Chairman summary of session STCPM27: Portfolio investment statistics

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Deepening financial globalisation has increased economies' vulnerability to risks, particularly credit, currency, maturity and instrument composition risks. Supported by technological innovation and financial deregulation, economies have intensified their cross-border financial linkages, sharply increasing their external net liabilities/assets positions.

Different possibilities are available when designing a data collection system for portfolio investment statistics within the balance of payments (BOP) and international investment position (IIP) domain. Systems have differences in terms of the reporting agents they target and their periodicity and level of aggregation. The results will, in turn, vary in regard to implementation and running costs, data availability and quality, and response burden.

Information technology developments have led to a new trend in the way statistics are produced, as traditional aggregated reporting is gradually replaced by security-by-security (s-b-s) reporting. An s-b-s data collection system allows for higher data quality and flexibility than an aggregate data reporting system, as well as providing reduced costs for respondents. It was argued, however, that such systems will be vitally dependent on the availability of unique identifiers for all securities, and that they entail considerable set-up and maintenance costs for statistics compilers. Nevertheless, from a medium-term perspective, the "total cost of ownership" for an integrated s-b-s data collection system may be less.

The Centralised Securities Database system is designed to be the backbone of a pan-European s-b-s data compilation system operated by the European System of Central Banks. Compiling statistics using the s-b-s approach brings special challenges to statistical data compilers. The provision and continuous updating of a "master file" of instrument reference data are a prerequisite. Another important issue is the need to identify securities that are specifically relevant to statistical data production, as opposed to the full set of securities issued in international financial markets.

This session also addressed the challenges in statistical treatment of new products and investors: repurchase agreements and securities lending that involve a change in legal, but not economic, ownership, and special purpose vehicles and investment funds.

It was generally agreed that all countries have a responsibility to compile timely, consistent and comprehensive external statistics. The extent and nature of the financial interdependencies have not yet become apparent from current cross-border portfolio investment statistics. Two main solutions have been put forward. The first consists of developing and maintaining s-b-s portfolio data collection systems and databases, preferably not limited to cross-border flows and stocks, but rather for all transactions and positions. The second solution involves worldwide initiatives: the Coordinated Portfolio Investment Survey (CPIS), the International Banking Statistics (IBS), the Coordinated Direct Investment Survey (CDIS) and the Joint External Debt Hub.

All of these requirements point in the direction of further enhanced international cooperation among statistics compilers.

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