

Conclusions and list of actions of the CMFB plenary meetings of 27-28 January 2022

22 April 2022

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(1) CMFB Members to express interest for contributing to and/or hosting the CMFB Workshop on collaboration & exchange of business register data	18 February	Members, Secretariat
(2) Present a report of the CMFB TF Development Banks	July 2022 Plenary	Sponsors, TF Chair
(3) Present the draft final report of the CMFB Task Force on the statistics on sustainable finance and climate related risks (TF SuFiR)	July 2022 Plenary	Sponsors, TF Co-Chairs
(4) Present a progress report of the CMFB Task Force on the Exchange of Confidential Statistical Information	July 2022 Plenary	Sponsors, TF Co-Chairs

Thursday, 27 January 2022

1 ADOPTION OF THE AGENDA AND MAIN DEVELOPMENTS SINCE THE CMFB MEETINGS OF AUTUMN 2021 (CHAIR)

- (5) The Chair, Gerard Eding, welcomed participants to the 5th fully virtual CMFB meeting.
- (6) The agenda was adopted without comments.

2 WP ITEM 1 – FOSTERING AND ENHANCING THE QUALITY OF STATISTICS FOR EUROPEAN POLICIES

2.1 TF ECI – (procedural) update on second phase (Gerard Eding, Robert Kirchner)

- (7) The Chair, as Sponsor of the workstream, presented the update.
- (8) ECB DG-S appreciated the launch of the second phase, highlighted the importance of this work and welcomed the more balanced composition across the two constituencies. This work as a key ingredient for implementing the CMFB Vision on globalisation, also emphasizing that the review of framework regulations 223/2009 and 2533/98 may be an opportunity to introduce changes, therefore the timetables should be as much as possible aligned and the two systems should cooperate closely.

- (9) Further interventions welcomed the renewed TF and looked forward to results within the suggested timeline. It was recalled that the main task of the TF was to revisit the definition of confidential information and data, including as regards to extend the use of existing registers.
- (10) The Chair concluded that:
 - the CMFB welcomed the renewed TF and stressed its importance;
 - highlighted the importance of aligning with ongoing legal revisions of the applicable framework regulations as well as the need to cover register information.

2.2 Joint BOP/NA-ROW consistency report (ECB DG-S/Eurostat)

- (11) Robert Leisch (Eurostat), Martin Schmitz and Andreas Hertkorn (ECB DG-S) presented the item.
- (12) The Chair thanked for the presentation and welcomed the first joint report.
- (13) ECB DG-S warmly thanked all contributors for the joint work. The report has now homogeneous indicators and full alignment with the MIP cycle. Joint and coordinated consultation in the relevant ESS and ESCB substructures also took place. Improvements since the previous report are visible, however additional work remains to be done, ideally prior to the 2024 benchmark revision. The relevance of this issue for users remains high.
- (14) Members praised the success achieved, both as regards the joint report and the decrease in discrepancies. Several interventions highlighted work in progress activities between the NSI and NCB to reduce the existing discrepancies and further improvements are expected as a result of the ongoing developments.
- (15) The discussion enquired about the significance threshold for discrepancies, also because BOP and NA are typically compiled by different institutions. The authors clarified that the indicative threshold for absolute differences for non-financial accounts is €500 million, while the relative threshold was 0.1% of GDP. For financial accounts, the indicative threshold for transactions and positions is 1% of the respective GDP measures used.
- (16) The Chair concluded that
 - the CMFB welcomed the first joint report as an important step to increase consistency across balance of payments and national accounts;
 - the CMFB also welcomed the ongoing national initiatives aiming to further reduce discrepancies and called upon all CMFB members to take further appropriate action esp. for significant outstanding issues; if possible prior to the 2024 benchmark revision in national accounts, given the importance to the users.

2.3 Addressing FDI Asymmetries (FDI network and ARM) (ECB DG-S/Eurostat)

- (17) Carmen Picon-Aquilar (ECB DG-S) presented the update.
- (18) The Chair thanked for the presentation and expressed on behalf of the CMFB appreciation for the progress made and the important work done.
- (19) ECB DG-S complimented the collaborative efforts and the value added by the FDI Network and ARM, encouraging Members to actively use these structures.
- (20) A number of Members expressed support, confirmed appreciation and commitment towards the work steams. The efforts are highly valued by users.
- (21) The Chair concluded that the CMFB expressed full support towards the continued function and development of the FDI Network and Asymmetry Resolution Meetings. The extended participation was welcomed. The CMFB underlines the value added of these initiatives to enhance the quality of macro-economic statistics and recalls the commitment expressed. The CMFB continues to be updated on a regular basis.

2.4 Preparation of Workshop on Collaboration & exchange of business register data for statistical purposes between NSIs and NCBS – update on the organisation (Alfredo Cristobal, Eliana Psimolophites)

- (22) Sponsors updated the Committee on the preparations.
- (23) The Chair referred to the success of the 2018 CMFB Workshop of Globalisation in Vienna and encouraged Members to contribute.
- (24) Germany expressed willingness to contribute with a joint Destatis-Deutsche Bundesbank presentation.
- (25) Italy also underlined its openness to deliver a joint Banca d'Italia-ISTAT presentation in session 3.
- (26) France offered a presentation as well, concerning the cooperation agreement between Banque de France and INSEE.
- (27) Eurostat supported the programme and expressed support, including a presentation on the EGR. The widest participation of Members would be desirable, from both constituencies, and including business registers experts.
- (28) ECB DG-S also expressed full support to this important initiative.
- (29) The Chair added that the participation limit ultimately depended on the format of the meeting (physical, hybrid or virtual), but that he agrees that a wide participation would be a success factor of the workshop.
- (30) Sponsors thanked for the expressions of interest.
- (31) The Chair and Sponsors thanked Members for their offers and requested a short description of contributions to be sent per email, to the Sponsors and the CMFB Secretariat, by 18 February 2022.

2.5 Way forward with the LEI, discussion on further possible role for the CMFB (Alfredo Cristobal, Eliana Psimolophites)

- (32) Alfredo Cristobal presented an update to the Committee.
- (33) The way forward, i.e. a new CMFB opinion, received support. Potential benefits of a common international identifier for financial and non-financial entities should be particularly highlighted. A comment underlined the importance of direct involvement of national registers in the issuance of the LEI.
- (34) ECB DG-S fully supported the way forward. A new CMFB opinion recommending a broad use of the LEI is a good follow up to the 2016 CMFB opinion on business identifiers and business registers and the ESRB recommendation/occasional paper on the topic.
- (35) Sponsors thanked for the support by the Committee.
- (36) The Chair concluded that the CMFB fully supported the proposed way forward, the first draft of an opinion would be discussed at the forthcoming CMFB EB meetings and a broader discussion will take place at the July 2022 CMFB meeting.

3 WP ITEM 2 – EXPLORING NEW STATISTICAL DEVELOPMENTS AND NEW USER NEEDS

3.1 Sustainable finance – TF SuFiR – (procedural) update on second phase (Alfredo Cristobal, Robert Kirchner)

- (37) The TF co-chairs presented the item.
- (38) The Chair thanked for the presentation and praised the numerous achievements over the short period since the start of the second phase of the TF.

- (39) Members appreciated the efforts, supported the road map and recalled the importance of liaising with the NGFS secretariat. The international consultation on the Central Product Classification review was referred to as important for topics such as climate and fintech and participation was encouraged. Further comments also underlined the importance of this work from the user perspective, referring both to the links with NGFS and the non-financial perspective.
- (40) A question was raised as regards the state-of-play on investigating sources of insurance data to approximate economic losses. The co-chairs responded that this undertaking was limited to the data sources as spelled out in the mandate, and this issue remained out of scope at the time.
- (41) The Chair concluded that:
 - The CMFB thanked for the excellent presentation and progress, and was looking forward to the midterm report and continued discussion in July 2022.

3.2 Promotion of international initiatives – Update on the New Data Gaps Initiative (IMF)

- (42) Mr Gabriel Quiros (Deputy Director, IMF Statistics Department) delivered a presentation. The Chair thanked for the comprehensive exposé.
- (43) There was broad consensus that the objectives were both highly relevant and most challenging. All data available should be carefully taken care of and used to the extent possible.
- (44) ECB DG-S added that an internal user consultation confirmed the relevance of the topics addressed by the draft recommendations. The ECB remains committed to contributing to the success of the new DGI.
- (45) A comment noted that financial inclusiveness had been transformed into a separate recommendation and proposed further work on the particular drafting.
- (46) The presenter confirmed that all existing data sources would be combined with new methodologies and used to their fullest potential, in close cooperation with international organisations. Concerning the consultation with policy users, the IMF continues to receive new requests to the draft new DGI work programme that was already considered to be overloaded by data producers, new ambitions should be kept at bay. The recommendation on financial inclusiveness remained in the focus of the Indonesian G20 Presidency and further work would be done on this issue. Second best targets (i.e. the new terminology) would also be formulated so that they remain achievable for most economies.
- (47) The Chair thanked Mr Quiros for the presentation and concluded that the Initiative was highly appreciated by the CMFB members. The CMFB will continue to offer the room for reporting on the progress of the new DGI.

4 WP ITEM 3 – STATISTICAL POLICY, METHODOLOGY AND (NEW) INTERNATIONAL STANDARDS

4.1 Review and implementation of international standards – update process new SNA/BPM (ECB DG-S/Eurostat)

- (48) John Verrinder (Eurostat) and Celestino Giron (ECB DG-S) updated on the review process. The Chair thanked for the excellent presentation.
- (49) The discussion raised the issue of the future of the nationality concept in macroeconomic statistics, given that the Guidance Note (GN) on the topic has been removed from the research agenda of the BPM; members would welcome work on supplementary tables and experimental statistics. ECB DG-S confirmed that even though the GN on nationality concept has been removed from the BPM research agenda, other GNs have discussed the issue. The presenters indicated that the recommendations put forward in those other GNs (e.g. GNs on MNEs and SPEs) was not to change the core role of the residency concept in national accounts, but supplement this information with a new framework for countries where MNEs play a particularly important role (e.g. as regards SPEs).

- (50) The Chair concluded that the CMFB appreciated the update and encouraged its Members to actively participate in the consultations and testing phases.

4.2 Harmonised European Revision Policies and Transmission Programs – update on the review of the ESA2010 TP (Eurostat)

- (51) Eurostat updated the Committee on the new ESA Transmission Programme and the upcoming benchmark revision. The Chair appreciated the debriefing.
- (52) ECB DG-S highlighted the need for further harmonisation of revision practices and appreciated the recurring item on the CMFB agenda. ECB DG-S also welcomed the review of the ESA 2020 Transmission Programme, though compromises had to be made regarding the accommodation of additional user needs. The formal consultation of the ECB had just been received; an opinion will be prepared for adoption by the ECB Governing Council.
- (53) Members referred to an intensive and good consultation process over 2021. The French Presidency attached high priority to the dossier. A number of issues were raised by the Member States in the written consultation regarding the requirements for metadata, the need to advance the reporting deadlines to t+85 for non-euro area countries, the notion of significant differences, timing of the adoption for COICOP and the newly introduced items in the Table 28A. For the latter, some Members noted that as a similar table is already being provided by NCBs to the ECB and it might seem a duplication. It was argued that this request had been added late in the process and could stay voluntary.
- (54) Eurostat responded, among others, that table 28A (debt structure) was under discussion internally and a Council discussion was also foreseen.
- (55) The Chair thanked for the presentation and the clear overview.

4.3 Timetable for the 2022 ESS-ESCB quality assessment report on statistics underlying the MIP Scoreboard, for information (ECB DG-S/Eurostat)

- (56) Eurostat briefly outlined the launch of the process, which would work along a well-established path of cooperation.
- (57) The Chair thanked for the update and, in the absence of comments, concluded that the work is an important part of the CMFB work programme and that the CMFB would continue to cooperate in the production of the report.

4.4 Regular update on EDP/GFS issues and the new 2022 version of the MGDD (Eurostat)

- (58) Eurostat delivered the presentation.
- (59) The CMFB thanked for the regular update, the discussion on the procedure and the drafting of best practices for EDP visits. For the MGDD update a CMFB consultation is foreseen in 2022, the modalities will be further discussed in the CMFB EB meetings. The CMFB will be duly informed on the timetable.

4.5 Progress report and way forward of CMFB TF Development Banks (Eurostat)

- (60) Members welcomed the progress achieved by the TF, and noted the points of disagreement concerning the classification criteria.
- (61) The discussion also referred to the initial mandate of the TF. Some members expressed concerns about the group possibly going beyond its mandate by working on the classification of a broader set of entities. According to the mandate, the TF should focus on guidance on several issues related to development banks rather than for the classification of public financial corporations in general (also in the light of specific experience available to the TF).
- (62) A Member highlighted that the general government is one sector of the economy and an appropriate balance should be found as regards the classification rules vis-à-vis other sectors, including the role of the ECB's MFI list for the classification of financial institutions.

- (63) Two comments recalled that different reading of the ESA 2010 Regulation may not easily pave a way for a broad consensus, however in some narrower areas, such as rearrangements and rerouting, substantive progress may be possible.
- (64) ECB DG-S thanked for the presentation and appreciated the achievements, nevertheless some core questions are still open. The TF should remain within its mandate and moving the focus to rerouting and rearrangements could help to find consensus. Overly focusing on classification issues is not only at odds with the mandate but may also render the issues way too complex and cost undue effort to find agreement in the TF. The TF should remain within the remit of ESA 2010, also abstaining from introducing operational criteria which would constitute a significant new interpretation of the ESA (e.g. on profit making). Moreover, the section dealing with MFIs should be further improved.
- (65) Eurostat clarified that the TF's work was not intended to become a new chapter in the MGDD, however if a consensus on certain aspects is reached some further clarifications might be added to the existing MGDD text. The CMFB shall receive a written report of the TF's activities. The implied primacy of the ECB for the classification of financial entities would, according to Eurostat, lead us back to the earlier discussion on the decisive role of the MFI list, which is not in-line with national accounts criteria. The importance of this issue is also highlighted now by the fact that, for the euro area, it is the newly created banking supervision authority (the Single Supervisory Mechanism) who decides on whether to provide banking licences to entities and, hence, determining whether an entity should be on the MFI list or not, and not the national central banks anymore.¹ Additionally, the TF has now moderated its ambitions, only focusing on S.12 vs S.13 delineation, and not taking into account subsectors, and this was already reflected in the simplified decision tree, where only a delineation between S.13 and S.12 is made, and not a delineation among all sub-sectors of S.12 as earlier done. Besides, the TF was working on rerouting issues as well. Eurostat confirmed that ESA 2010 was indeed the basis of its work, in particular for interpretation issues. Moreover, the TF is working fully within its original mandate and not at all focusing exclusively on reclassification issues as evident in the paper being prepared by the TF.
- (66) The Chair concluded that:
- the CMFB expressed its appreciation for the good and significant progress made, and acknowledged the delicate and complex nature of the issues,
 - the CMFB EB will reflect further on the way forward and the timetable, including the presentation to the July 2022 CMFB plenary and a possible 2nd phase. A distinction between topics for which an agreement of experts a) was achieved, b) seems not to be possible for the near future, and c) topics that would deserve further investigation could be a way forward for structuring the results in the report.

4.6 Update on EDP (COVID-19) methodological issues (Eurostat)

- (67) The Chair thanked Eurostat for presenting the update.
- (68) ECB DG-S thanked Eurostat for the presentation and countries for compiling the COVID templates and RRF tables, and for agreeing to share them with ESCB users under embargo restrictions. These were considered of high policy relevance, and further improvements would be highly appreciated as regards quality, coverage and accessibility.

¹ The SSM is comprised of the ECB and national competent authorities (MCAs). Eventually, the ECB has the role to grant or withdraw banking licences.

5 WP ITEM 4 – OTHER DEVELOPMENTS OF INTEREST TO THE CMFB

5.1 Update on the NACE revision (Ursula Havel, Germain Stammet, Eurostat)

(69) The Eurostat presentation was distributed to Members after the meeting.

5.3 Fintech in ISIC and NACE – ideas and tentative counts for Germany and Spain (Banco de España, Deutsche Bundesbank)

(70) Luis Ángel Maza (Banco de España) and Ulf von Kalckreuth (Deutsche Bundesbank) presented the item. As the work of a larger group of Eurosystem statisticians, they illustrated that important segments of fintech activity can be categorised and that they often represent genuinely new activities. The relevance of fintech firms in those proposed novel categories was empirically demonstrated by the number of enterprises and turnover in Germany and Spain. The figures presented were underestimated since they are based on incomplete collection of publicly available data. Official figures are missing. The new NACE was seen as an opportunity helping to overcome the problems. The Chair and the Committee welcomed the contribution.

(71) Many members shared the findings of the presentation. Furthermore, members discussed the reasons for the difficulties in covering Fintech activities in the various classifications, also underlining its significance and the relevance of their appropriate treatment in ISIC/ NACE. At the same time, it was noted that not all activities performed by fintechs were entirely new, but sometimes rather old activities performed in a new way, and that therefore not always a new entry in the activities classifications is required.

(72) ECB DG-S thanked for the presentation, underlining the importance of fintechs and other financial issues and encouraging Members, in particular NCBs, to contribute to the ISIC/NACE consultations in this respect. The links with some items in the BPM/SNA research agenda (e.g. cryptoassets) and the importance of the update of the NACE explanatory notes was also emphasised.

(73) Eurostat informed the Committee that NACE will not diverge from ISIC on the high hierarchical-level, and that the intention is to have the NACE structure finalised in the first half of 2022. After that the review of the products classifications (CPC/CPA), where Fintech may also have a significant impact, will be launched

(74) The Chair thanked the awareness brought by the presentation and appreciated the interest of CMFB Members in this dossier. The CMFB will continue to monitor the process.

5.2 HICP and owner-occupied housing; procedural update on the ESSC response, for information (ECB DG-S/Eurostat)

(75) Eurostat provided a presentation, with a focus on a new ESS Task Force to develop the public ESS response, to be concluded by June 2022.

(76) ECB DG-S welcomed the presentation and stressed the importance of this task given that not addressing the role of housing in the measurement of inflation would undermine the credibility of HICP. ECB DG-S expressed strong support for the ESS efforts and emphasized the importance of close cooperation.

(77) The discussion expressed full support for this work. Reference was also made to the Price-setting Microdata Analysis Network (PRISMA) that was set up in 2018 by ESCB to deepen the understanding of price-setting behaviour and inflation dynamics in the EU, with a view to gaining new insights into a key element of monetary policy transmission. Better accessibility to micro data on prices would be very useful to for this undertaking. This may be further investigated as an example in the CMFB TF ECI II.

(78) Some doubts surfaced as regards conceptual issues, i.e. the proper separation of the investment component in housing costs, as well as the purchases made by non-residents. The HICP and, at

national level, the CPI are also important for uses beyond monetary policy, such as wage and contract indexation, including their use in court proceedings.

- (79) Eurostat thanked for the comments made and concerns raised. National accounts experts shall participate to the TF and related issues shall be examined in detail, including conceptual questions related to the net acquisition and rental equivalent approaches.
- (80) The Chair thanked for the presentation and emphasised the interest that CMFB had on the topic, looking forward to the discussion in the July 2022 plenary meeting.

6 ANY OTHER BUSINESS

6.1 Planning and organisation of the 2022 plenaries (Chair)

The Chair confirmed that the next meeting will take place on 30th June and 1st July 2022, back-to-back with the CMFB Workshop on Registers (29th June). The CMFB was still open to discuss hosting arrangements and he recalled the call for interest to host the workshop and next plenary meeting.