Who-to-whom information in German financial accounts - compilation, challenges and usage for monetary policy

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1. Introduction
The importance of who-to-whom information in financial accounts

Well known: Private debt ratios in EMU strongly increased until 2008
- Excessive demand before crisis
- Subdued spending behavior and credit dynamics afterwards

Less known: Main creditors?
- Mainly domestic banks, but also insurances, mutual funds etc.

Creditor structure has important implications for...
- Macro effects of debt (overhang)
- Transition of sudden asset losses
- Adequate policy area / measures

Need for w-t-w information

[Graph showing debt ratios as a percentage of GDP]
2. W-t-w information: Concept, compilation and dissemination

Concept: What are w-t-w information?
2. W-t-w information: Concept, compilation and dissemination

Compilation and dissemination

Compilation: main aspects

- Compilation from perspective of instruments
  (e.g. one source for shares for all sectors)

  Facilitates inter-sectoral consistency

- Use similar sources for stocks, flows & valuations
  (e.g. securities holdings statistics for debt sec.)

  Ensures stock/flow consistency

- Use comparable sources for assets & liabilities
  (e.g. securities holdings & issuance statistics)

  Ensures horizontal consistency

Bottom-up approach ensures data of high quality and reliability

Dissemination of w-t-w information

- Full data set is published online (BBk time series database)

- Selected information also published in monthly report, special statistical publication #4 etc.
3. Results and usage for monetary policy
Financial interconnectedness in Germany

**Selected results:**
- Sectors are strongly interconnected
- No. of relationships of sectors differ...
- … as well as their intensity

**Data *inter alia* used for analyses of monetary policy transmission**
- Transmission of sudden asset losses of one sector to others (asymmetric shocks)
  → different effects on aggregate demand
- Effects of interest rate changes on interaction of sectors (symmetric shocks)
- Changes in the financial system / financial intermediation (shadow banking)
Thank you very much for your attention