



Improving non-financial societies' sectoral accounts using micro-data on credit

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Introduction

- As other financial crises, the 2008 crisis revealed the increasingly needs of data from economic agents for better understanding of economic and financial imbalances.
- As a way to tackle these new information needs, G-20 Data Gaps Initiative in a recommendation propose improve the collection and availability, as possible, to complete the financial information to build the Sectoral Balance Sheets (SBS).
- However, get the data required to build SBS still represents a challenge for Central Banks and National Statistical Offices.
- In the case of Mexico, current information in the financial information model of Banco de Mexico, and forthcoming information of credit, will allows improvement of data reported to international organisms (OECD and IMF).

The Information Model at Banco de México

- Data included in the information model...

Collected by BANCO DE MEXICO, directly from the institutions Commercial banks, development banks, brokerage houses, exchange houses, other regulated financial entities.											
Other financial authorities (CNBV, CNSF, CONSAR), price vendors, securities depository, credit card switches, exchanges, etc.											
	Microdata (Transactional or very detailed information)							Aggregated (Granularity according to the type of information)			
Daily	Foreign exchange ops.	Derivatives	Securities (Repo / Buy – Sell / Security Lending)	Interbank loans	Time deposits	Credit & debit card transactions (switches)	Pension and investment funds	FX claims and liabilities	Financial products and services		
Monthly	Equities holdings	Financial fees and discount rates		Mortgages	Commercial loans	Credit bureaus		Capital adequacy (Basel III)	MXP cash transactions	USD cash transactions	Regulated intermediaries financial statements
								Liquidity (Basel III)	Demand deposits		
Bimonthly	Consumer loans (credit card, auto, personal, wage, etc.)										
Quart								Retail payment systems			
Semannual								Payment network costs			

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The Exercise

- Exploiting the richness of financial information model of Banco de Mexico, we constructed a more detailed SBS of Non-Financial Corporations in Mexico. The base of the exercise was the standard layout of SBS (proposed in the SNA 2008).
- The financial sectoral balance sheets are an important piece of information for policy makers and researchers as it summarizes the relationships and interactions between institutional sectors.
- The idea of improving information to build sectoral balance sheets has been a task on academic and policy world task for a while and still represents a challenge for Central Banks, since improvement sometimes implies fill some breakdowns, then data availability is a big issue.

The Exercise

- Currently, data available in the information model allows plenty identification of financial position from non-financial corporations with banks and brokerage houses in diverse markets: i) loans; ii) derivatives; iii) securities; iv) foreign exchange; and v) deposits.
- However, exists a data gap regarding to information of other non-banking financial intermediates (potential activities of shadow banking).
- Trying to fill this gap, the exercise considers forthcoming data of Credit Bureaus (currently Banco de Mexico is working in regulatory issues to have these data in a regular basis).
- The exercise presented takes data of December 2011 due to data availability of information of Credit Bureaus. The exercise is exploratory and preliminary; nonetheless results shown the improvement of data reported to international financial organisms and potential identification of positions faced with shadow banking activities.

Some Findings

- The breakdown of the loans on the liabilities side, allows us to observe the relative importance of financing from potential sources related with shadow banking activities.
 - Financing from other non-banking financial intermediaries represented at the end of 2011 close to 10% of banking financing.
 - Financing from non-regulated non-banking financial intermediates is more than a third of the total financing of non-banking financial intermediates.
- The issuance of debt as a “non-traditional” source of financing, at the end of 2011 ascended to 54% of banking loans.

Mexican Private Non-financial Corporations Financial Balance Sheet

December 2011. Stocks in billion pesos

Financial assets	2,421.1	Liabilities	8,823.1
Currency and deposits	1,269.9	Currency and deposits	0.0
<i>Currency</i>	251.5	Currency and deposits	
Transferable deposits	656.8	Transferable deposits	
Other deposits	361.6	Other deposits	
<i>Securities other than shares</i>	547.9	<i>Securities other than shares</i>	893.6
<i>Securities other than shares, except financial derivatives</i>	531.5	<i>Securities other than shares, except financial derivatives</i>	858.4
<i>Short-run</i>	88.1	<i>Short-run</i>	27.9
<i>Long-run</i>	443.3	<i>Long-run</i>	830.5
<i>Financial derivatives</i>	16.4	<i>Financial derivatives</i>	35.2
<i>Swaps</i>	11.3	<i>Swaps</i>	32.2
<i>Forwards</i>	4.1	<i>Forwards</i>	2.8
<i>Options</i>	1.1	<i>Options</i>	0.3
Loans	0.0	<i>Loans</i>	1,740.1
<i>Short-run</i>		<i>Banking</i>	1,579.3
<i>Long-run</i>		<i>Short-run</i>	334.3
		<i>Long-run</i>	1,245.0
		<i>Other non-banking financial corporations</i>	160.8
		<i>Regulated</i>	98.4
		<i>Non-regulated</i>	62.3
Shares and other equity	0.0	Shares and other equity	5,703.4
Shares and other equity, except mutual funds share	0.0	Shares and other equity, except mutual funds share	5,703.4
Quoted shares		Quoted shares	5,703.4
Unquoted shares		Unquoted shares	
Other equity		Other equity	
Mutual funds share		Mutual funds share	
Insurance technical reserves	0.0	Insurance technical reserves	0.0
Net equity of households in technical reserves	0.0	Net equity of households in technical reserves	0.0
In life insurance reserves		In life insurance reserves	
In pension funds		In pension funds	
Prepayments of premiums & reserves for outstanding claims		Prepayments of premiums & reserves for outstanding claims	
Other accounts receivable	603.3	<i>Other accounts payable</i>	450.8
Trade credits and advances	603.3	<i>Trade credits and advances</i>	326.2
Other		<i>Other</i>	124.6

Final Remarks

- What can we extract from this exercise?
 - First, it represents an advance regarding data reported to some international organisms;
 - Second, it explores the use of new data sources and as result, it shows the usefulness of potential new information; and
 - Third, even though limitations, potential uses of this analytical tool are shown.
- The exercise shows some weakness and data gaps on the financial information model of Banco de Mexico; among others, could be useful to:
 - Get detailed information on terms of all instruments reported on the SBS, these data could help to improve analysis about risks taken by firms and their creditors; and
 - Improve the breakdown of information reported by financial intermediaries to identify size of non-financial corporations.



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