Discussant comments on session STCPM62:
Data issues related to the financial crisis

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Filipa Lima from the Bank of Portugal explained in detail the measurement of credit risk transfers. Several international initiatives triggered by the financial turmoil are about to come to fruition. Data reporting on securitisation by banks and financial vehicle corporations will soon begin in the euro area. Their gross positions/flows in financial derivatives will be identified. The BIS statistics already contain some derivative data but new statistics on the credit default swap data will also be compiled.

Filipa Lima expressed the view that the way forward should not necessarily rely only on gathering new information about credit risk transfer activities or on restraining those activities through heavier regulation, but rather on exploring the largely unused potential of existing data sources, such as administrative micro data.

Data collected for on-site monitoring could be potential data sources for financial statistics. In light of the financial crisis, data on the holdings of structured financed products have been collected in many countries. Those data, however, cannot easily be used for the purpose of compiling statistics due to their confidential nature. In addition, there is a lack of momentum in compiling comprehensive statistics for financial vehicle corporations and the securitisation market due to resource constraints. International initiatives appear to be a very useful tool in creating such momentum. Otherwise, most useful data remains unpublished or unprepared.

The Bank of Portugal holds large databases, namely the security-by-security database, the central credit register and simplified corporate information. The cost of maintaining such databases might be a concern; in particular, the security-by-security database seems to be very expensive. In other countries, credit register databases could be operated by associations or private companies, and corporation statistics could be compiled by the central government. It will be interesting to see how much labour is necessary for the Bank of Portugal to develop and maintain its databases.

Liliana Cavieres from the Bank of Chile explained the use of databases provided by the Central Securities Depository. The institutional arrangement between the Central Securities Depository and the Bank of Chile appears to be quite relevant. The Bank of Chile receives data on ticker, value, currency, maturity, and holders every Monday. The data on the composition of holders are very comprehensive, and the data on the composition of assets by maturity, as well as that of issues by currency, are extremely useful.

At the previous International Statistical Institute (ISI) session in Lisbon, participants from the IMF advocated the use of the balance sheet approach. This approach is based on the matrix of an economy’s intersectoral asset and liability positions, which appears very similar to a stock table of flow of funds accounts or financial accounts. The information gap between the traditional flow of funds analysis and the balance sheet approach is the breakdown of currency and maturity. That breakdown is not available in enterprises’ balance sheet data and, therefore, is generally not incorporated in the flow of funds accounts. In Chile, such information is provided by the Central Securities Depository. This would facilitate the use of the balance sheet approach.

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With regard to the data of the Central Securities Depository, I would like to ask the following questions. First, to what extent is cross-classification feasible, for example, the cross-classification of holders and currency, as well as of holders and maturity? Second, are there nominee companies among the holders? For instance, if nominee companies are included in banks, the true holders might be non-residents or residents other than banks. Third, how should securities be evaluated? If they are recorded at face value, how are they converted into the book or market value?

Finally, I would like to point out that central securities depositories around the world have recently begun to exchange information and collaborate on projects. It might be useful for the group of central bank statisticians to discuss with the group of central securities depositories the issue of data needs for policy purposes.