

MFI statistical reporting and EDP statistics

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Frankfurt am Main, 13 November 2018

CMFB Workshop on the classification of development banks



BANCO DE
PORTUGAL
EUROSYSTEM



Agenda

1. Banco de Portugal role in the compilation of EDP statistics
2. MFI statistical reporting as a source for the compilation of EDP statistics
3. Classification of entities – some examples
4. Concluding remarks

1. Banco de Portugal role in the compilation of EDP Statistics (1/2)



● Organic Law of Banco de Portugal

● The National Statistical System Law

● Protocol on national accounts signed between the Bank of Portugal and the National Statistics Institute (1998)

● **Institutional Cooperation Agreement in the Field of General Government statistics (2017)**

Coordination of statistical activities in the field of general government:

- Delimitation of the **GENERAL GOVERNMENT UNIVERSE**
- Compilation of **ANNUAL AND QUARTERLY ACCOUNTS**
- Compilation of **MAASTRICHT DEBT**
- Follow up of the **Excessive Deficit Procedure (EDP)**

GOAL: to contribute to the high quality of General Government statistics through the development of institutional cooperation mechanisms between the 13 signatory entities



1. Banco de Portugal role in the compilation of EDP statistics (2/2)

MAIN RESPONSIBILITIES

● Financial Accounts

● EDP statistics

Annex 1

Table 1: Reporting of government debt

Tables 3A to 3E: Stock-flow adjustment and the consolidation of debt (general government and general government subsectors)

Table 4: Provision of other data:

1. Trade credits
2. Differences between the face value and the present value of government debt

Annex 3 – partial contribution to the following tables

Table 1: Revision of general government consolidated gross debt

Table 4: Breakdown of other accounts receivable/payable (F.8) reported in EDP tables

Table 6: Recording of EU flows in EDP tables

Table 7: Military equipment expenditure (weapons and supporting equipment)

Table 8: Central government claims, debt cancellation

Table 9: Guarantees recording

Table 10: Capital injections, superdividends and privatisations

Annex 5

Supplementary table on government interventions to support financial institutions

Participation in other tasks

Clarification requests in the context of EDP Notifications

Dialogue visits



HOW DO WE GET THE DATA

TO COMPILE GENERAL

GOVERNMENT FINANCIAL

ACCOUNTS AND DEBT ?

- **Main sources are internal** to Banco de Portugal:



Monetary and Financial Statistics and Central Credit Register

Loans and deposits vis-à-vis MFI

Financial products issued by the Treasury and held by public entities

Loans granted by the Treasury



Balance of Payments Statistics



Securities Statistics

Issuances and portfolios



Central Balance Sheet Database

Own funds

- **Main external sources:**



Portuguese Treasury and Debt Management Agency



Regional statistical services of the Azores and Madeira



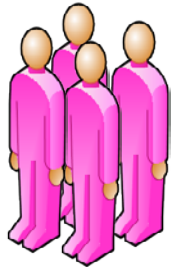
National Statistics Institute



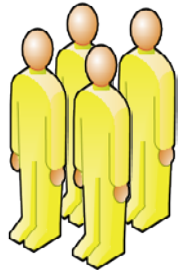
Directorate-General for the Treasury and for Finance



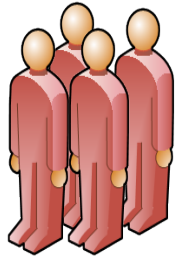
Organization of the compilation of Financial Accounts @BdP: MULTIDISCIPLINARY TEAM



MFI statistics



OFIFA statistics



BoP / IIP statistics

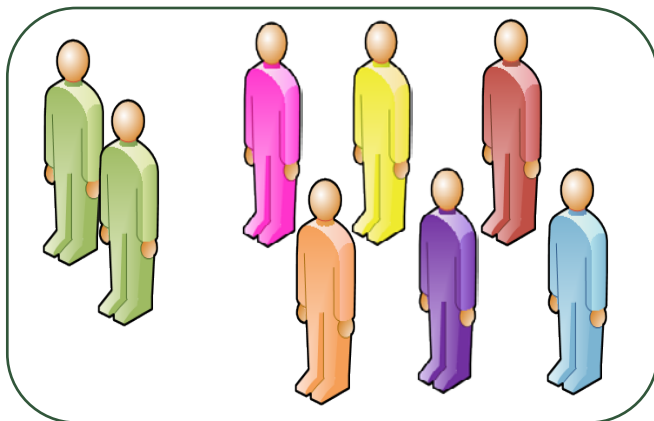


CBS statistics



Securities statistics

Financial accounts



Public finance statistics

Advantages +

More resources allocated to financial accounts compilation

Shared responsibility within teams

- Other team members become stakeholders
- Financial accounts no longer a “client”

Quality enhancement



Monetary and Financial Statistics – a source based on aggregated data



HOW TO ENSURE THAT THE
AGGREGATED REPORTING BY
THE DISTINCT MFIs MEETS
HARMONIZED CRITERIA ?

- By **PUBLISHING THE LIST OF ENTITIES** for statistical purposes, in particular for **General Government** and for **Entities from the Public Sector**, excluding the General Government
- **COMPARING WITH MICRO DATA**, in particular **data on loans from CCR**
- With **QUALITY CONTROL** on the reported information: banks should identify entities that are responsible for the largest monthly variations



2. MFI statistical reporting as a source for the compilation of EDP statistics

(4/5)



Statistics > Statistical quality > List of entities for statistical purposes

List of institutions for statistical purposes

Operations reported to Banco de Portugal for statistical purposes cover the following type of counterparties, classified by institutional sector.

For further information see [explanatory note on the list of entities for statistical purposes – ESA 2010](#).

Institutional sector

- Financial Institutions (September 2018) - [xls file](#)
- General Government (September 2018) - [xls file](#)
- Entities from the Public Sector, excluding the General Government (September 2018) - [xls file](#)

- ✓ Important for supporting the correct **statistical classification**, by institutional sector, of counterparties in operations that are reported to BdP: **MFI, BoP**, etc.
- ✓ Important for an **harmonized** classification of the entities
- ✓ Useful for the **public** in general



RECLASSIFICATIONS to be effective

for the whole time range:

MICRODATA 

MFI statistics \neq EDP statistics

Imputed loans: refinancing of trade credits through financial institutions (e.g. FACTORING WITHOUT RECOURSE)

MFI statistics = EDP statistics



CAPITAL INJECTIONS by General Government reclassified to capital transfers

MFI statistics \neq EDP statistics

Imputed loans: OFF-MARKET SWAPS AND DEBT ASSUMPTIONS by General Government

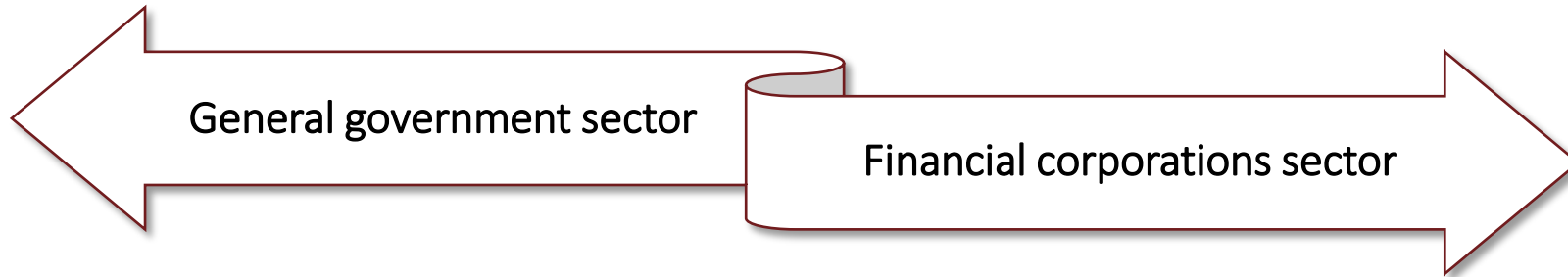
MFI statistics \neq EDP statistics



Borderline cases



Non-market producers units



Market producers



Autonomy of decision?

a) Entitled to own goods and assets in its own right; b) able to take economic decisions and engage in economic activities for which it is responsible and accountable at law; c) able to incur liabilities on its own behalf, to take on other obligations or further commitments and to enter into contracts; d) able to draw up a complete set of accounts



Resident? Household?



Non-market producer?



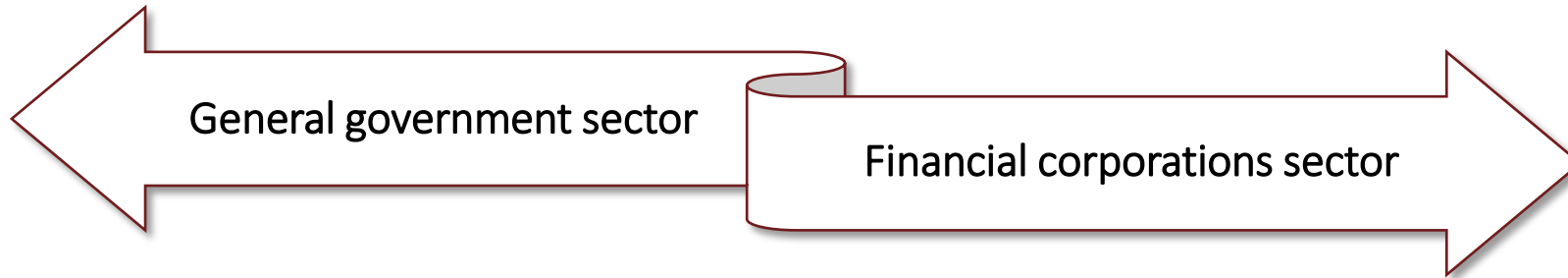
DOES THE UNIT PRODUCE FINANCIAL SERVICES?



Borderline cases



Non-market producers units



Market producers

Financial intermediaries:

- Channel and transform funds from entities with a surplus of financial means to entities that need financing
- Act on the market, ie, they act with the public or large subgroups and not with limited groups of economic agents
- Place themselves at risk by acquiring assets and incurring liabilities on their own account



Order Development Examples Institutional Portugal

- ✓ **Main goal:** to channel public financial resources, preferentially leveraged by private co-financing (in particular via equity/quasi-equity and mid to long-term debt), so that “viable” SME may finance their investments, while developing their activity in industries concerning tradable goods or services, start-ups, growth or transfer of ownership stages
- ✓ Created on the 21st of October of 2014 by the Decree-Law No. 155/2014
- ✓ IFD is a State-owned financial company
- ✓ **Main financing source:** Equity capital

Basis for the ESA sector classification

Analysis:
Legislation and Annual Reports



Conclusion:
IFD is considered as a government controlled captive financial institution, classified in the **General Government sector**



SPGM – Mutual Guarantee Society

- ✓ **Main goal:** mutual system to support non-financial enterprises, mostly SMEs, by providing financial guarantees in order to facilitate the access to credit and State financial support
- ✓ It also acts as a shared services' center for the mutual guarantee societies, providing non-operational services such as accounting, management of payables and receivables and legal services
- ✓ SPGM has its capital owned by public institutions and enterprises
- ✓ **Main financing source:** Equity capital

Basis for the ESA sector classification

Analysis:
Legislation and Annual Reports



Conclusion:
SPGM is considered as a government controlled captive financial institution, classified in the **General Government sector**



FCGM – Counter-Guarantee Fund

- ✓ **Main goal:** to be used by the SPGM as a counter-guarantee mechanism of the guarantees provided to SMEs
- ✓ The objective of FCGM is to guarantee the solvency of the whole system
- ✓ Very restrictive scope of operations
- ✓ **Main financing source:** Equity capital

Basis for the ESA sector classification

Analysis:

Legislation and Annual Reports



Conclusion:

FCGM, as SPGM, presents features of a captive financial institution and it is classified in the **General Government sector**



FRME – Fund for the Revitalization and Modernization of the Corporate Sector

- ✓ **Main goal:** to revitalize and modernize the corporate sector in order to reestablish the conditions of market competitiveness
- ✓ In practice, the FRME acquires a percentage of the capital in corporations in a difficult economic situation (up to 50% and to be reduced overtime)
- ✓ **Main financing source:** Equity capital

Basis for the ESA sector classification

Analysis:
Legislation and Annual Reports

The image shows two screenshots. The left one is a page of legislation in Portuguese, detailing the structure and objectives of the FRME. The right one is a financial statement table for FRME, showing Capital Social at 72,305,449,90, Valor Nominal da Participação DGT at 45,976,538,62, and % DGT at 63,65%.

Conclusion:
FRME presents features of a captive financial institution and it is classified in the **General Government sector**



4. Concluding remarks

- In Portugal, **MFI STATISTICAL REPORTING** is one of the most *important data sources for EDP* statistics compiled by Banco de Portugal
- The **PUBLICATION OF LIST OF ENTITIES** for statistical purposes, in particular for General Government and for Entities from the Public Sector, excluding the General Government, *ensures harmonized aggregated reporting* by the MFIs
- **MICRODATA**: i) facilitate the compilation of *whom-to-whom* data; and, ii) allow for the compilation of revised *time series without breaks* when the reclassification is to be effective for the whole time range
- The **RULES ON THE CLASSIFICATION** of entities established in the European framework are, in some cases, *not straightforward*, leading to different interpretations by the statistical authorities, which may be critical in some borderline cases
- **DEPENDING ON THEIR SPECIFICITIES**, entities can be classified in the financial corporations sector or in the general government sector, with significantly *different impacts in statistical aggregates*

