Improvement of data sources for financial accounts (activity A5)

הלשכה המרכזית לסטטיסטיקה
Central Bureau of Statistics
دائرة الإحصاء المركزية

It's All in the Numbers

Terms of Reference

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- **Purpose of the activity:**

   Follow up on work done on data sources for
   financial accounts. Evaluation of alternative
   sources and methods.

- **Expected output of the activity:**

   Report with recommendations and work plans
   regarding the new data sources and methods for their
   treatment and integration into the financial accounts.

Content

- Cooperation with the Central Bank.
- New calculation methods.
- New use of already available data.
- Unresolved issues.
- The way forward.

Short reminder…

> **Transaction = changes in the balance sheet – value changes - other changes in the volume of assets**

- Use of the changes in the balance sheets of a specific asset and an estimate of the revaluation based on the exchange rate or total return index of bonds and shares.

- The **GOAL** - **to improve the transactions** either by collecting direct data or improving the methods of calculation.

Cooperation with the Central Bank

- A document has been prepared and sent to the BoI in October 2013.

  - including information about the importance and uses of financial statistics, an overview of the CBS financial statistics and the requests of the CBS to the BoI (data that can improve the quality of the Financial Accounts).

- A meeting was held in February to discuss the main points raised in the document.

Cooperation with the Central Bank

Main decisions obtained :

- It has been agreed not to collect data on transactions, but to try and improve the position data.

- Collection of detailed data of the securities in custody from the commercial banking system (balance). The data should be obtained for each security, allowing to identify the issuer and the holder.

  The issue will be discussed as part of the bank's work plans for 2015.

Cooperation with the Central Bank

- The data currently available about the securities in custody in not satisfactory enough (only one total number exists, which is divided by the bank's segments). If the previous plan will not be approved, the Statistical Department of BoI will turn to the Supervisor of Banks in order to receive at least the distribution between the different instruments.

- Separation of the overseas branches in the banking report for the "distribution of the loans and deposits between corporations and households". The Statistical Department of BoI will prepare a requirement to the Supervisor of Banks on this subject.

Table

CREDIT OF THE PUBLIC, BY ORDINARY BANKING CORPORATIONS AND INDIVIDUALS									יי תאגידים בנקאיים,
WITH OR WITHOUT BUSINESS ACCOUNTS									ייים
(INCLUDING BRANCHES ABROAD)									
			תושבי חוץ				תושבי ישראל		סך כל
Non-residents				Residents					האשראי לציבור
	יחידים	תאגידים	סך הכל		יחידים	תאגידים	סך הכל		
Individuals with or without business accounts				Individuals with or without business accounts					
מזה: פרטיים of which: individuals without business accounts	סך הכל Total	Corporations	Total	מזה: פרטיים of which: individuals without business accounts	סך הכל Total	Corporations	Total		Total credit to the public
9	8	7	6	5	4	3	2		1
162214	162204	162199	162194	162209	162184	162174	162189		162214
END OF PERIOD (NIS MILLION)									(מיליוני ש"ח)
5,061	9,582	41,113	50,695	224,468	278,706	340,365	619,071		669,766
4,672	8,276	31,727	40,003	249,453	299,104	321,530	620,634		660,637
4,513	7,555	28,841	36,397	280,958	329,692	344,291	673,983		710,379
4,692	8,422	27,466	35,889	308,862	359,611	362,222	721,833		757,721
7,195	11,000	24,664	35,664	331,987	381,690	358,453	740,143		775,807

Cooperation with the Central Bank

- Separation between loans by industry which are denominated in foreign currency and those linked to foreign currency. For now, we use the proportions of the total economy. Some changes are planned for the report of loan by industry in 2015 and the bank will examine the possibility to add this break-down.

- Other financial intermediaries quarterly survey : will be an alternative in case that the plan for the collection of detailed data of the securities in custody from the commercial banking system will not be approved by the BoI.

Percent of the Financial sector Assets

Balance sheets for financial assets / Non-consolidated	Total NIS-millions	Financial auxiliaries	Other financial intermediaries					Insurance corporations and pension funds	Monetary financial institutions
			Mutual Funds	Credit Cards Companies	financial intermediaries	Trainung Funds	Provident Funds		
Financial assets	3,173,945	0.6	5.3	0.9	14.8	3.9	5.9	21.6	46.9
Currency and deposits	440,501	0.5	4.4	0.0	30.7	2.1	4.7	11.5	46.1
Securities other than shares	1,262,517	0.2	10.9	0.0	1.9	6.9	9.9	36.7	33.5
Shares and other equity	501,189	1.4	2.5	0.0	54.7	4.8	7.0	19.9	9.7
Loans	875,478	0.0	0.0	0.0	3.5	0.3	0.7	3.7	91.8
Insurance technical reserves	15,785	0.0	0.0	0.0	0.0	0.0	0.0	92.6	7.4
Other accounts receivable	76,610	10.7	0.0	36.4	10.1	0.2	0.3	34.7	7.6

Percent of the Financial sector Liabilities

Balance sheets for financial liabilities Non-consolidated	Total NIS-millions	Financial auxiliaries	Other financial intermediaries					Insurance corporations and pension funds	Monetary financial institutions
			Mutual Funds	Credit Cards Companies	financial intermediaries	Trainung Funds	Provident Funds		
Liabilities	3,180,486	0.6	5.3	1.0	15.0	3.9	5.9	22.1	46.2
Currency and deposits	1,224,932	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Securities other than shares	453,995	0.0	0.0	0.0	62.1	0.0	0.0	1.9	36.0
Loans	68,748	2.4	0.0	0.0	91.9	0.0	0.0	5.7	0.0
Insurance technical reserves	968,857	0.0	0.0	0.0	0.0	12.8	19.3	67.9	0.0
Other accounts receivable	77,504	4.7	0.3	39.8	23.9	0.2	0.2	13.1	17.9
Shares and other equity	386,451	3.8	43.8	0.0	29.5	0.0	0.0	5.6	17.3

Cooperation with the Central Bank

- FISIM : The Statistical Department of BoI will help to apply to the Supervisor of Banks about a detailed requirement regarding data on interest income and interest expenses separately and by sector.

- **It was decided to have more discussions about coordination of statistics and financial data processing and distribution between the BoI and the CBS.**

New calculation methods

- Recommendation from the previous activity (A4): We should try to make monthly estimates on revaluations on loan and deposits denominated in foreign currency and part of the securities in order to get more precise estimates.

The calculation has been implemented for loans and deposits on a quarterly basis (we lack monthly data for positions by sector). In addition we lack data on securities on a quarterly basis (by sector).

New calculation methods

- Recommendation from the previous activity (A4): To improve the calculation of the unquoted shares of the non financial corporation sector.

In order to valuate the unquoted shares we use the ratio of market value to own funds for the quoted shares. In order to reflect more accurately these shares we tried to build this ratio by excluding the companies with the highest market value (TA 25 index, TA Composite index). There is a partial overlap among the highest market value companies and the most tradable companies.

New use of already available data

- A full adjustment was made for the "Rest of the World", according to the Balance of Payment data, both for the transactions and the positions.
- The use of the issuance and redemption data of quoted securities (from the Stock Exchange) in order to calculate the transactions (by sector) from the issuer side.
- Ability to use direct transaction data for the pension and provident funds.
- We have received new information about the quarterly balance sheets of the local authorities. The data is not detailed as the yearly report ,so it can be used only as indicators. It will improve the liability of the current data.

Unresolved issues

- We didn't make any progress regarding transactions and revaluations in net equity of households in life insurance reserves and pension funds reserves. The reason is that we didn't solved the classification of the holding gains/losses (part of the output or revaluation).
- Getting more information regarding employee stock options (from the business survey and better understanding the process for Start Up companies).
- At the moment we didn't succeed to speed up the compilation process for the balance sheets and financial accounts (for 2012, 2013). We are aware that more timely statistics have more users and that we need to adjust our schedules to meet the OECD requirements.

The way forward

To prepare a detailed work plan for the alternative options regarding the improvement of the financial accounts.

> Obtaining new data from BoI

> Improvement of the calculation methods

> Turning to the commercial banks for data

QUESTIONS ?

COMMENTS ?

Thank you for your attention !