G20 Data Gaps Initiative (DGI)
Overview of the Second Phase of the G-20 DGI (DGI-2)\(^1\)

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\(^1\) This presentation was prepared for the meeting. The views expressed are those of the author and do not necessarily reflect the views of the BIS, the IFC or the central banks and other institutions represented at the meeting.
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Yasushi Shiina, Member of Secretariat
18 March 2019

Note: This document is prepared to provide a brief overview on the status.
Outline

1. Background: G20 Data Gaps Initiative (DGI)

2. DGI-2 work in 2018

3. Next steps: DGI-2 in 2019
Background: The G20 Data Gaps Initiative (DGI)

• The 2007-08 global financial crisis highlighted the need for timely and accurate information/data for policy makers and market participants to develop effective responses to events.

• In response to the G20 request to explore data gaps and strengthen data collection, the first phase of the Data Gaps Initiative (DGI-1) was launched in October 2009 that include 20 recommendations covering:
  – the build-up of risk in the financial sector;
  – international financial network connections;
  – vulnerability of domestic economies to shocks; and
  – communication of official statistics.

• DGI-1 reccs focused on development of conceptual frameworks in areas where data collection did not exist (e.g. linkages among G-SIFIs) and improvement of data collection in areas where frameworks already existed (e.g. Financial Soundness Indicators).

• DGI-1 concluded in 2015 with most of the recommendations completed or advanced.
  – However, some areas were identified as in need of further efforts – sectoral accounts (divergence in the implementation of statistical frameworks and the need of coordination at the national-level) and government finance statistics.
An overview of the second phase of the G20 Data Gaps Initiative (DGI-2)

• The second phase of the G20 DGI (DGI-2) was launched in September 2015 to consolidate the progress made, and to promote regular data collection especially in areas conceptual frameworks have been developed.
  – 20 new/revised recommendations were developed to implement “the regular collection and dissemination of comparable, timely, integrated, high quality, and standardized statistics for policy use”.
  – The DGI-2 recs focus on: (i) monitoring risk in the financial sector; (ii) analysis of vulnerabilities, inter-connections and spillovers; and (iii) data sharing and communication of official statistics.

• Horizon for implementation is 2021.
  – As in DGI-1, main developments are reported annually to the G20 in a Progress Report prepared by the FSB Secretariat and IMF Staff, in coordination with IAG.
  – A monitoring framework (e.g. traffic lights dashboard) is in place since 2017 to keep track of the progress.

• Possible synergies with other relevant global initiatives are monitored (e.g. measurement of the digital economy, promotion of the Global LEI, adherence to the Special Data Dissemination Standard Plus, dialogue with the G20 IFA WG).
## Overview of G20 DGI-2 Recommendations

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- Recommendations that are completed based on the targets that were introduced in 2014.
- Recommendations where significant progress was made and are close to completion pending participation by all G-20.
- Recommendations where progress was slow.

*Indicates priority areas identified by the G-20 economies and international agencies in 2015.

Source: Heath and Bese Goksu (2016) and FSB Secretariat and IMF Staff (2015).
Common priorities of the G20 DGI-2 recommendations

- Disseminating consistent and comparable Financial Soundness Indicators. [Rec II.2]

- Ensuring regular collection of the International Banking Statistics and the Coordinated Portfolio Investment Survey. [Recs II.11-12]

- Providing consistent securities statistics. [Rec II.7]

- Improving the availability of sectoral accounts data. [Rec II.8]

- Disseminating timely and comparable general government operations and debt data. [Recs II.15-16]
DGI-2 work in 2018

- **DGI-2 Annual Global Conference and thematic workshops**
  - Annual Global Conference (Basel, 30-31 May 2018)
  - Three thematic workshops (January – March 2018):
    - Residential/Commercial property price indexes (Recs. II.17-18)
    - Institutional sector accounts (Rec. II.8)
    - Securities statistics (Rec. II.7)

- **Technical-level meetings** are also held to take forward some DGI-2 recommendations (e.g. Rec. II.5 on Non-Bank Financial Intermediation (NBFI), Rec II.6 on OTC derivatives)

- **Dissemination of reporting guidelines/templates and technical guidance** for several DGI-2 recommendations (e.g. Reporting Guidelines on securities financing data (Rec II.5); technical guidance on UTI/UPI* (Rec II.6).

*: UTI is Unique Transaction Identifier and UPI is Unique Product Identifier.
Source: FSB Secretariat and IMF Staff (2018)
Main findings from the DGI-2 work in 2018

- Main findings from the 2018 progress report on the implementation of DGI-2 recommendations include the followings:
  - Considerable progress was made by the DGI-2 participating economies during its second year. This includes, among others, NBFI monitoring, reporting of G-SIBs data, improved sectoral accounts data (coverage, timeliness, periodicity). All G20 now report their International Investor Position (IIP) quarterly and core Coordinated Portfolio Investment Survey (CPIS) data semi-annually.
  - Key challenges remain and high-level political support is crucial to overcome them. Such challenges include: adequate resource allocation (e.g. skills, IT); appropriate infrastructure for data access and data sharing; as well as strengthened inter-agency coordination at the national level.
  - In terms of specific DGI-2 recommendations, some key challenges remain, for example, with the compilation of quarterly institutional sectoral accounts, government deficit and debt, IIP currency breakdown for non-financial corporations, identification of other financial corporations in the IIP and NBFI monitoring, and commercial property price index.
  - Overcoming these challenges is key to further advancement with DGI-2 implementation.
  - Further progress in implementing the DGI-2 is expected from the participating economies.

Source: FSB Secretariat and IMF Staff (2018)
Rec. II.8 Sectoral accounts: As in 2017, further progress is expected for countries with less developed statistical systems.

Rec. II.9 Household distributional information: Progress is yet to be made as sources and compilation methods are under development.

Rec. II.10 International Investment Position (IIP): 6 economies are reporting the currency composition data.

Rec. II.18 Commercial Property Price Index (CPPI): No harmonised methodological framework nor detailed methodological guidance available yet.

Rec. II.18 CPPI: Action plan still to be elaborated.

Source: FSB Secretariat and IMF Staff (2018)
Next steps: DGI-2 work in 2019

- FSB and IMF, in coordination with the IAG and in consultation with the participating economies, are preparing the fourth Progress Report for submission to the G-20 in October 2019.
  - As in previous Reports, the 2019 Report will be based on survey responses and inputs from DGI-2 participating economies and IAG members.

- To facilitate progress in implementing the challenging DGI-2 recommendations, the DGI-2 work programme in 2019 include:
  - thematic workshops (on CPPI, sectoral accounts, and government finance and debt statistics);
  - other technical-level workshops and meetings (e.g. FSB-BIS workshop on securities financing data collection and aggregation); and
  - the annual DGI Global Conference.

- Dialogue with the potential users of data is essential and will aim to enhance the relevance of the DGI-2.
Using financial sector balance sheet data for NBFI monitoring (1)

Source: FSB (2019)
Using financial sector balance sheet data for NBFI monitoring (2)

Risk metrics for finance companies

Exhibit 4-19

Selected risk metrics

MT2 vs leverage

At end-2017. Each blue dot represents a jurisdiction’s overall metric, with total sample size denoted in parentheses below the risk metric label on the x-axis. Each jurisdiction’s data submission reflects data from many individual entities within that jurisdiction.  

\[ C1 = \text{credit assets / total financial assets; } C2 = \text{loans / total financial assets; } C3 = (\text{credit assets + credit off balance sheet exposures}) / (\text{AUM + total off balance sheet exposures}) \]

\[ MT1 = (\text{long-term assets - long-term liabilities - equity}) / \text{total financial assets; } MT2 = \text{short-term liabilities [\leq 12 months]} / \text{short-term assets [\leq 12 months]; } MT3 = \text{short-term liabilities [\leq 30 days]} / \text{short-term assets [\leq 3 months]; } \]

\[ LT1 = (\text{total financial assets - liquid assets [narrow] + short-term liabilities [\leq 30 days]}) / \text{total financial assets; } LT2 = (\text{total financial assets - liquid assets [broad] + short-term liabilities [\leq 30 days]}) / \text{total financial assets; } LT3 = \text{short-term liabilities [\leq 30 days]} / \text{liquid assets [broad]; } CRT = \text{credit off balance sheet exposures / (total financial assets + total off balance sheet exposures); } \]

\[ L1 \text{ (Leverage 1) = total financial assets / equity; } L2 = (\text{total financial assets + total off balance sheet exposures}) / \text{equity. Some risk metrics included data from entities prudentially consolidated into banking groups, as some jurisdictions’ granular data do not distinguish between consolidated and non-consolidated entities.} \]

Sources: Jurisdictions’ 2018 submissions (national sectoral balance sheet and other data); FSB calculations.

Source: FSB (2019)
Using financial sector balance sheet data for NBFI monitoring (3)

Interconnectedness among sectors

Aggregate linkages among sectors

Aggregate linkages, as a per cent of financial assets

Borrowing and funding centrality, and linkages as a percentage of total linkages

<table>
<thead>
<tr>
<th></th>
<th>Funding centrality</th>
<th>Total claims over total linkages (%)</th>
<th>Borrowing centrality</th>
<th>Total liabilities over total linkages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>0.32</td>
<td>0.33</td>
<td>0.43</td>
<td>0.35</td>
</tr>
<tr>
<td>Insurance corporations</td>
<td>0.13</td>
<td>0.13</td>
<td>0.01</td>
<td>0.04</td>
</tr>
<tr>
<td>OFIs</td>
<td>0.37</td>
<td>0.36</td>
<td>0.55</td>
<td>0.61</td>
</tr>
<tr>
<td>Pension funds</td>
<td>0.18</td>
<td>0.19</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

1 This exhibit illustrates high-level observations from the analysis of interconnectedness between banks, OFIs, pension funds and insurance corporations. The thickness of the arrows reflects the absolute size of the exposures from a certain financial sector to the other. Cross-border exposures are not included (discussed in more detail in Section 3.4).

2 This matrix shows X’s claims on and liabilities to Y, measured as a % of X’s assets. Data were aggregated across jurisdictions where both linkage and asset data are available.

3 Funding and borrowing centrality measured as the left- and right eigenvectors of the aggregated whom-to-whom matrix. The output is normalised. Cross-border exposures are not taken into account. The computed measures do not capture risks from indirect interconnectedness and do not take into account important qualitative aspects, such as the difference between secured and unsecured liabilities.

4 Sources: Jurisdictions’ 2018 submissions (national sectoral balance sheet and other data); FSB calculations.

Reference:
FSB (2019)
Cross border interconnectedness

Aggregate exposures between financial intermediaries and the rest of the world (RoW)

OFIs’ cross-border interconnectedness, at end-2017

Source: FSB (2019)

1 RoW exposure is the aggregate cross-border exposures reported by 21 jurisdictions and the euro area, where data were available. This exhibit illustrates high-level observations from the analysis of the cross-border linkages of OFIs, pension funds and insurance corporations. The thickness of the arrows reflects the absolute size of the cross-border exposures from a certain financial sector. 2 OFIs’ exposures to the rest of the world as a share of OFI assets. 3 OFIs’ liabilities to the rest of the world as a share of OFI assets. This figure is not available for CH, and was reported as zero by AR and MX.

SOuces: Jurisdictions’ 2018 submissions (national sectoral balance sheet and other data); FSB calculations.