World Trade Organization (WTO)</li> </ul>	
<b>Date of Creation:</b>	7 March 1967	
<b>Duration:</b>	31 December 2013	
<b>Mandate:</b>	<b>Revised Mandate approved by the Committee on Financial Markets at its meeting of 14-15 April 2010</b>	

The Working Party on Financial Statistics (WPFS) contributes to the OECD aim of deepening the knowledge of Member countries' financial systems and permits a better understanding of the interactions between the "real" economy and financial activities in those economies through continuous improvements of the financial statistics.

Improving the quality, the international comparability and the timeliness of the OECD financial statistics with a view to adapting them to the evolving requirements of the Committee on Financial Markets (CMF) and of other users continue to be high priorities.



In particular, the Working Party on Financial Statistics:

Supports the *collection/dissemination of comprehensive statistics* from/for the OECD Member countries by establishing the methodology and relevant questionnaires for comparable and comprehensive data, as required by the OECD committees and other uses; this includes:

- to improve and to adapt them to analytical requirements, as appropriate, and to monitor new statistical requirements, if needed, with the aim of providing comprehensive statistics to users, especially to the CMF.
- to give priority to work on methodological issues, including special studies to clarify statistical concepts and their application through the exchange of national experiences of Member countries (via presentations to WPFS Delegates or via electronic messages),
- to perform its editorial functions for the production of the statistical databases and publications managed by the WPFS (national financial accounts, institutional investors, households' wealth and bank profitability).

Works to *harmonise national statistics* across countries, as far as possible and in the framework of international classifications, mostly through the clarification or analysis of underlying statistical and methodological concepts included in international standards applied by national compilers; this includes, at least for European countries, close coordination with the ECB and Eurostat.

*Monitors*, in coordination with the Inter-Secretariat Working Group on National Accounts (ISWGNA), *the changes and clarification needed in the Manual of the System of National Accounts* regarding financial issues and cross-cutting issues (i.e., with both real and financial aspects) in order to increase the relevance and the international comparability of the integrated framework of national accounts statistics.

*Acts as a forum* in which Member countries will be able to exchange information and experience on new concepts and best practices of compilation of financial statistics.

The Working Group will seek a maximum of concordance between its own works and the statistical works undertaken not only by other parts of the OECD, and in particular the Working Party on National Accounts (WPNA) which covers national accounts but also by other competent international organisations to avoid duplication of efforts.

According to the priorities set up by the Council, the Working Party will undertake ad-hoc projects for statistical co-operation with national compilers of key non-member countries.

## ANNEX 2

### FINANCIAL DATABASES

1. The main focus of the work on financial statistics is to contribute to the Organisation's aim of deepening the knowledge of Member countries' financial systems and to permit a better understanding of the interactions between the "real" economy and financial activities in those economies. Improving the timeliness, the quality and the international comparability of the OECD financial statistics with a view to adapting them to the evolving requirements of the Committee and of other users constitute high priorities. All related activities are undertaken under the auspices of the Committee on Financial Markets (CMF) and its Working Party on Financial Statistics (WPFS).

2. Five questionnaires are regularly sent to OECD countries by the Statistics Directorate:

- i) Financial accounts and financial balance sheets,
- ii) Households' assets and liabilities,
- iii) Institutional investors' assets,
- iv) Bank profitability,
- v) Central government debt.

3. Related detailed methodological information is also requested in order to facilitate the interpretation and analysis of data.

#### OECD DATABASE ON FINANCIAL ACCOUNTS

##### *Objectives*

4. This activity mainly focuses on the collection of comparable quantitative and qualitative information on financial transactions carried out and on financial stocks held by institutional sectors of the economy in the OECD member countries, according to SNA 1993. This database provides harmonised data to analysts and policy makers.

##### *Description*

5. The OECD database on Financial accounts is composed of two sets of data: the Financial Accounts together with the Balance Sheets Accounts form the full Financial Accounts, which belong to the System of National Accounts (SNA):

- the Financial Accounts, part of the Accumulation Accounts, record, by type of instruments, the financial transactions between sectors (both net acquisition of financial assets and net incurrence of liabilities),
- the Balance Sheets Accounts, corresponding to the final sets of information in the full sequence of the accounts describing the economic cycle, record the stocks of financial assets and liabilities held by the institutional sectors, and give a picture of their net worth, at the end of the accounting period.

6. As a general rule, in national accounts, the financial accounts are to be recorded on a non-consolidated form. However, the consolidation, which consists in eliminating the transactions of assets and liabilities between sub-sectors of the same sector and between institutional units of the same sub-sector, can be more significant for certain kind of analysis, especially for Financial corporations (S12) and for General government (S13). The OECD database on Financial accounts therefore contains both types of accounts for both Financial Accounts (Tables 610 and 620) and Financial balance Sheets (Tables 710 and 720).

7. Methodological information, gathered through specific surveys, complements the database, such as sources and methods regarding the compilation of Financial Accounts, valuation methods, securitization process.

**Key concepts:**

8. **Institutional sectors:** they are composed of the institutional units capable of engaging in transactions with other units, and are grouped together into five main categories, some of which divided into sub-sectors: *Non-financial corporations* (S11), *Financial corporations* (S12), *General government* (S13), *Households* (S14), *Non-profit institutions serving households - NPISH* (S15). To these five sectors, which together make the *Total economy* sector (S1), is added the *Rest of the world* sector (S2), which reflects transactions and assets/liabilities vis-à-vis non residents.

9. **Transactions:** they describe the net acquisition of financial assets and the net incurrence of liabilities during the reporting year. The transactions accounts include a balancing item (net acquisition of assets less net incurrence of liabilities) and the final net lending (+) / net borrowing (-) (B.9).

10. **Stocks:** they correspond to the amount of financial assets and liabilities at a point in time. The stocks accounts also present a balancing item which corresponds to the net value (assets less liabilities)

11. **Assets and liabilities:** they are grouped into seven categories of instruments, most of them divided into sub-instruments, which are ordered according to their liquidity: *monetary gold and SDRs* (F.1), *currency and deposits* (F.2), *securities other than shares* (F.3), *loans* (F.4), *shares and other equities* (F.5), *insurance technical reserves* (F.6) and *other accounts receivable/payable* (F.7). Each **asset** has a counterpart **liability**, except for F.1.

12. **Consolidated accounts:** in these accounts, transactions (and stocks) of assets and liabilities between sub-sectors of the same sector and between institutional units of the same sub-sector are eliminated. Such accounts take better account of the financial position of the various economic players and therefore can be more useful than non-consolidated financial accounts, for some types of analyses.

13. The database covers all OECD countries. Data are available from 1950 onwards, depending on the country. Most European countries' data, however, are available from 1995.

14. Financial accounts and financial balance sheets are reported by Central Banks or National Statistical Institutes.

15. For EU countries, both consolidated and non-consolidated accounts are provided. In some other OECD countries, this information is not available or remains partial, in particular for some sub-sectors. On the contrary, in certain cases, the basic information is available in a consolidated form only.

16. All OECD countries' data are available on OECD.Stat, under National Accounts, Financial Accounts, accompanied by short country methodological notes.

## OECD DATABASE ON HOUSEHOLDS' ASSETS AND LIABILITIES

### *Objectives*

17. The OECD database on *Households' assets and liabilities* completes the Financial Balance Sheet database. The elaboration of a more precise nomenclature of some households' financial assets and liabilities and the collection of more detailed information constitute an attempt to better identify and analyze households' wealth in OECD countries. The objective of the sub-classification of assets AF.52, AF611 and AF612 and of liability AF4 is to identify the relative importance of the various types of assets, (classified according to the increasing risk) and liabilities. This finer breakdown is consistent with the financial classification of the System of National Accounts (SNA).

### *Description*

18. Investment funds shares (AF52) are split into subcategories of funds classified according to their main support: Money market fund shares, Real estate fund shares, Bond fund shares, Mixed fund shares, Equity fund shares and Other fund shares.

19. Net equity of households in life insurance reserves (AF611) are split into two categories based on the support of the contracts: 'contracts in unit-linked vehicles' which can consist in equity, bonds, property, index futures, security, or any other sorts of funds, where the saver takes the risk and 'contracts, other than in unit-linked' or index-linked vehicles, which correspond to contracts at guaranteed rate (i.e. for which there is a minimum rate guaranteed with a possible participation in the financial results), where the insurance company bears the risk.

20. Net equity of households in pension funds (AF612) are split into three categories of pension plans classified according to their status (Pension plans managed by autonomous pension funds, Pension plans managed by non-autonomous pension funds and Insured pension plans), which are further broken down into traditional Defined benefit plans (DB), for which the risk is borne by the manager and not by the policyholder, Hybrid plans, where the risk is shared between manager and policyholder, and Defined contribution plans (DC), where the worker bears the management risk.

21. The inclusion of supplementary categories of financial assets, such as end of career allowances and unfunded pension plans, and of a selection of the most important households' non-financial assets which contribute to their wealth (dwellings, land, and consumer durable goods) completes this information to better measure the real value of household wealth in OECD countries.

22. Loans (AF.4) include all loans and advances (apart from trade credit and advances receivable/payable), extended to households by banks, finance companies, and others. They are split into two short-term loans (AF.41) and long-term loans (AF.42), further broken down into a large number of sub-components. Short-term loans include detailed consumer credits (up to one year) while long-term loans comprise detailed consumer credits (more than one year) as well as loans for house purchase.

23. Brief information relating to the deviation of national definitions and concepts from OECD framework completes the database on households' assets and liabilities.

### *Key concepts:*

(See information under the chapter on the OECD database on Financial Accounts)

24. The OECD Households' assets and liabilities database includes all OECD countries, except Iceland. Data are available from 1995 onwards.

25. They are reported by Central Banks or National Statistical Institutes.
26. OECD countries' data are mainly compiled on the basis of national accounts, but all detailed assets and liabilities are not available in all countries.
27. All OECD countries' data are available on OECD.Stat, under Finance, Households assets.

## **OECD DATABASE ON INSTITUTIONAL INVESTORS' ASSETS**

### ***Objectives***

28. The OECD database on Institutional investors' assets, which replaces the former database on Institutional Investors, constitutes an attempt to better integrate these data in the framework of the System of National Accounts (SNA93). While the sub-classification of the above financial assets corresponds to SNA93, a further breakdown between assets issued by residents and assets issued by non-residents is reported.

### ***Description***

29. Statistics on financial and non-financial assets of institutional investors include a detailed breakdown of institutional sectors, such as Investment funds, Insurance companies and Pension funds, and Other forms of institutional savings. This finer breakdown by type of investors has been established with reference to the System of National Accounts (SNA), when possible:

- Within Investment funds, one distinguishes Open-end companies, further broken down into Money market funds and Other mutual funds, and Closed-end companies, of which Real estate funds.
- Within Insurance companies and pension funds one distinguishes Insurance companies, further broken down into Life insurance companies and Non-life insurance companies, and Autonomous pension funds.

30. Financial assets correspond to Currency and deposits – AF2, Securities other than shares - AF33, Loans - AF4, Shares and other equities - AF5, and Other financial assets. Moreover, Total non-financial assets are also included.

31. Brief information relating to the deviation of national definitions and concepts from OECD framework completes the database on institutional investors' assets.

### ***Key concepts:***

(See information under the chapter on the OECD database on Financial Accounts)

32. Institutional investors' assets database includes all OECD countries, except New-Zealand. Data are available from 1980 onwards, depending on the country.

33. Data, mainly compiled on the basis of national account, are reported by Central Banks or National Statistical Institutes. The coverage of OECD countries data, regarding sectors and instruments, is generally quite good.

34. All OECD countries' data are available on OECD.Stat, under Finance, Institutional Investors statistics.

**OECD DATABASE ON BANK PROFITABILITY*****Objectives***

35. The database "Bank Profitability" provides statistics and indicators to assess the changes in the state of health of national banking systems of OECD countries and to allow analyzing the developments in the profitability of the banking sector of OECD countries. The coverage of these annual statistics is largely dictated by the availability of the national data on income and expenditure accounts of banks. As a result of reporting methods, they are not integrated in the System of National Accounts. In spite of some differences due to structural and regulatory features of national banking systems, accounting rules and practices and reporting methods, the statistics are based on a standard framework where national data are grouped and/or re-classified, as required.

***Description***

36. The OECD database on Bank Profitability contains comprehensive annual statistics and indicators based on income statements and balance sheets of banks of a number of bank groupings as well as information on the structure of the financial system of individual countries and on the classification of assets according to residency and currencies.

37. *Table 1:* Financial statements of various categories of banks are presented:

- The income statement, one of the major financial statements held by firms, is structured to present the various components of net profit in order to communicate a range of relevant information.
- The balance sheet presents a summary listing of a category of banks' assets, liabilities, and equity.
- Memorandum items referring to assets and liabilities not included in the balance sheet.
- Ratios based on various items of the income statements and balance sheets of banks in percentage of some specific aggregates are also supplied to facilitate the analysis of trends in bank profitability of OECD countries.

38. *Table 2:* Quantitative information on the structure of the financial system of individual countries is also included: number of institutions, number of branches, number of employees, total assets/liabilities and total financial assets. This information of a general nature regards not only banks, or other monetary institutions, as covered in the financial statements, but the whole financial system of OECD countries, including Other financial institutions (of which Mortgage credit institutions, Development credit institutions, Finance companies and Other miscellaneous financial institutions such as investment corporations), and Insurance institutions (of which Insurance companies, Pension funds and foundations and Other insurance institutions).

39. *Table 3:* Total assets and liabilities of banks (i.e. all institutions which conduct ordinary banking business) are also classified according to residency and currencies, by country: they are distinguished both between residents and non-residents and between those held in domestic currency and those held in foreign currencies.

40. Detailed methodological country notes, regularly revised, on the institutional and geographical coverage, the degree of consolidation, the structure of the banking system, the various activities of the banks covered, specific information on individual items and the sources of the data complement the

statistics and indicators and provide additional information to analysts such as the regulatory framework and the activities of banks in each country.

**Key elements:**

41. **Financial system:** it refers to the whole financial system of OECD countries and generally consists on the Central bank, Other monetary institutions, Other financial institutions, Insurance institutions.

42. **Bank groupings:** institutions which conduct ordinary banking business, i.e. institutions which primarily take deposits from the public at large and provide finance for a wide range of purposes: All banks, Commercial banks, Large commercial banks and Foreign-owned banks, as a sub-set of commercial banks, Savings banks, Co-operative banks and Other miscellaneous monetary institutions.

43. **Income statement:** The income statement, otherwise known as a profit and loss statement, is one of the major financial statements that all banks are required to prepare annually. It provides a record of institution's revenues and expenses for a given period of time, and thus serves as the basic measuring stick of profitability.

44. **Balance sheet:** The balance sheet, also known as the statement of financial position, is a snapshot of a bank's financial condition at a single point in time. It presents a summary listing of the institution's assets, liabilities, and owners' equity.

45. **Consolidation:** overseas branches of reporting banks as well as domestic/foreign subsidiaries should be included.

46. Statistics relating to financial statements of banks and related data refer to most OECD countries, with the exception of Australia, Iceland, Japan and Mexico. Data are available from 1979 onwards.

47. The coverage of the categories of banks in Table 1, and of the financial institutions and variables in Table 2 is not homogeneous between countries. The consistency between Tables sensibly improved in the past years.

48. They are reported by Central Banks, Financial Supervisory Authority or National Statistical Institutes.

49. All OECD countries data are available on OECD.Stat, under Finance, Bank Profitability Statistics (Three tables: Table 1: Income statement and Balance sheet; Table 2: Structure of the Financial system; Table 3: Classification of Bank Assets and Liabilities).

## OECD DATABASE ON CENTRAL GOVERNMENT DEBT

### **Objectives**

50. The OECD database on Central Government Debt includes comprehensive quantitative information on marketable and non-marketable central government debt instruments of OECD member countries to meet the analytical requirements of users such as policy makers, debt management experts and market analysts. Concepts and definitions are based, where possible, on the System of National Accounts. Statistics are presented according to a comprehensive standard framework to allow cross-country comparison.

**Description**

51. The database includes comparative statistics, reported in national currencies, relating the central government debt of individual OECD countries. The coverage of the data is limited to central government debt issuance and excludes therefore state and local government debt and social security funds.

- Table 1: Outstanding amounts at the end of yearly periods of the central government debt (both marketable and non-marketable debt), by instrument;
- Table 2: Gross and net issues of marketable and non-marketable debt of central governments;
- Table 3: Duration and average term to maturity of domestic, foreign and total debt. Data refer to both resident and non-resident holdings;
- Table 4: Outstanding amounts at the end of yearly periods of marketable central government debt by type of investors (residents/non-residents).

52. International comparisons' tables in US dollars and in percentage of GDP are derived from reported statistics and graphics are built to facilitate trends' analysis in OECD countries.

53. Country notes provide information on debt issuance in each country as well as on the institutional and regulatory framework governing debt management policy and selling techniques. They describe the details of debt instruments in each country.

**Key elements:**

54. The concepts used differ from the Maastricht definition of government debt, both with respect to the institutional coverage and the method of calculation.

55. **Central Government:** The central government subsector consists of the institutional units making up the central government plus those NPIs (non-profit institutions) that are controlled and mainly financed by central government. Central government has the authority to impose taxes on all resident and non-resident units engaged in economic activities within the country. (System of National Accounts, 1993, par. 4.117-118).

56. **Marketable instruments:** They consist on Money market instruments (Treasury bills, commercial papers and other), Bonds (Fixed rate income instruments, further subdivided into short-term, medium term and long term bonds, Index-linked bonds, Variable-rate notes and other) with details on the length of maturity of Long-term bonds and Index-linked bonds. Other information is also provided: Total marketable debt held by non-residents, Total marketable debt in foreign currency, Weighted average maturity of marketable debt and Weighted average yield of marketable debt.

57. **Non-marketable instruments:** they consist on Savings bonds and other. One memorandum item regarding the non-marketable debt held by non-residents is also provided.

58. **Duration:** the duration of the central government debt can be calculated according to the Macaulay duration or the modified duration methods.

59. **Term to maturity:** Maturity is the period of time until the redemption or expiration of a financial instrument. For most countries, the maturity structure is a residual maturity, i.e. the remaining time until the expiration or the repayment of the instrument. For seven countries (Italy, Japan for issues, Korea, Mexico, Poland, Portugal, Slovak Republic), it is initial.



60. **Market value:** Transactions are valued at the actual price agreed upon by the transactors. Assets and liabilities are valued at current prices at the time to which the balance sheet relates, not at their original price.

61. Statistics relating to Central Government Debt refer to all OECD countries. Data on outstanding amounts and gross and net issues are available from 1980 onwards, while data on the duration and average term to maturity cover the period 1990 onwards.

62. Central Government Debt data are mainly reported by Ministries of Finance, Treasuries, Debt management offices, Central Banks and other financial agencies.

63. All OECD countries' data are available on OECD.Stat, under Finance, Central Government Debt.

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**Information:** [www.oecd.org/std/finance](http://www.oecd.org/std/finance)

**Responsible Committees:** Committee on Financial Markets (CMF); Working Party on Financial Statistics (WPFS)

**Contacts:** Michèle Chavoix-Mannato, [michele.chavoix-mannato@oecd.org](mailto:michele.chavoix-mannato@oecd.org)