



EUROPEAN CENTRAL BANK

EUROSYSTEM

Anna Michalek
DGS/MOE/MONS

Session I: Institutional framework

The monetary and financial statistics framework

CMFB Workshop

Frankfurt, 13 November 2018

Overview

1 MFI statistics - principal purpose

2 Framework

3 MFI definition

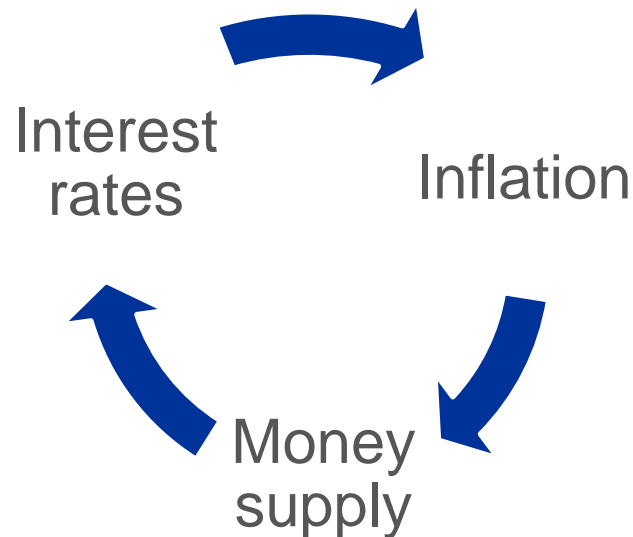
4 References to the MFI definition

5 Summary

ECB Primary objective

- The primary objective of the ECB's monetary policy is to maintain **price stability**, i.e. keeping inflation low. This is the best contribution monetary policy can make to economic growth and job creation.

*Long-run relationship between **money growth** and **inflation***



MFI statistics – principal purpose

- **MFI balance sheet statistics** (Reg. ECB/2013/33) – monetary aggregates and counterparts

Monetary aggregates comprise short-term liabilities of

- MFIs (**money-issuing sector**), central government and post office giro institutions (**money-neutral sector**)

vis-à-vis

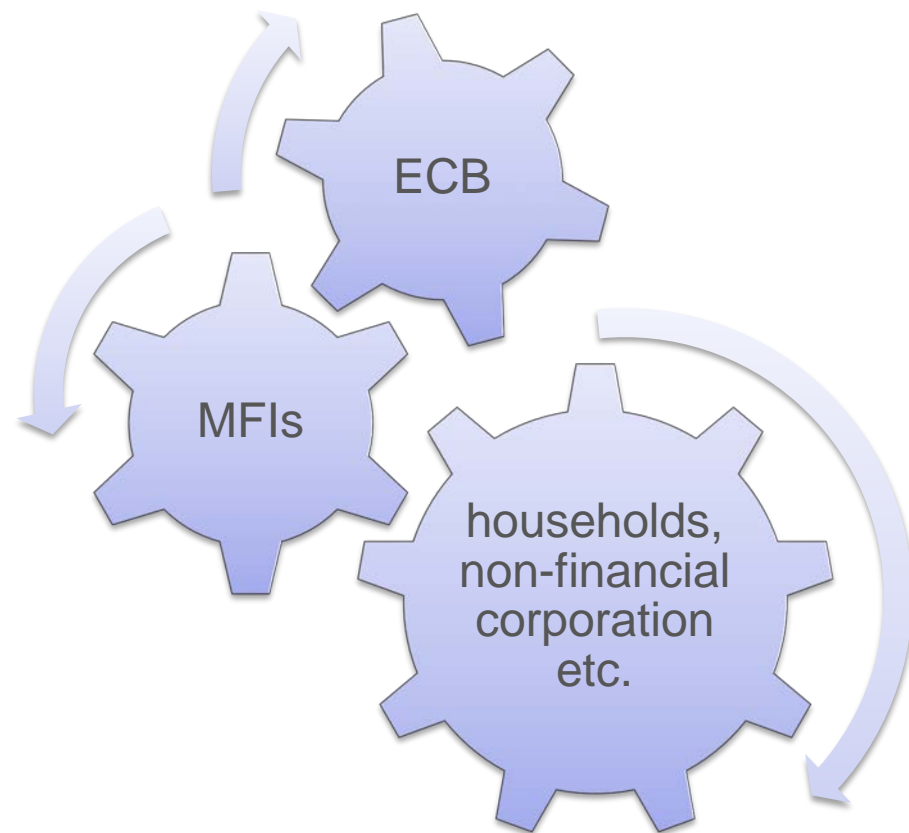
- households, non-financial corporations, other government and non-MFI financial institutions (**money-holding sector**)

- **MFI interest rate statistics** (Reg. ECB/2013/34) - interest rates that euro area deposit-taking corporations apply to deposits and loans vis-à-vis euro area households and non-financial corporations (NFCs)
 - *study the pass-through of changes in official rates and market interest rates to lending and deposit interest rates faced by households and NFCs (speed and extend)*

MFI statistics - principal purpose

Analysis of monetary developments and of the monetary policy transmission mechanism

- ECB sets interest rates in operations with MFIs
- MFIs set interest rates to households, non-financial corporations ...
- ECB monitors the pass-through mechanism, i.e. if MFIs are passing changes in interest rates to the economy (non-financial corporations, households...)



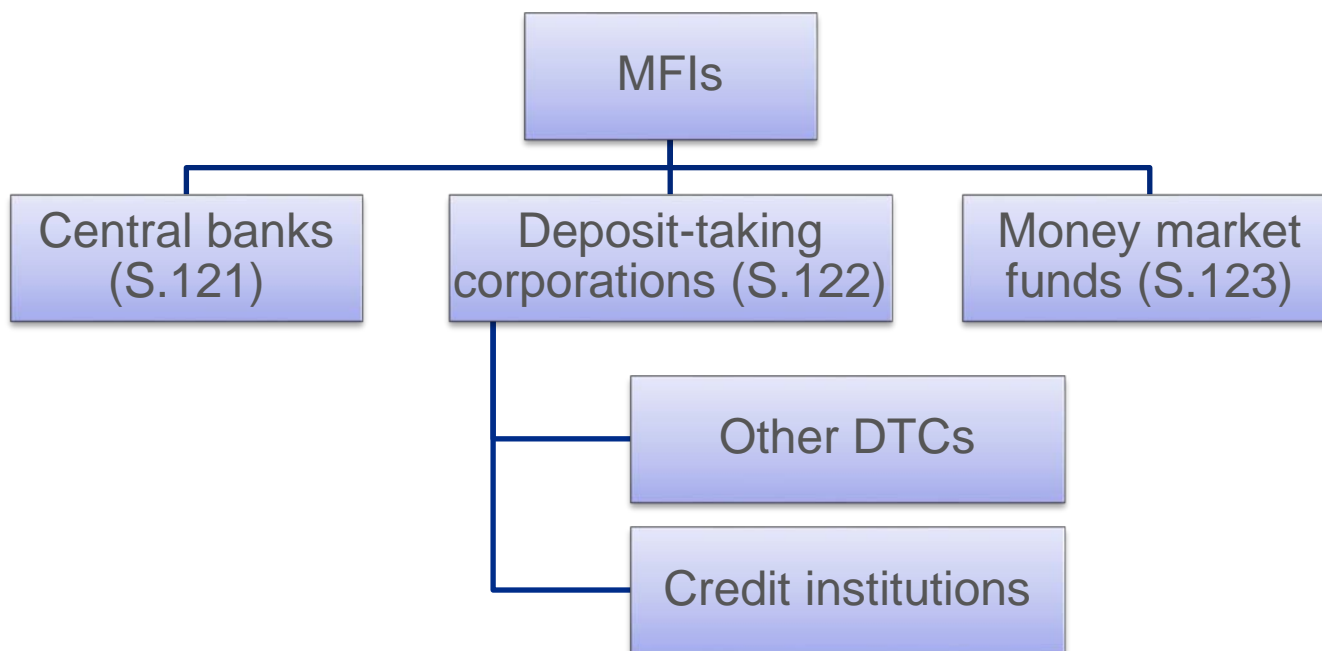
- Treaty on the Functioning of the European Union ('TFEU'): the Treaty's Protocol on the **Statute of the ESCB and of the ECB**
 - *“In order to undertake the tasks of the ESCB, the ECB, assisted by the national central banks, shall collect the necessary statistical information either from the competent national authorities or directly from economic agents.” (Article 5)*
- **Council Regulation (EC) No 2533/98**, concerning the collection of statistical information by the ECB
 - framework for the ECB's statistical work
 - underlying concepts are those set out in international statistical standards (SNA 2008, ESA 2010)
 - *“The ECB may adopt regulations for the definition and imposition of its statistical reporting requirements on the actual reporting population of participating Member States”*

Framework

- The principal aim of the definition of the monetary financial institutions (MFI) sector for statistical purposes is to provide the ECB with a comprehensive statistical picture of monetary developments in the euro area
 - ECB has established and maintains a list of MFIs
- Article 2 (2) of **Council Regulation (EC) No 2533/98** defines the reference reporting population, which “*shall comprise:*
 - (a) *legal and natural persons residing in a Member State and falling within the sector ‘financial corporations’ as defined in ESA 95;*
 - (b) *post office giro institutions residing in a Member State; ...”*
- **Regulation ECB/2013/33**, concerning the balance sheet of the monetary financial institutions sector (MFI balance sheet Regulation)
- Defines the MFI sector

MFI definition

- Article 1 of the MFI balance sheet Regulation (ECB/2013/33)



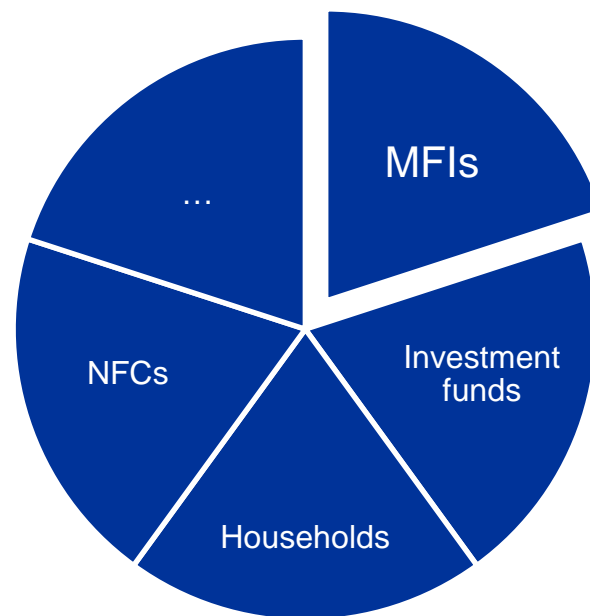
ESA 2010 paragraph 2.68: **“Other monetary financial institutions [S.122 + S.123] consist of those financial intermediaries through which the effects of the monetary policy of the central bank [S.121] are transmitted to the other entities of the economy.”**

The **deposit-taking corporations** subsector comprises:

- **credit institutions** as defined in Article 4.1(1) of the Capital Requirements Regulation (CRR)
 - *“an undertaking the business of which is to receive deposits or other repayable funds from the public and to grant credits on its own account”*
- **deposit-taking corporations other than credit institutions (e.g. credit unions)**
 - *“principally engaged in financial intermediation and whose business is to receive deposits and/or close substitutes for deposits from institutional units, not only from MFIs, [...] and for their own account, at least in economic terms, to grant loans and/or make investments in securities”;*
- **electronic money institutions**
 - *“principally engaged in financial intermediation in the form of issuing electronic money”*

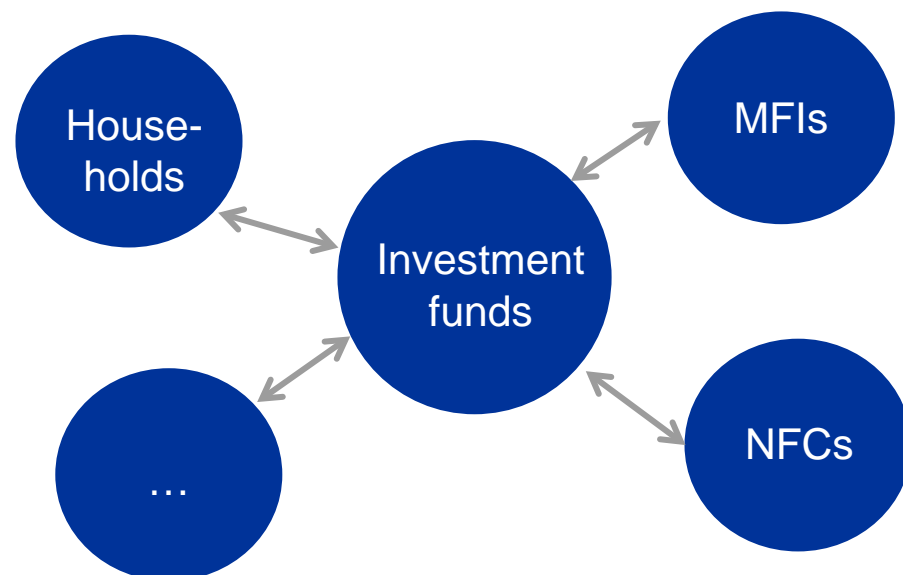
Reporting sector

- MFI interest rate statistics
ECB/2013/34
- Securities holdings statistics
ECB/2012/24
- Money market statistics
ECB/2014/48



Counterpart sector

- Financial vehicle corporations statistics
ECB/2013/40
- Investment funds statistics
ECB/2013/38
- Insurance corporations statistics
ECB/2014/50
- AnaCredit Regulation
ECB/2016/13



Summary

- The principal purpose of MFI statistics (balance sheet and interest rates) is the analysis of **monetary developments** and of the **monetary policy transmission mechanism**
 - *need for a definition of the MFI (money-issuing) sector*
- ECB can impose **statistical reporting requirements** on MFIs
- Several ECB Regulations make reference to the **MFI definition**