

Observations on the PBC seminar on data requirements for monitoring derivatives transactions

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It is my great honor to stand here today to share my experience at this conference with all of you, our leaders from the People's Bank of China and relevant ministries, my colleagues from the Zhengzhou training school and financial institutions. Derivatives transactions, generally known as the blasting fuse of this crisis, have become one of the hottest topics in the post-financial crisis era. And regulators and financial institutions also pay special attention to derivatives transactions in risk management. So this international seminar held by the PBC is very necessary, and it has benefited us a lot, especially for domestic financial institutions.

I want to demonstrate 3 points based on the content of this seminar:

First of all, the experts explicitly explained what derivatives transactions are. Compared with other seminars or training events, this time the experts were more concentrated on the conceptual framework, from its basic definition, classification, and counterparties to securities issuance. For example, three experts explained the definition of derivatives from different angles, including its essence and key risk points, which helped us understand it better than before. Meanwhile, the professional attitude and dedication of the experts were quite impressive to us, and please allow me to say thanks to them all. Derivatives are among the most complicated financial instruments, but with the help of the experts, we have increased our understanding of them.

Secondly, this seminar has widened our horizon about derivatives, and we have all gained a deeper understanding of derivatives transactions; for example, how this kind of transaction functions, whether there are globally defined criteria or not, and how such criteria work. This seminar has provided us with perfect answers to the questions above. The recent financial crisis provided enough proof of the existence of global financial integration. It is very wise that the experts accurately captured this trend and emphasized the importance of building international standards for derivatives transactions. The specialists from the IMF introduced the latest revised version of BPM6 and showed us the methods and rules through a case study, which really impressed me; the experts of the Bank for International Settlements explicitly demonstrated the BIS's monitoring function with respect to derivatives transaction data; Mr. Kleist also especially compared the BIS data framework to BPM6, which helped us clearly understand the differences between them; the expert from the French central bank, despite his tiring journey, gave us an excellent speech on derivatives transaction information based on accounting systems, and through his speech we not only learned how to collect data from accounting systems, but also gained a deep understanding of IAS 39, which was considered the cornerstone of financial accounting. In short, all the speeches were well prepared, so that we obtained authoritative and valuable information.

Thirdly, this seminar has given us the opportunity to share experiences with derivatives transaction statistics with others. The Chilean and Japanese experts introduced their derivatives transaction data collection systems and provided us with a lot of useful methods, which illuminated us greatly. These experiences will help domestic commercial banks improve their capacity to collect information on derivatives transaction and are also of great

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value in risk management. The expert from the HKMA analyzed the system of derivatives transactions very closely, including the future, risk points, and procedure of derivatives transactions.

During this seminar, everything was well organized, and we were enlightened a lot, which is a feeling shared by all the participants; in addition to the results about derivatives, I still have some personal perspectives to share with you.

Firstly, digestion is more important than eating; how to digest the knowledge we learned from this seminar is very important. With the help of the PBC, we got the precious opportunity to attend such a high-quality seminar with many top-level experts, and we all benefited a lot. The next thing we should do is to carry it out. One Chinese proverb goes, "Gear one's study to practical use". My next job is to put the new ideas learned through this seminar into practice, in accordance with the requirements of derivatives transaction data at the ICBC, where I work; in addition, I will prepare the fundamentals of derivatives statistics and automatic data collection; above all, to pick up the data sources out of thousands of business systems is a matter of great urgency.

Secondly, statistics is a language, and we should popularize "mandarin" instead of various "dialects". The topic of this seminar is derivatives transaction data, and whatever we do is to popularize a worldwide data standard as a kind of "mandarin" instead of various "dialects". Nowadays, derivatives transaction in China are still under development and there is a long way to go, which makes China's derivatives transaction data not as popular as other countries', just like a kind of "dialect". The trend of global financial integration has created an efficient worldwide market, and it's inevitable that China should follow the trend of the development of derivatives as soon as possible. By then, everything will change, including the competitors, marketing environment, etc. For this reason, our "language" of derivatives data has to be more normative and international, which is the very aim of this seminar. As practitioners in China's financial industry, we should not only know our local practices, but also keep abreast of international rules. And we ought to take an active part in international financial statistics and offer various proposals and suggestions for the development of China's derivatives transaction statistics reform.

Last but not least, I would like to share my personal understanding of data statistics: data are life. Every datasheet is not as simple as it looks. It requires successive operations, including data searching, data sorting, data inputting, etc. On the one hand, no one should try to damage the data, which is very hard to collect, and we must cherish it; on the other hand, we should try our best to improve the data quality and ensure the accuracy and authenticity of the data. This also reminds me of our daily work. The statistics department of the PBC takes on heavy responsibilities for processing data from thousands upon thousands of banks all over the country, and the number of data they deal with daily is unbelievably huge, and thousands of times larger than ICBC, which has the largest stock value in the world. So there is no excuse for us to make mistakes in financial statistics and data delivery. Statistics is full of boring and hard work; however, personally I think this job is also full of glory and pride, because it is based on accurate data that enable the country to make the correct decision, which I take deep pride in and am willing to dedicate my life to. Smiles, dedication, insistence... I have the courage to provide more valuable data on derivatives and other financial instruments, with no complaints.

To sum up my words about this seminar, this conference has given me a deeper understanding of the significance and a powerful sense of the mission of my job. This seminar has been great, and on behalf of all the participants I have the honor to thank the organizer, the Statistics Department of the PBC, whose wonderful work enabled this helpful meeting; to the experts, whose excellent speeches have benefited us a lot; and to the Zhengzhou training school, which provided us with such a beautiful and comfortable living environment.

Finally, please accept my congratulations with all my heart on the success of this seminar.