



## **Cooperation between BOI and CBS : financial accounts**

Meeting summary 23 February 2014

### Participators:

BOI: Tsahi Frankovits, Gaby Fizman, Michal Ohana, Shelly Reiss, Liran kalif, Yehiel Rehavi, Maayan Kellerman, Aviel Shpitalnik.

CBS: Oz Shimony, Noemi Frisch, Esther Ohana, Nitzan Shechter.

### General:

The first topic was a general review about the importance of improving the financial accounts (national balance sheet and the financial account), this development work is needed in order to comply with international and local requirements. The topic was covered by Noemi Frish

Major topics that were addressed:

- Reporting of the financial accounts was part of OECD membership reception terms, and Israel is supposed to provide quarterly reports both on balance sheets and financial accounts.
- Balance Sheet data should be supplied as part of the SDDS plus (Bond matrix that includes both holders and issuers) fulfilling IMF requirements
- As part of the OECD official publication process, the OECD links different data that Israel provides. Thus there is high importance to align all data supplied from different local entities to the international organizations.
- At the meeting, an OECD table that detailed financial data supplied by OECD members was presented. Most of the countries provide more data than Israel, which regularly provides only yearly balance sheets, partial quarterly balance sheets and Banks' yearly financial accounts.
- There is a high interest from different organizations about the assets and the liabilities of the households.

Tsahi Frankovits from BOI presented the point of view of the BOI:

- The importance of coordination between BOI and CBS.
- The Bank collects data to serve their needs and to provide international statistics. The bank's needs have higher priority than international statistics.
- The Bank has resource problems.
- The Bank is presently updating all its working plans, and will consider adding resources for data collection about securities according to type and holders. The new data is planned to be provided from reports of commercial banks and financial intermediaries.

Discussion about CBS requirements from BOI:

- Credit for industries: this data is provided as part of quarterly reports and is not classified by foreign currency or foreign currency indexed. The bank will examine the feasibility of providing this break-down. (The weight of the foreign currency indexed is relatively low).
- Data relating to exchange rate differences in respect of each asset and liability of banks: Profit and Loss Statements of banks include net exchange differences. For national

accounts we need to obtain separate exchange rate differences for each type of asset and liability (gross).

- In the process of calculating the value of Financial Intermediation Services Indirectly Measured (FISIM): It is necessary to obtain data on the average interest rates on loans and deposits, for each sector (or alternatively, gross interest income and expenses by sector). It is important to note that the financial statements of banks (as well as the statement of annual information on banking corporations published by the Bank of Israel), present net interest income and expenses by sector, so it seems that additional calculations are not necessary. This data will greatly improve the measurement of FISIM that are included as part of GDP estimates published every month.
- Credits/deposits of the public, classified by corporations and individuals: This data is provided from "Monthly balance sheets of ordinary banking corporations" - The data including branches abroad. For both BOI and CBS requirements, there is a need to separate between local and overseas branches. The issue will be brought for consultation to the Supervisor of Banks.
- Data about Israeli securities held by Israeli residents: As mention above the bank will check the option to collect this data as part of its 2015 annual plan. If approved, a more detailed status about the security balance in Israel can be presented monthly according to security type, allowing analyzing the flows.
- Custody securities – classification by type:  
If the above working plan will be approved this topic will also be covered. Until receipt of the full data, the bank will check availability of interim data.
- Data about securities flows –should be covered if the above working plans will be approved.
- Other financial intermediaries –quarterly data about the assets and liabilities of the intermediaries: This data which is necessary to get the whole picture about the financial sector for both the BOI and CBS is missing. Developing a survey of this sub sector is advisable. The bank can help identifying the financial companies from its data sources.
- It was decided to have another discussion about coordination of statistics and financial data processing and distribution.