



EUROPEAN CENTRAL BANK

## OPINION OF THE EUROPEAN CENTRAL BANK

of 26 January 2004

**at the request of Sveriges Riksbank on draft regulations and general advice on the reporting by institutions of money and banking statistics**

(CON/2004/2)

1. On 8 December 2003, the European Central Bank received a request from Sveriges Riksbank for an opinion on a draft proposal to amend and replace its regulations and general advice on the reporting by monetary financial institutions of money and banking statistics (*Riksbankens föreskrifter och allmänna råd (RFBS 2003:2) om institutts rapportering av finansmarknadsstatistik*) (the “draft regulations”).
2. The ECB’s competence to deliver an opinion is based on the second indent of Article 105(4) of the Treaty, the second indent of Article 4(a) of the Statute of the European System of Central Banks and of the European Central Bank and the fourth indent of Article 2(1) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions<sup>1</sup> as the draft regulations relate to the collection, compilation and distribution of monetary, financial and banking statistics. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council of the ECB has adopted this opinion.
3. The main body of the draft regulations consists of a set of rules (*föreskrifter*), with each rule being accompanied by general advice (*allmänna råd*) providing explanations on implementation of the corresponding rule (Articles 1 to 10 of the draft regulations). These rules and general advice refer to the scope and definitions used for the collection of statistics, the institutions covered by the reporting obligations and the frequency and timeliness for reporting data. They also specify the form and content of the statistical reporting, how to present amounts, the treatment of assets and liabilities and data archiving.
4. In addition, 11 annexes contain the forms used by monetary financial institutions (MFIs) to report data from their balance sheets (referred to as ‘MFI forms’) and technical specifications for the various balance sheet and other items subject to reporting obligations. The technical specifications

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<sup>1</sup> OJ L 189, 3.7.1998, p. 42.

for the items to be reported refer frequently to the Swedish Financial Supervisory Authority's regulations and general advice on annual accounts for credit institutions and securities dealers (*Finansinspektionens föreskrifter och allmänna råd (FFFS 2003:11) om årsredovisning i kreditinstitut och värdepappersbolag*) (the "FSA regulations"), particularly to definitions of terms used for reporting purposes. The Riksbank's draft regulations entered into force on 1 January 2004 and the ECB understands that the FSA regulations have been scheduled to enter into force on the same date. The ECB did not, however, receive the final version of the new FSA regulations as a part of the current consultation and does not express a definite view on how they will affect Sveriges Riksbank's new regime for collecting statistics.

5. The ECB welcomes the proposed draft regulations as they implement a large part of the money and banking statistical requirements for the balance sheet of the MFIs in the euro area and are broadly consistent with the ECB's statistical requirements for minimum reserves. While Sweden has no obligation to implement these requirements before adopting the euro, the ECB strongly recommends convergence with ECB statistical reporting schemes for Member States with a derogation to enable timely preparations in the field of statistics in order to become participating Member States. This opinion focuses on the statistical requirements in Regulation ECB/2001/13 of 22 November 2001 concerning the consolidated balance sheet of the monetary financial institution sector<sup>2</sup>, as last amended by Regulation ECB/2003/10.
6. The draft regulations now proposed by the Riksbank are addressed to banks and a number of other financial institutions. The ECB understands that the Riksbank plans to include, later this year, money market funds (MMFs) in the list of reporting institutions. The ECB welcomes this as it would be in line with Regulation ECB/2001/13 and would seem appropriate considering the references to MMFs already contained elsewhere in the draft regulations (for instance, in the main special balance sheet table). Furthermore, the ECB refers to ECB Opinion CON/2003/10 of 20 June 2003 at the request of the Swedish Ministry of Finance on a proposed legislative reform of Swedish banking and financial law. This legislative reform proposed abolishing the banks' monopoly on deposit taking. The ECB recommends extending the money and banking data collection to those institutions that are non-banks and taking deposits from the public, in line with the definition of MFIs contained in Article 1(1) of Regulation ECB/2001/13, and without prejudice to the application of Article 1(2) thereof.
7. The ECB notes that the Riksbank's draft regulations address two central elements: (a) the forms used by MFIs to report data from their balance sheets, in view of new ECB requirements in the current version of Regulation ECB/2001/13; and (b) certain requests concerning financial accounts from Statistics Sweden (*Statistiska centralbyrån, SCB*)<sup>3</sup>. The draft regulations cover most of the

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<sup>2</sup> OJ L 333, 17.12.2001, p. 1.

<sup>3</sup> With regard to the role of Statistics Sweden in relation to the Riksbank's production of statistics, see also ECB Opinion CON/2002/21 of 14 August 2002 at the request of Sveriges Riksbank on a draft legislative proposal to amend the

requirements in Regulation ECB/2001/13. Nevertheless, the following breakdowns of stocks are not included.

- 7.1. The monthly breakdown by purpose of the loans granted to households, as required in Table 1 of Regulation ECB/2001/13.
  - 7.2. Table S2 of the draft regulations specify item No 203 on debt securities issued, a residency breakdown of the holders of securities up to one year, but not of those over one and up to two years, as required in Article 2(5) of Guideline ECB/2003/2 of 6 February 2003 concerning certain statistical reporting requirements of the European Central Bank and the procedures for reporting by the national central banks of statistical information in the field of money and banking statistics<sup>4</sup>.
  - 7.3. The ECB's minimum reserve requirements provide for a separate identification of the positions vis-à-vis institutions subject to minimum reserve requirements. Before the Riksbank becomes a part of the Eurosystem, additional breakdowns would be needed to identify these positions for both residents and non-residents in other Member States.
8. The ECB proposes including the above breakdowns on the MFI forms, if not already covered by other national reporting requirements, which is assumed to be the case at least in respect of paragraph 7.1 above. The ECB also recommends solving the following terminological problems.
- 8.1. In general, the expression 'euro and EMU currencies' should be replaced by 'euro' as the latter would be clearer and the expression 'EMU currencies' would not be appropriate after the introduction of the euro (except maybe for banknotes and coins in national denominations during a transitory period that ended in 2002); it could be indicated that 'euro' comprises national banknotes of Member States that adopt the euro in the future in case a transitory period for the cash changeover is decided for such Member States.
  - 8.2. In Table S1 Accounts, maturity 1(10), specifying item No 201 deposits and borrowing-counterparties by type of account and maturity, the deposits redeemable at notice are broken down by 'maturity'. The correct expression is 'period of notice'.
  - 8.3. The ESA95 sector S.125 is described in the draft regulations (in, for instance, Table T3 Overnight Loans 1(2) item No 1031133) as 'insurance corporations and pension funds' for residents in Sweden and 'insurance corporations' for non-residents. It would be advisable to use the same term or to explain the difference, as appropriate.
  - 8.4. In the table specifying other EU currencies and other foreign currencies, these currencies should not include positions denominated in euro. The table does not make this explicit.

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Sveriges Riksbank Act (1988:1385) with regard to the collection of balance-of-payments statistics and the liquidity criterion for securities used in monetary policy operations.

<sup>4</sup> OJ L 241, 26.9.2003, p. 1.

9. A further important aspect of the draft regulations concerns the addition of a new section for reporting revaluation adjustment in respect of flows. The draft regulations are fully in line with the requirements for the revaluation adjustment in Regulation ECB/2001/13. Furthermore they extend the data reporting beyond the “minimum” requirement, to cover all breakdowns included in Table 1A of Regulation ECB/2001/13. The ECB welcomes this.
10. The draft regulations also entail introducing new references in the country and currency specifications to the countries expected to become new EU Member States from May 2004 (the “acceding countries”). Subject to the above recommendations, the ECB also welcomes these amendments.
11. Moreover, the draft regulations contain an additional breakdown of lending by maturity and a more coherent breakdown by sector that is also in line with Regulation ECB/2001/13. At present, however, a breakdown of the loans granted to households by purpose has not been included. This information is considered relevant to the monetary analysis of credit to residents.
12. The ECB understands that the draft regulations are not intended to collect data on interest rates applied by MFIs to deposits and loans vis-à-vis households and non-financial corporations (MIR) as contained in Regulation ECB/2001/18 of 20 December 2001 concerning statistics on interest rates applied by monetary financial institutions to deposits and loans vis-à-vis households and non-financial corporations<sup>5</sup>. Nevertheless, given that the draft regulations contain some requirements for the amounts of new business on loans, the ECB notes that the draft regulations do not fully cover the requirements for MIR statistics.
13. The ECB confirms that it has no objection to the competent national authorities making this opinion publicly available at their discretion. This opinion will be published on the ECB’s website six months after the date of its adoption.

Done at Frankfurt am Main on 26 January 2004.

[signed]

*The President of the ECB*

Jean-Claude TRICHET

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<sup>5</sup> OJ L 10, 12.1.2002, p. 24.