

**EXECUTIVE
BOARD
MEETING**

SM/21/15
Supplement 1
Correction 1

February 16, 2021

To: Members of the Executive Board

From: The Secretary

Subject: **Malaysia—Staff Report for the 2021 Article IV Consultation—Informational Annex**

Board Action: The attached correction to SM/21/15, Sup. 1 (2/4/21) has been provided by the staff:

Factual Errors Not Affecting the Presentation of Staff's Analysis or Views

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Questions: Ms. Choueiri, APD (ext. 34095)

STATISTICAL ISSUES

(As of January 2021)

I. Assessment of Data Adequacy for Surveillance
<p>General: Data provision is adequate for surveillance.</p>
<p>National accounts: Currently, the Department of Statistics Malaysia (DOSM) publishes annual and quarterly estimates of GDP, compiled by the production, expenditure, and (annual only) income approaches, at current and constant 2015 prices, based on the 2008 SNA. The DOSM also disseminates annual estimates for gross disposable income, saving, and net lending for the economy, as well as supply and use tables. Quarterly GDP estimates are released about one and a half months after the reference quarter.</p> <p>Price statistics: The monthly CPI and the PPI are available on a timely and comprehensive basis. A quarterly Services PPI and monthly building cost index are also published. In 2021 the weights of the CPI basket will be updated using 2019 as a reference year (instead of 2016), based on the results of the latest <i>Household Income, Expenditure, and Basic Amenities Survey</i>.</p>
<p>Government finance statistics: Adoption of accrual reporting is necessary to capture a consolidated view of both assets and liabilities. There is a need to improve the timeliness, detail, and availability of data on nonfinancial public enterprises (NFPEs), <u>statutory bodies</u>, and the state and local governments. Dissemination of more detailed data on non-listed NFPEs' assets and liabilities and domestic and foreign financing by type of debt instrument and holder would be desirable; efforts in this direction will require continued close collaboration among agencies, including the Ministry of Finance, the Department of Statistics Malaysia (DOSM), and Bank Negara Malaysia (BNM). There is also a need to disseminate more information on public private partnerships.</p>
<p>Monetary statistics: The monetary and financial statistics (MFS) are reported on a timely and regular basis and are broadly in conformity with the Fund's data needs. BNM reports the standardized report forms (SRFs) 1SR for central bank and 2SR for other depository corporations for publication in the <i>International Financial Statistics</i> with a lag of about two months. There is a need to improve the institutional coverage of the financial corporations, sectorization of the domestic economy, and classification and valuation of financial instruments to ensure full adherence to the IMF's <i>Monetary and Financial Statistics Manual and Compilation Guide</i>. In addition, due to the growing importance of insurance corporations, pension funds, and other financial intermediaries in Malaysia, coverage of MFS should be expanded to include these institutions.</p>
<p>Financial Soundness Indicators: The BNM reports the 12 core financial soundness indicators (FSIs) and only one of the 13 encouraged FSIs for deposit taking institutions for posting on the IMF's FSI website. FSIs are reported with a lag of one quarter.</p> <p>Financial Access Survey: BNM reports data on several key series and indicators of the Financial Access Survey (FAS), including mobile money and the two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).</p>
<p>Balance of payments: Department of Statistics Malaysia compiles and publishes quarterly balance of payments and international investment position (IIP) estimates in accordance with the sixth edition of the Balance of Payments and International Investment Position Manual. The quarterly data are released about one and a half month after the reference quarter. The authorities improved reporting of BOP with much more detailed items starting in 2018. The IIP data are reported without a breakdown by institutional sector and data on other investment—assets and liabilities—are reported only in an aggregate form.</p>
II. Data Standards and Quality
<p>Malaysia subscribes to the Special Data Dissemination Standard (SDDS). It is using a timeliness flexibility option for general government operations (publishing these data within three quarters since the end of reference year).</p>