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To: Members of the Executive Board

From: The Acting Secretary

Subject: Statistics on International Banking and External Debt -
A Progress Report

Attached for the information of the Executive Directors is a progress report on statistics on international banking and external debt.

If Executive Directors have technical or factual questions relating to this paper, they should contact Mr. J. O'Connor (ext. (5)7942).

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INTERNATIONAL MONETARY FUND

Statistics on International Banking and External Debt--
A Progress Report

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Approved by Werner Dannemann

July 16, 1984

I. Introduction

Two main objectives have guided the efforts of the staff since the Fund began to expand its work on the measurement of countries' external debt over three years ago: to develop a new statistical reporting system that would enable the Fund more accurately to trace the growth in international banking activity and the flows of funds through the international banking markets; and to integrate the various international statistical reporting systems (including the new international banking statistics data base) into a scheme of Fund statistics on the external debt of countries. The program of work in this area was set out in SM/83/48 (3/8/83), together with a discussion of sources and methods and a country illustration of preliminary results that could be expected from such a program. In light of requests from Executive Directors to be kept informed of further developments in this area, this paper has been prepared as a progress report.

Section II discusses recent developments in implementing the international banking statistics project and considers the work that remains to bring the project to fruition. Efforts to ensure adequate dissemination of the data and documentation of the sources and methodology are discussed. Progress in expanding the reporting base of international banking centers providing a geographic analysis of deposit banks' external positions is next reviewed, and prospective improvements in data quality and measures to ensure the security of the confidential part of the data base are described. Finally, a subsection is included on the perceived usefulness of the new data base. Section III examines the Fund's wider work in external debt statistics. The section begins with a brief description of recent initiatives to increase cooperation among the international organizations compiling external debt statistics, discusses progress in reconciling and integrating external debt data from various international data bases, and concludes with a reference to the technical assistance being extended by the Fund in the area of national compilation of external debt statistics. Section IV draws together briefly the threads of the Fund's remaining work program.

II. International Banking Statistics

1. Dissemination of information

New tables on international banking activity were first circulated to the Executive Board in November 1983 (EBS/83/238, 11/7/83). Three pairs of tables were presented. The first showed cross-border interbank accounts with geographic analyses by residence of borrowing bank and by residence of lending bank. The source for this pair of tables is data on the external liabilities and assets of countries' banking systems provided by the authorities of over 140 countries as part of their regular submissions of money and banking data for publication in IFS. ^{1/} The second pair showed international bank credit to nonbanks with geographic analyses by residence of nonbank borrower and by residence of lending bank. The source for the geographic distribution by residence of lending bank is the money and banking data regularly provided by countries for IFS; ^{1/} the source for the geographic distribution by residence of nonbank borrower is, however, the new data collection, described in greater detail below, giving a geographic distribution of the external assets of banks in 21 major international banking centers with a cross-classification of positions with banks and with nonbanks in the "reported" countries. The third pair of tables showed international bank deposits of nonbanks with geographic analyses by residence of borrowing bank and by residence of depositing nonbank. The source for the distribution by residence of borrowing bank is regular IFS money and banking data; ^{1/} the source for the distribution by residence of nonbank depositor is the new data collection giving a geographic analysis of the external liabilities of deposit banks in international banking centers. These three pairs of tables were subsequently published, beginning with the January 1984 issue of IFS.

The tables on cross-border interbank accounts show the positions of deposit banks in each listed country with all nonresident banks (both deposit banks and monetary authorities), together with the positions of the monetary authorities in each listed country with all nonresident deposit banks. The interbank market is defined, therefore, in a broad sense, to encompass all positions where a deposit bank is debtor or creditor and where the other transactor is a deposit bank or monetary authority. To the extent possible, however, the data exclude all positions between resident and nonresident monetary authorities (including international monetary institutions). The tables on international bank

^{1/} These data are, in most cases, reported monthly to the Fund. National authorities are asked, in reporting the external positions of the monetary authorities and of resident deposit banks, to distinguish between positions with nonresident banks and nonbanks. Where that distinction is not made by the reporting authorities, it is estimated by Fund staff. Exceptionally, data for countries that do not report to the Fund are derived from geographic analyses of external accounts of deposit banks in 21 international banking centers.

credit to nonbanks and international bank deposits of nonbanks encompass only the accounts of deposit banks.

The first of each of the three pairs of tables presents the liabilities of each listed country, and the sum of data from each of those three tables for each country provides an estimate of the external debt of the country where a bank is involved as debtor or creditor (it does, however, exclude inter-monetary authority debt, as described above). Thus, international banking statistics provide a measure of external debt excluding that between nonbanks in the debtor country and nonresident nonbanks.

The tables as first disseminated gave area and world aggregates current to end-June 1983. The tables were updated to end-September 1983 in EBS/84/20 (1/27/84) and to end-December 1983 in EBS/84/89 (4/23/84). The most recent paper included a short commentary on international bank lending to non-oil developing countries, and it is planned that future papers in the series will incorporate further short commentaries on aspects of the data that may be of particular interest to Executive Directors. Updated tables have also been published in IFS immediately after circulation of the updated data to the Executive Board.

EBS/83/238 included, as well as the new tables, a description of the logical framework for international banking statistics and a discussion of the more significant technical issues. In view of the limited circulation accorded to that document, a revised version of that description and discussion was issued, in April 1984, in the Papers on International Financial Statistics series, as PIFS/84/1; in addition to circulation through the regular channels, the paper was circulated to IFS correspondents in all member countries.

In response to the perceived interest of the international financial community in these data, two articles have been published in the IMF Survey. The first, in the January 9, 1984 issue, briefly sketched the background to the compilation of the new tables and described, in some detail, their composition. The second, in the June 18, 1984 issue, described international banking statistics in the context of their use, within the Fund, for analysis of global financial flows and as an input into the study of the external indebtedness of individual countries, and compared the data with statistics on international banking regularly produced by the Bank for International Settlements (BIS). Further such articles may, in due course, describe other aspects of the new data base: such documentation could appear in the IMF Survey and, for appeal to a wide audience, in Finance and Development. Finally, a description of the content of the tables is contained in the Introduction to IFS. This description, which is currently part of the section on International Liquidity, will shortly be broken out to form a separate section that will stand out more prominently.

Documentation of that part of the data base deriving from the full geographic analysis of the external positions of deposit banks in a number of major international banking centers was produced in June 1983 at a highly technical level when a set of report forms, together with a description of the forms and a set of detailed instructions for their completion, was issued, as a guide, to aid the authorities of international banking centers that had requested assistance in the design of an appropriate reporting system for collecting the new data and reporting them to the Fund. The package included a detailed questionnaire on national authorities' classification practices that was intended to clarify to what extent reports from newly reporting international banking centers were consistent, in classification, with Fund standards; replies so far received to this questionnaire have been helpful in determining the institutional and instrument coverage and classification practices of national authorities.

2. Expansion of the reporting base

The two tables ("International Bank Credit by Residence of Borrower" and "International Bank Deposits by Residence of Lender") that derive from a full geographic analysis, with bank/nonbank cross-classification, of the external positions of deposit banks in major international banking centers are currently based on the reports of 21 such centers. ^{1/} The world total for each of these tables is derived as the "all countries" total in the two paired tables ("International Bank Credit by Residence of Lending Bank" and "International Bank Deposits by Residence of Borrowing Bank," respectively), which are, in turn, derived from the wider reporting group of over 140 countries reporting for IFS purposes. Thus, the "unallocated" item in each of the two tables derived from the geographic analysis of external positions of banks in international banking centers represents the difference between the world total and that part of the world total that is allocated geographically. ^{2/} Because of the concentration of such banking business in relatively few international banking centers, the external claims of deposit banks in the 21 centers currently included in the tables account for some 85 percent of the world total of deposit banks' claims on nonresident nonbanks.

Thirty-eight international banking centers have been invited, by the Fund, to provide the full geographic analysis of resident deposit banks' external assets and liabilities. It is estimated that, when all

^{1/} Austria, Bahrain, Belgium, Canada, Denmark, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, the Netherlands, Singapore, Sweden, Switzerland, the United Kingdom, and the United States (which also provides reports for branches of U.S. banks residing in the Bahamas, the Cayman Islands, and Panama).

^{2/} The unallocated items may be viewed, conceptually, as comprising two items: accounts reported by deposit banks that do not report a geographic analysis; and unallocated accounts in the geographic analyses already available to the Fund.

38 centers are reporting, 98 percent of the world total of deposit banks' claims on nonresident nonbanks will be covered. Most of the centers whose reports are not yet included in the tables are either already reporting to the Fund (their reports are being processed and prepared for inclusion in the tables later this year) or are actively preparing to report. Countries from which reports have been received but not yet included comprise Finland, Norway, the Philippines, Portugal, Saudi Arabia, and Spain. Formal replies to the Fund's invitation to participate in the project are still awaited from Kuwait and the United Arab Emirates. A brief status report on each of the 38 countries is presented in the Appendix.

The Fund is taking active steps to encourage participation in this project and to provide assistance to the authorities of international banking centers in implementing the necessary reporting and data processing systems. In addition to the design of report forms and the drafting of a description and detailed instructions for completion, as described above, the Fund has developed the "International Banking Statistics Returns System," a package of computer software, designed to be run on a personal computer, that will handle the entry of data from individual banks on the geographic distribution of their external accounts, the consolidation of the data across groups of banks, and the preparation of aggregate reports for the use of the national authorities and for transmission to the Fund; and this package has been offered to the authorities of all international banking centers that wish to use it. Some international banking centers are making use of the package, either in its original form or after adaptation for use on larger computer systems. The Fund is also providing technical assistance missions to discuss and give advice on technical problems associated with the introduction of a new bank reporting system.

It is hoped that reports from up to 10 international banking centers will be able to be added to the tables by end-1984, and that the remaining ten will be added in 1985. 1/

3. Improvements in the quality of data

Efforts to improve the quality of the data base are focussing on the timeliness with which data are reported and published, the accuracy of the data, and on expanding the range of data collected.

a. Timeliness

Action is being taken to try to shorten the lag between the reporting date and the date on which updated international banking statistics are circulated to the Executive Board and published. The task naturally falls into two parts: securing more timely reporting, by IFS reporting countries,

1/ The reports of U.S. branches in the Bahamas, the Cayman Islands, and Panama, which are currently included in the IFS tables of international banking statistics, will, in due course, it is expected, be replaced by reports submitted by the national authorities of those countries, on the external accounts of all resident deposit banks.

of the external part of the balance sheets of their banking systems; and encouraging the more timely reporting, by international banking centers, of the geographic distribution of deposit banks' external assets and liabilities.

The staff has taken the view that it is not necessary to await the reporting, by IFS reporting countries, of the full balance sheets of countries' banking systems, which is frequently subject to some delay owing to a perceived need by national authorities to balance the accounts, to reconcile them with subsidiary reports, and, in some cases, to await audit, before reporting them to the Fund. The staff has, therefore, instituted a new report form that asks national authorities to report total external assets and liabilities of deposit banks, with a bank/nonbank breakdown. Countries that account for a significant proportion of the world total of deposit banks' external assets and liabilities are requested to cable the data as soon as they are available. In addition, a more recent measure has been introduced whereby, once a quarter, the Fund cables the national authorities of some 50 countries to ask for these data, if necessary, on a highly provisional basis, together with details of the monetary authorities' external accounts, where such data have not yet been received through the traditional reporting system. Where provisional data are reported, in response to these requests, they are used in the computation of area and world totals, although they are not attributed to the reporting country. Otherwise, data may be published with a symbol denoting an "estimate" or with no such symbol, depending on the degree of provisionality of the data. Response to these requests has been good, although a few relatively large countries are reluctant to release data in advance of full balance sheet data becoming available or in advance of publication in national sources or by the BIS.

The Fund and the BIS have worked in close collaboration on the collection of data on the geographic distribution of the external accounts of deposit banks in international banking centers. One result of such collaboration has been the institution of a direct computer-to-computer telecommunications link between the Fund and the BIS. Most centers that report a geographic analysis to the BIS have asked the BIS to forward these returns to the Fund, and this is now effected by means of this direct link, using encryption techniques to ensure the security of the data. ^{1/} Benefits to the Fund from this arrangement have included a significant saving in data processing time, as well as access to the data almost as soon as they are received by the BIS. As more international banking centers join the reporting network, the Fund hopes to extend direct transmission of data between computers, on a selective basis, to receive by this means data from the larger international banking

^{1/} Ireland and the United States provide their reports directly to the Fund.

centers. 1/ International banking centers are also being encouraged to make more timely reports to the Fund by the use of cabled reminders; and a quarterly letter to international banking statistics correspondents, similar to the monthly letter that the Bureau of Statistics sends to IFS correspondents, is to be instituted.

b. Accuracy

Data on cross-border interbank accounts are available from either of two sources: the reports submitted regularly by member countries of the Fund on the accounts of their monetary authorities and deposit banks with nonresident monetary authorities and deposit banks (with no geographic analysis); and the reports submitted by international banking centers on their deposit banks' accounts with the banking systems of all countries of the world (with a geographic analysis). The first-mentioned source is used by the Fund to compile the regular tables of cross-border interbank accounts. The second source is a valuable cross-check on the accuracy of data supplied by national authorities, particularly when it suggests that the nationally supplied data are too small. 2/ One focus of work is to use the data derived from international banking centers' reports to check the accuracy of reports from countries, data from which have a significant impact on area and world totals. Such checks form the basis of correspondence and further work with countries to improve the accuracy of national reports.

Further actions to improve data accuracy are in hand. Refinement of the bank/nonbank breakdown in the regular money and banking reports of the external positions of banking systems in a number of countries is required: for some countries, that breakdown is still being estimated by Fund staff. Also, some international banking centers are reporting less than fully comprehensive geographic analyses of their deposit banks' external positions or are not reporting a bank/nonbank cross-classification of those analyses. Where data need to be estimated by the staff, effort will be expended on the refinement of estimation techniques (for example, estimation of missing data observations in tables on cross-border interbank accounts may be capable of improvement by studying the seasonality of the interbank accounts of a number of major countries).

1/ Such direct telecommunications between computers are at an early stage of development and have, until now, been limited to the transmission of geographic details of banks' external accounts. They are effected by means of an "intermediate" computer between the Fund's main frame and the transmission lines.

2/ Where international banks' reported claims on a country's banking system exceed the reported liabilities of the country's banking system to international banks, this may suggest a deficiency in coverage of reporting banks by the national authorities of the country or misclassification of financial items by the country's reporting banks.

It must, of course, be accepted that a degree of trade-off exists between timeliness and accuracy and that efforts to produce processed data before the full balance sheets of banking systems are available may, at times, lead to larger subsequent revisions in the data.

c. The range of data

Accounts between monetary authorities and deposit banks are, as indicated above, included in the tables of cross-border interbank accounts. Cross-border interbank assets reported by all deposit banks in the world would, in a two-sector world of deposit banks and nonbanks, equal cross-border interbank liabilities reported by the same banks. However, absence of a sectorization between deposit banks and monetary authorities, as reported institutions, produces an asymmetry in the data. Cross-border interbank assets reported by deposit banks include, indistinguishably, claims on nonresident central banks; cross-border interbank liabilities reported by deposit banks include, indistinguishably, liabilities to nonresident central banks. The asymmetry arises because reporting deposit banks' liabilities to nonresident central banks are larger than their claims on them. A three-way sectorization between monetary authorities, deposit banks, and nonbanks would require deposit banks to report a geographic breakdown of their positions with nonresident monetary authorities, or monetary authorities to report a geographic breakdown of their positions with nonresident deposit banks. Either approach would pose problems for national compilers as such detail would often reveal individual customer accounts. In practice, therefore, the three-way sectorization must be developed as an alternative breakdown, rather than as a cross-classification of the geographic analyses. As indicated above, the alternative breakdown developed for IFS makes use of data available to the Fund from the balance sheets of monetary authorities. The BIS, however, collects information on deposit banks' accounts with nonresident monetary authorities without a geographic analysis, and Fund access to these data has now been arranged. If similar information can be collected from other countries participating in the Fund's project (this issue is under study), the three-way sectorization could also be approached from the viewpoint of reporting deposit banks.

As part of the collaboration between the Fund and the BIS, the Fund has received information on the currency composition of the external accounts of deposit banks in BIS reporting countries, cross-classified to provide a limited geographic analysis and a distinction between reporters' accounts with banks and nonbanks. The coverage of the currency details is less comprehensive than the Fund's international banking statistics, but procedures for the Fund's use of the information are being developed. Assessment of international banking developments is complicated by the fact that changes in international financial positions arise partly from transactions and partly from other factors, notably fluctuations in exchange rates. Estimates of changes in the international banking magnitudes due to exchange rate fluctuations over the years 1982 and 1983 have

been compiled on the assumptions that the currency composition of the international banking market as a whole is similar to that of the accounts of deposit banks in BIS-reporting countries as a whole and that the currency composition of international bank positions has not changed significantly over the relevant time frame. These estimates were incorporated in EBS/84/89 and, more comprehensively, in recent Executive Board papers on developments in and prospects for the international capital markets. ^{1/} Efforts are being focussed on extending the dates for which currency composition data are available, refining the estimation to take account of changes over time in currency composition, and, possibly, increasing the number of countries for which the Fund receives the currency composition of deposit banks' external positions.

The Fund's work on integrating international banking statistics and other data bases relevant to the measurement of countries' external indebtedness has demonstrated that it would be useful to develop, within the framework of international banking statistics, a maturity analysis of banks' external positions. This would help to facilitate linkages with other data bases that already incorporate types of maturity classification (for example, the World Bank's Debtor Reporting System, the BIS's semi-annual Maturity Distribution of International Bank Lending, and data provided by the Organization for Economic Cooperation and Development (OECD)). A maturity analysis will be pursued by extending the classifications provided by national compilers within the regular money and banking statistics and will call for an analysis by original maturity of the instruments (as recommended in the Fund's Balance of Payments Manual and collected in the World Bank's Debtor Reporting System), rather than by remaining maturity (as collected by the BIS for its semi-annual series).

The international banking statistics tables based on the geographic analysis of deposit banks' external accounts currently extend back only to end-1981. The BIS has now telecommunicated to the Fund its entire historical data base of geographic details (amounting to some 800,000 transactions). When the data are processed and procedures are in place to provide estimates of the bank/nonbank breakdown of reporting banks' positions with individual countries (prior to 1982, a bank/nonbank breakdown of positions with individual countries was not reported to the BIS by reporting countries), the published data base will be backdated to 1974.

Finally, a computerized catalog of financial institutions in international banking centers is being developed as an offshoot of the work that has been done in the development of computer software for international banking centers to process the geographic breakdown of deposit banks'

^{1/} International Capital Markets--Developments and Prospects, 1984 (SM/84/134, 6/13/1984); and International Capital Markets--Recent Developments (SM/84/144, 6/25/1984).

external accounts. It is anticipated that, in due course, such a catalog will be of significant use in reconciling debtor and creditor reports on cross-border interbank accounts and for other purposes.

4. Security

When major international banking centers were first asked to provide a geographic breakdown of deposit banks' external accounts, the authorities were informed that any data provided to the Fund would be assured the highest degree of confidentiality: it is only after aggregation across reporting centers that the data become publishable. Although a number of centers publish such a geographic analysis, 1/ many centers regard the information as highly sensitive.

Accordingly, attention has been given to securing the data against unauthorized access, both within and outside the Fund (within the Fund, access to the most disaggregated level of data is permitted only to those staff directly involved in processing the data). Special security problems are posed by the sensitive nature of the data and the size of the data base (currently a little under 100,000 time series and expected to rise to some 250,000 time series). Action taken has included stringent measures to secure files from unauthorized access and, in collaboration with the BIS, measures to secure the transmission of data between the BIS and the Fund. Further enhancement of security precautions is in hand.

5. Use of international banking statistics

Fund analyses of international banking activity were, until recently, based on data collected by other international compilers, notably the BIS, the World Bank, and the OECD. As the various data collection systems were only loosely connected, conceptual and practical problems arose when Fund analyses were based on a mixture of sources and supplemented by information reported directly to the Fund by national compilers. Statistical issues, therefore, tended to complicate global analyses, particularly in the case of the World Economic Outlook and the reports on international capital markets.

The Fund's international banking statistics are on a residency basis from the point of view of both reporting and reported countries and, thus, are conceptually close to balance of payments data on both monetary and nonmonetary capital movements. The data thus permit an enhancement of capital flow analysis to complement the current analysis provided in the World Economic Outlook. Moreover, since for most countries reporting to the Fund clear links exist between international banking statistics and other data provided for the analysis of domestic monetary developments, international banking statistics foster an internal consistency in Fund

1/ Notably Germany, Hong Kong, the United Kingdom, and the United States.

data bases. Most notably, the analysis in the latest reports on developments in international capital markets ^{1/} is now based partly on the Funds' international banking statistics series.

Furthermore, international banking statistics contribute much to the analysis of the external debt of individual countries. Data based on the external sector of the balance sheets of domestic banking institutions provide a valuable supplement to external debt data drawn from a variety of other sources, and data on the external claims of banks in international banking centers, analyzed by country of debtor, help to identify that part of the external debt of countries to nonresident banks that evades capture in any of the other sources of external debt data. A significant enhancement in the understanding of the structure of the external debt of Latin American countries may be expected as offshore banking centers in the Caribbean area begin to report a geographic distribution of their deposit banks' external accounts.

A wide-ranging interest in the Fund's international banking statistics has been perceived among transactors, researchers, and commentators in the international financial community. The new data appear to be being used particularly to assist with the assessment of the external obligations of individual countries and of country risk in international bank lending. A primary concern of those using the data appears to focus on the integration of these data with other major international sources of data on the external debt of countries (see Section III).

Progress in developing this new data base has been reported by the Fund to the Statistical Office of the United Nations in preparation for the twenty-third session of the UN Statistical Commission to be held in 1985, and to the UN ACC Sub-Committee on Statistical Activities held in Rome in April 1984. In addition, a Fund staff member recently gave a seminar on international banking statistics to a meeting of senior international economists from some 15 international commercial banks, convened under the auspices of the Institute of International Finance.

III. External Debt Statistics

International banking statistics are, as indicated above, a subset of available data on the external indebtedness of countries. They are an important subset since they provide one means of identifying that part of the external debt of countries, owed to nonresident banks, that is not captured in national sources or other international data collections. They also supply a statement of countries' assets with nonresident banks that might, in some sense, be offset against liabilities in measuring countries' net external debt. And they constitute a significant source for estimating short-term debt owed to nonresident entities by the banking systems of

^{1/} See footnote on page 9.

countries and owed to nonresident banks by residents of countries. Nevertheless, much work remains to be done in integrating international banking statistics into a general scheme of Fund statistics that encompasses all other major collections on external debt.

1. Cooperation between international organizations

Collaboration between the international organizations most involved in the compilation of external debt statistics (the Fund, the World Bank, the BIS, the OECD, and the Berne Union) has proceeded on a bilateral basis for a number of years in the face of problems experienced by an increasing number of countries in servicing their external debt. From bilateral discussions there emerged, late in 1983, a broad consensus in favor of convening a meeting of experts from the international organizations named above. The International Compilers' Working Group on External Debt Statistics held its first meeting, at Fund headquarters, in late March 1984. A short report on the meeting was provided to the Executive Board in SM/84/110 (5/19/84).

The main objectives of the meeting may be summarized as follows:

- a. to compare the objectives, and the classification and accounting practices, of the organizations, in collecting external debt data;
- b. to examine the possibilities for greater harmonization of classification and accounting practices;
- c. to explore the possibilities for a freer exchange of information among the organizations, subject to confidentiality constraints imposed by reporting countries; and
- d. to produce a report, pointing the way for future collaboration and including consideration of the usefulness of further meetings among the organizations.

Agreement was reached in a number of significant areas, and a report was prepared (the main conclusions of the report are included in SM/84/110). The following is a brief summary of the principal areas of agreement and of the direction for future collaboration.

The meeting reached a broad consensus on the types of liabilities that should be included within a measure of external debt, while recognizing that borderline cases existed where a consensus was difficult to reach and that any definition needed to be amplified in specific cases. There was agreement that the concept of gross external debt involved an expectation of repayment and, thus, covered a subset of liabilities that comprise the international investment position of countries. There was also agreement on the statistical treatment of short-term debt, although it was recognized that "trade-related" debt, among other types, presented special classification problems.

While there are technical, legal, and other difficulties in defining and measuring "arrears" on debt, it was agreed that information on payments due but unpaid (both principal and interest) should be collected, with further subclassifications as necessary to meet the needs of individual organizations. Differences also appeared in the organizations' recording of debt rescheduling and restructuring. It was noted that the Fund was studying these issues and it was agreed that the Fund would, in due course, provide additional guidance. Other organizations agreed to document their present treatment of arrears, to seek further information from reporting countries on their actual treatment of arrears, and to indicate how they would wish to see the standard balance of payments classification elaborated.

The meeting concurred on a joint exercise to develop a common framework for external debt statistics and to explain the concepts and coverage of measures published by each organization within that framework. The Fund, as continuing secretariat for the group, was designated to receive debt statistics and descriptive material from the other organizations, covering about 100 debtor countries, and to consider how the data might be brought together in a common framework and how the various conceptual overlaps and differences might be identified and quantified. The next meeting of the Working Group would consider the results of this work.

Finally, it was agreed that bilateral cooperation between the organizations should proceed. In particular, the Fund would receive from the OECD information on guaranteed export credits granted to individual developing countries, aggregated over all reporting export credit agencies. Apart from its use in Fund country studies (see below), such information may eventually enable the Fund to expand its creditor breakdown (presently limited to a split between banks and nonbanks) to a three-way sectorization that recognizes banks, other official creditors, and other nonbanks. In addition, the Fund and the World Bank would, in due course, enter into discussions on a possible expansion of the amount of data from the Debtor Reporting System provided to the Fund in magnetic tape form.

2. Integration and reconciliation of data

A major focus of the Fund's work program in external debt statistics is the "synthesis" of external debt data for individual debtor countries. The synthesis, systematically combining information on a country's external debt position from all major sources, both debtor and creditor, is designed to produce a composite picture of the country's external debt position. ^{1/} This work has proceeded at a somewhat slower pace than

^{1/} The synthesis envisages the integration of all data on a country's external debt available through regular Fund reporting procedures, as well as of data produced by the statistical compilation systems of other international organizations.

initially envisaged. In part, this has resulted from the increase in work that has arisen from the Fund's sponsorship of the International Compilers' Working Group. Since, however, the work of the Group will do much to identify and quantify the linkages, overlaps, and differences among the major international collections of external debt data, work on the synthesis will, in due course, be able to be pursued with greater precision.

Nevertheless, some preliminary work on the synthesis has been done. Syntheses of the external debt data of Portugal and Spain have been discussed with the national authorities. In addition, discussions on external debt data have been held with the Korean authorities to clarify the treatment of some items included in the preliminary synthesis that was presented in SM/83/48. Finally, preliminary research has been completed with respect to the external debt data of five other countries.

Work has also commenced in the Bureau of Statistics in developing a comprehensive and consistent series of data on the external debt of industrial countries. The preliminary results of this exercise are currently being checked with national authorities, who are being asked to comment on the presentation and classification of the data and, where possible, to supply additional data to refine the presentation. When completed, the exercise should lead to the regular reporting of statistics on industrial countries' external debt.

Progress in these areas depends, in part, on the development of data collection procedures. Fund member countries have long been asked to provide stock data on their international investment position as part of regular reporting on balance of payments to the Bureau of Statistics. Responses to these requests have generally been disappointing: many members indicate that stock data are not available in the standard balance of payments format. More recently, therefore, national authorities have also been asked to provide, as memorandum items on their regular balance of payments report forms, any stock data they have available, in national format, on external debt. It is expected that these data will provide a significant input to the synthesis described above.

3. Technical assistance

Reference has been made to the technical assistance extended to member countries in the preparation of syntheses of their external debt statistics. Resource constraints have limited the amount of preparatory work that could be done on integrating external debt statistics for individual countries, and thus the amount of technical assistance that the Fund has been able to offer on a short-term basis in this area. However, area department consultation and use of Fund resources missions devote some of their time to external debt questions; and Bureau of Statistics missions in balance of payments, money and banking, and government finance statistics try to ensure that data collection systems contribute

to the file of external debt data. In addition, technical assistance in the establishment and improvement of national external debt monitoring systems is provided by the Central Banking Department. A report on technical assistance missions was recently circulated to the Executive Board (EBD/84/171, 6/20/1984).

IV. Conclusions

Progress has been made in international banking statistics (where data are now published regularly and a substantial amount of documentation has been produced) and in the integration of international banking statistics and other major sources of external debt data into a scheme of Fund statistics on external debt. Much work, at developmental and refining stages, remains to be done.

The most immediate concern is the expansion of the reporting base of international banking centers reporting a geographic distribution of deposit banks' assets and liabilities to 38 centers. This work can be expected to progress, with Fund technical assistance where necessary, as national authorities are able to introduce data reporting systems and processing facilities. It is also envisioned that further documentation on international banking statistics will be produced in due course.

Work is also to continue on the development of data on the flow of international bank lending and deposit-taking adjusted for exchange rate fluctuations. This may necessitate the acquisition of data on the currency composition of deposit banks' external accounts from centers other than the BIS-reporting countries. Other refinements (for example, refining the treatment of accounts between monetary authorities and deposit banks) will be introduced as schedules permit. There will be continued emphasis on the timeliness of reporting and publication of data, and further measures taken to secure the data base against unauthorized use.

In the general area of external debt statistics, work is to be focused on close collaboration with other international organizations in the production of a framework for external debt statistics, within which the contributions of all international organizations can be explained and integrated. The appropriate statistical treatment of arrears and debt restructuring is being examined. Data from the OECD data base will be incorporated in the Data Fund System, and the selection of data from the World Bank's Debtor Reporting System that are available within the Data Fund System should be expanded. Efforts are to be made to refine the presentation of debt maturities. It is anticipated that some resources will be available to begin preliminary work on debt servicing data.

In the meantime, the staff will proceed with work on the synthesis of data on the external debt of individual countries on a selective basis according to perceived needs. The collection of stock data, complementing transactions data, from countries is continuing to receive attention.

International Banking Statistics: Status Report on Participation

A. Countries included in IBS published data

Austria
Bahrain
Belgium
Canada
Denmark
France
Germany
Hong Kong
Ireland
Italy
Japan
Luxembourg
The Netherlands
Singapore (no bank/nonbank breakdown)
Sweden
Switzerland
The United Kingdom
The United States (which provides also data on US bank branches
in the Bahamas, the Cayman Islands, and Panama).

B. Countries reporting: reports yet to be incorporated into the
published data

The Cayman Islands (reports are to be only annual; the authorities are
preparing to collect a fuller geographic analysis than the limited
one currently available)

Finland
Norway
Philippines
Portugal
Saudi Arabia
Spain

C. Countries not yet reporting

1. Countries expected shortly to report

The Bahamas (reports are to be only semi-annual; the authorities
are currently processing end-1983 data provided by deposit banks)
Korea (expected to submit data for end-83 by September 1984).

2. Countries preparing to report in due course

Bermuda (the authorities have had favorable discussions with
deposit banks on the reporting format)
Egypt (the authorities have conducted a trial run and are still
discussing the outcome with the banks)

Indonesia (the authorities are preparing report forms and are expected to begin reporting in 1985)
Lebanon (expected to begin reporting with end-March 1984 data)
The Netherlands Antilles (the authorities are still discussing the report format with the banks).

3. Countries in principle favorably disposed but not far advanced

Greece (a Bureau of Statistics mission is scheduled in late 1984)
Israel (the authorities, although in principle favorably disposed, are still considering issues relating to their participation)
Panama (the authorities have not yet established a reporting system)
Yugoslavia (a Bureau of Statistics mission is scheduled in late 1984)

4. Countries whose participation is not confirmed

Kuwait (no response has been received)
United Arab Emirates (the authorities are believed in principle to be favorably disposed but no response has been received).