



EUROPEAN CENTRAL BANK  
EUROSYSTEM



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# Strengthened European monetary and financial statistics



European Statistics by the ESCB

Contribution to the World Statistics Day 2015

European Central Bank, 15 October 2015

# Overview

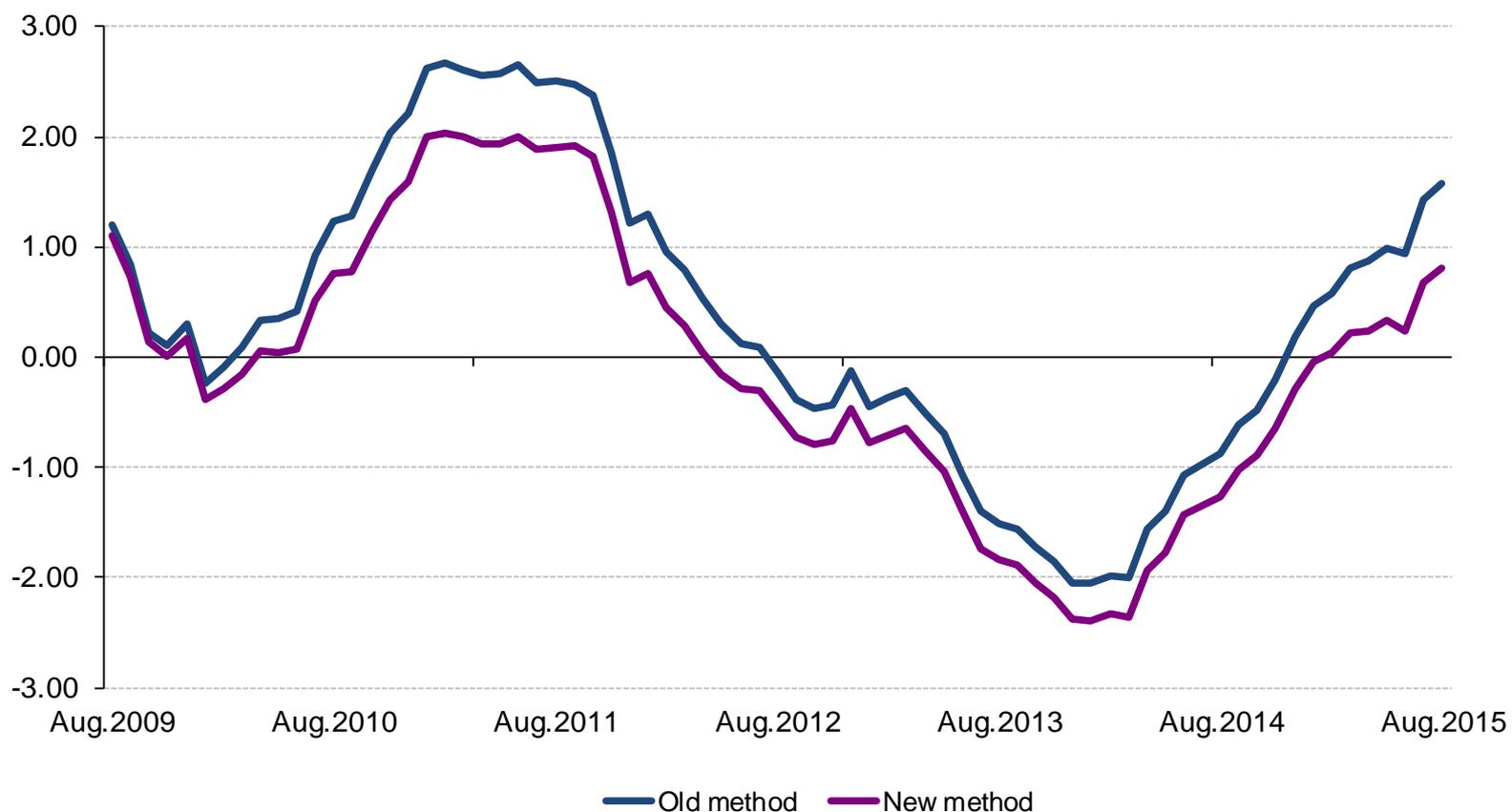
- 1 Bank loans
- 2 New framework for payment statistics
- 3 Other monetary and financial statistics in the pipeline
- 4 Analytical Credit Datasets - AnaCredit

## Addressing the impact of securitisation

- Loans granted by MFIs are sold to a ‘financial vehicle corporation’ i.e. a securitisation vehicle
- Those sales (or purchases) distort the analysis of financing to the private sector
- Adjustments cover
  - Bank sales/purchases of loans (applied in old and new methods)
  - Repayment of loans held by financial vehicle corporations (**new method**)
- The new adjustment method takes into account loan repayments also when those loans are not anymore on the bank’s balance sheet

## Loans to the private sector

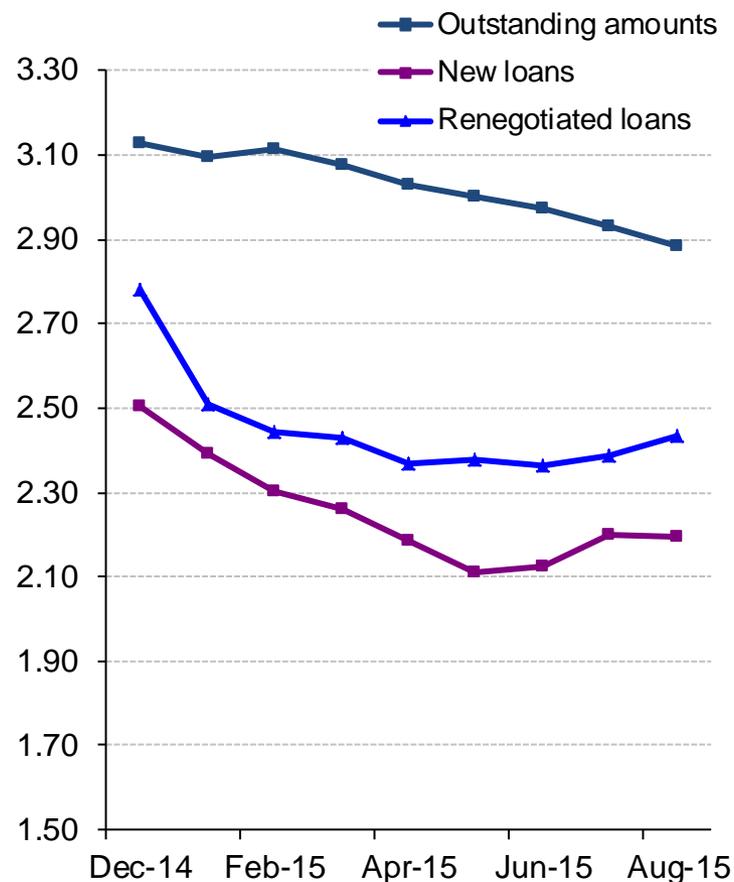
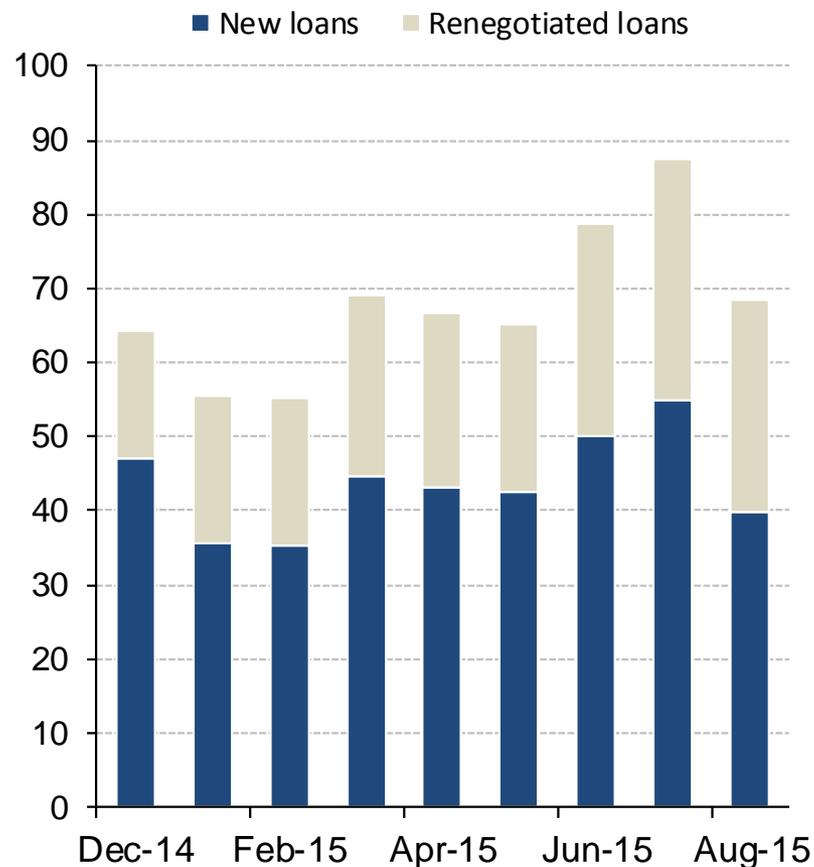
Euro area; annual growth rates adjusted for sales and securitisation



Data adjusted for seasonal and end-of-month calendar effects

## New business loans to households (house purchase)

Euro area; left - EUR billions; right - percentages per annum excluding charges

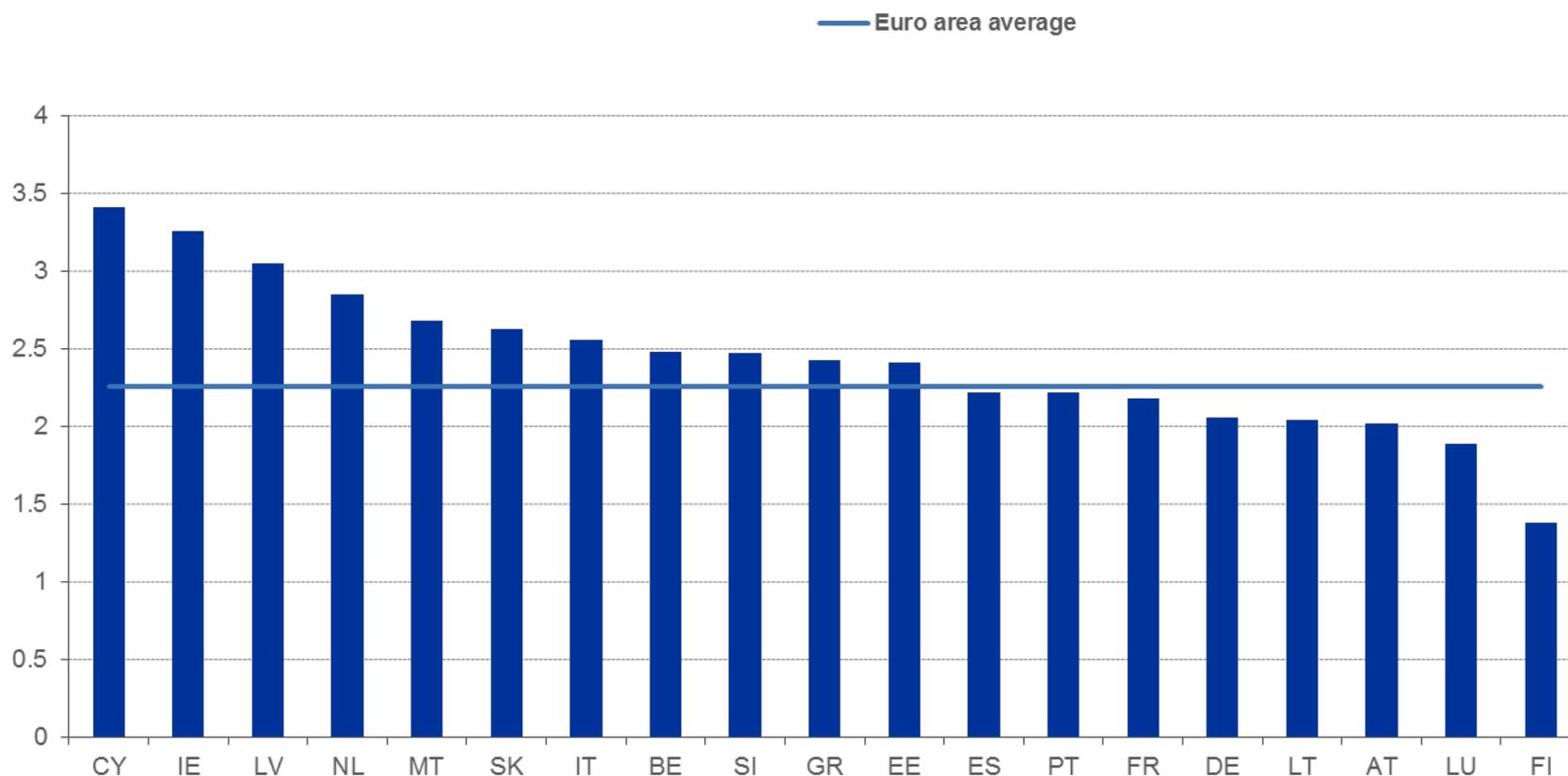


## Composite cost of borrowing

- Indicators of interest rates for households and corporations
- Assess the effectiveness of the monetary policy pass-through across the euro area countries
- Accurate and comparable measures across euro area countries with different structures for lending to households and corporations
- Based on interest rates and amounts of new loans

## Cost of borrowing for households (house purchase)

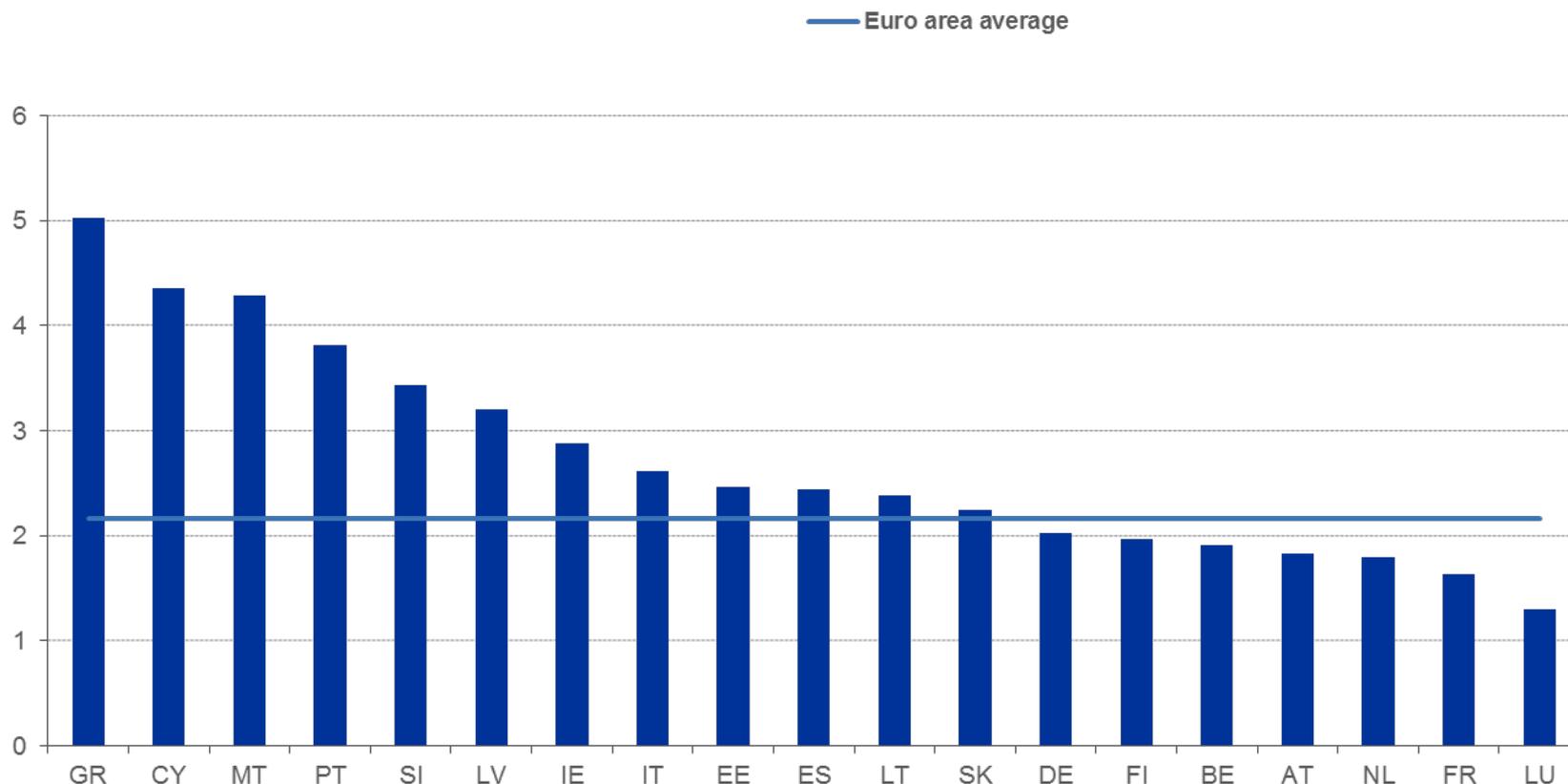
August 2015; percentages per annum excluding charges



- For new mortgage business, households in Cyprus are paying interest rates more than two times higher than households in Finland

## Cost of borrowing for corporations

August 2015; percentages per annum excluding charges



- For new business, Greek corporations are paying interest rates more than three times higher than corporations in Luxembourg

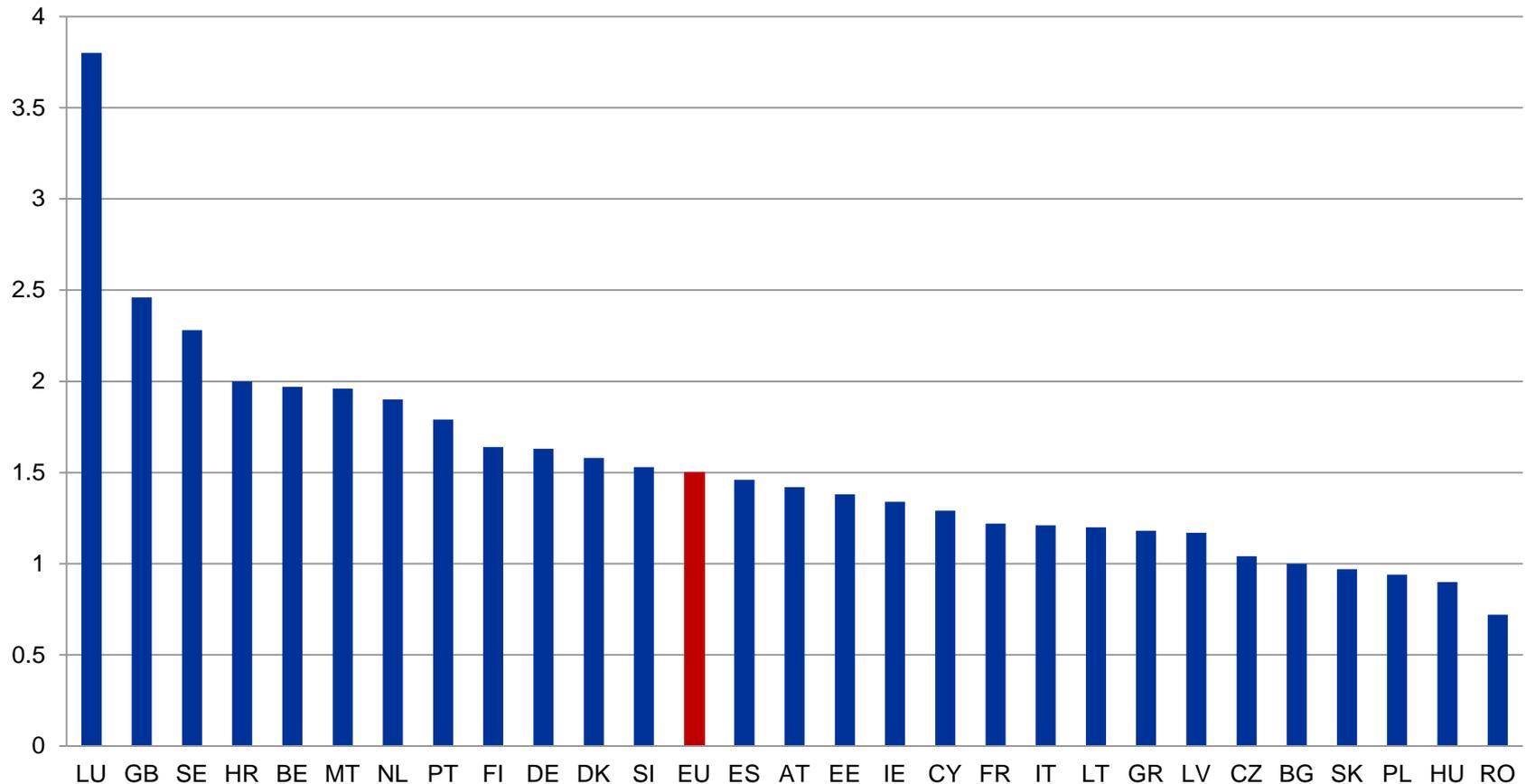
## The use of and rationale for enhanced annual payments statistics

- Two main uses/provision of data:
  - 1) **overview of the world of payments in Europe**  
in terms of numbers, values, payment services and instruments
  - 2) trends in **payment instruments and services**
- Better reflect **evolution in the payments market**, especially on:
  - Single Euro Payments Area - **SEPA**
  - Other changes in **European law**
    - *e.g. Payment Services Dir., Electronic Money Directive*
  - **Innovations** in payments *e.g. e-payments, mobile payments*



## Cards with a payment function

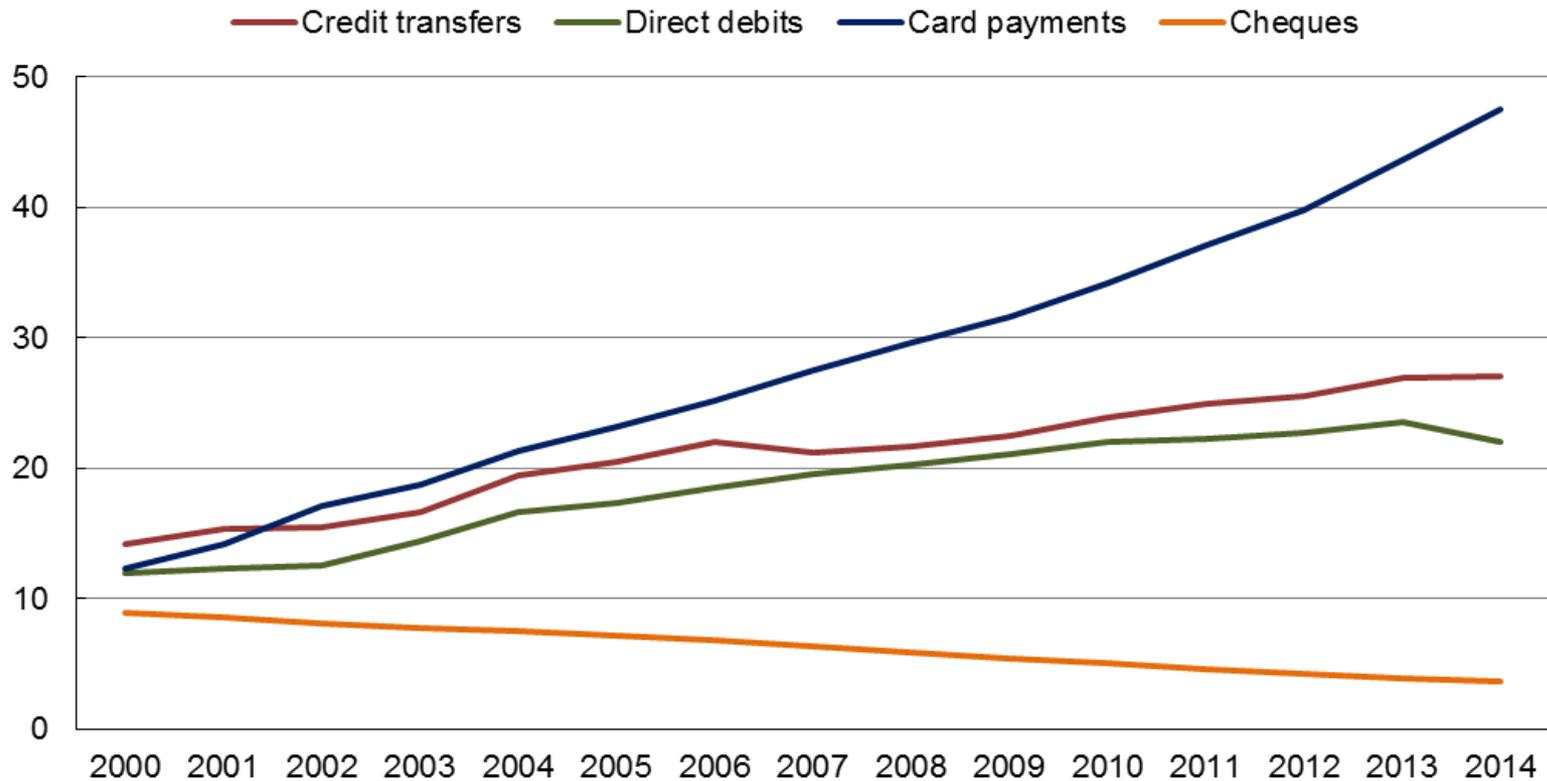
Cards issued by resident payment service providers, number per inhabitant, 2014



➤ In the EU are around 1.5 cards with a payment function per inhabitant

## Main payment services in the EU

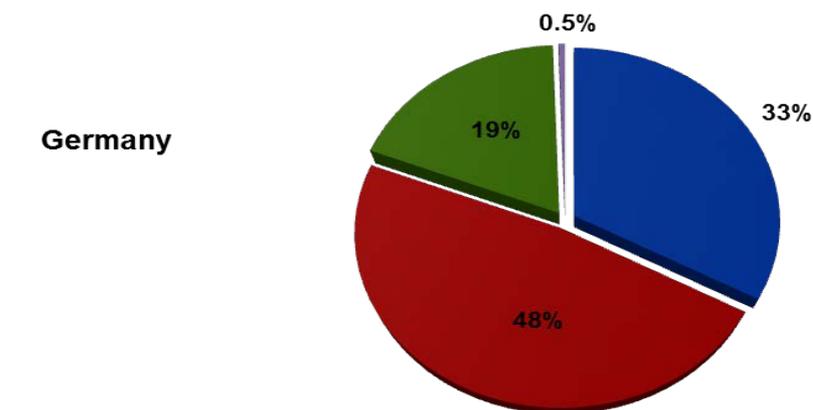
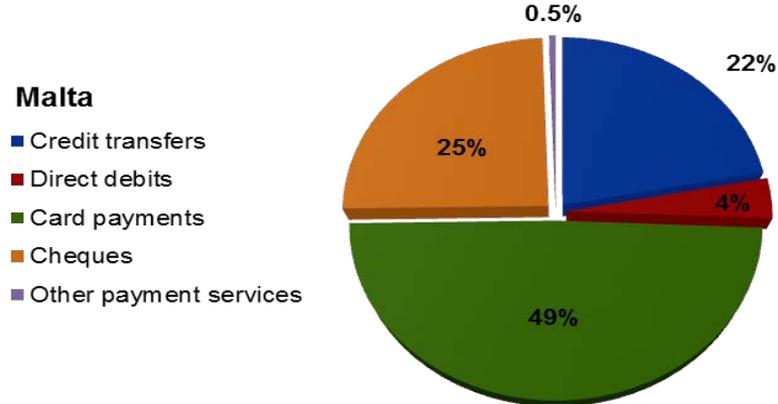
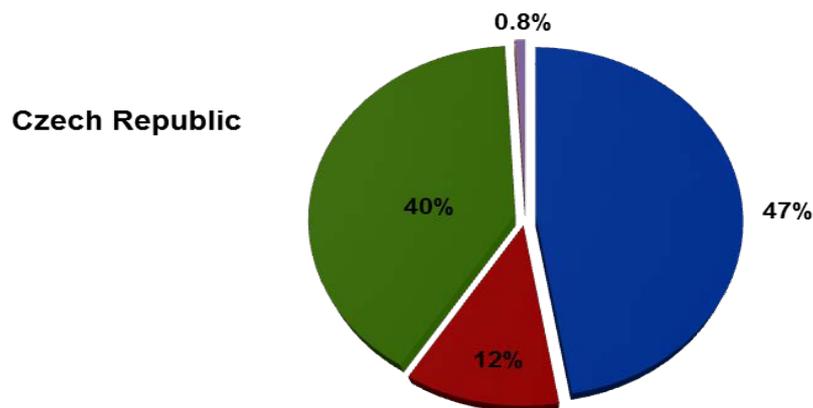
Billions of transactions per year



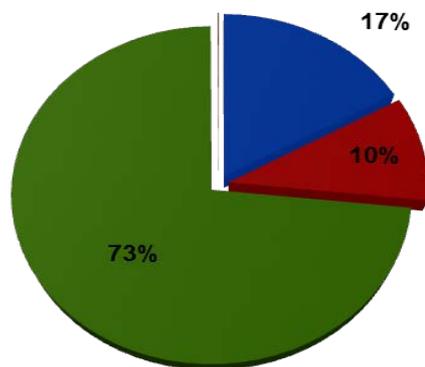
- The number of card transactions in 2014 was about four times higher than in 2000, and reached almost 50 billion transactions

## Main payment services

Share of total number of transactions in 2014



**Denmark**



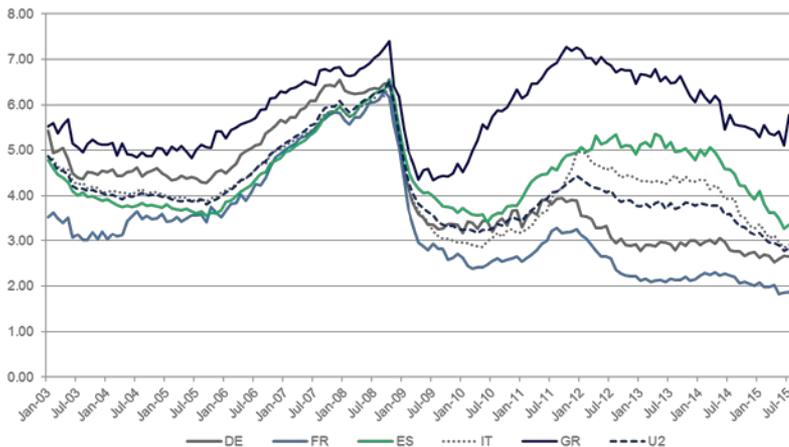
➤ Card payments dominate in Denmark and represent one fifth of the total in Germany

- Harmonised statistics on
  - **Insurance corporations** *2016*
    - closely attuned to Solvency II to minimise reporting burden
  - **Pension funds** *expected 2018*
    - work starts in close cooperation with EIOPA
- Money market statistical reporting
  - via transaction-by-transaction data collection *2016*
- Granular credit to non-financial corporations *2018*
  - via the **Analytical Credit** endeavour

- **AnaCredit data for several central banking functions will provide value for analysis e.g. in the following fields**
  - firms' *access to credit*, especially for SMEs (as yet only partial surveys)
  - *transmission of monetary policy to the real economy*
  - *credit supply* constraints (is there a 'credit crunch'?)
  - analyses of collateral issues and eligibility
  - credit risk assessment, for *macro-prudential analysis*
  - risk control measures
  - assessment of *credit worthiness* of borrowers
  - better assessment of *concentration of risk* towards certain segments of the economy (sectors of activity, firm size, regions, etc.)

- MFI interest rate statistics show a significant cross-country divergence in cost of short-term borrowing for firms after the crisis, in part still persisting
- **What are the reasons for this heterogeneity?**

Bank interest rate statistics  
Interest rate on short-term loans to NFCs up to an amount of EUR 1 million (percentages per annum)



- Are **firms more risky**, i.e. have a higher probability of default, in some countries?
- Are **firms** in certain **sectors of activity** more risky than others, hence countries where such sectors are dominant experience high average borrowing costs?
- Does it depend on the **bank-firm relationship** e.g. small vs large banks lending to smaller/larger firms?
- Do some countries have more **new or innovative firms**, which are normally charged with higher rates because their credit worthiness is difficult to assess?
- Are **SMEs** facing similar conditions as **large firms**?

Aggregated credit developments may underpin different analyses and results

**To know the true story we need AnaCredit**

- Draft Regulation focuses on Stage 1 *as of March 2018*
  - *On the basis of the merits & costs procedure run in 2014*
- The following aspects will not be covered in Stage 1:
  - *Credit to natural persons – and related reference information*
  - *Credit extended by lenders other than credit institutions*
  - *Instruments different from loans*
  - *Information on a consolidated (group) basis, and other variables directly linked to micro-prudential supervision*
- Their inclusion may be considered *subject to further assessment*
  - *Should mortgage or other loans to natural persons also be included, data will be reported to the ECB on an anonymised basis*

- **Reporting agents population**

  - ***Credit institutions***

    - **Stage 1**

      - + *Other deposit-taking corporations and SSM supervised institutions* Stage 2

      - + *Other financial intermediaries (subject to review)* Stage 3

- **Counterparties**

  - ***Non-financial corporations and other legal entities***

    - **Stage 1**

    - + *Natural persons (anonymised)*

      - **Stage 3**

        - Loans for house purchase and all loans to sole proprietors*

- **Coverage of instruments**

  - ***Loans***

    - **Stage 1**

    - + *Financial derivatives, other receivables and off-balance sheet items* Stage 2

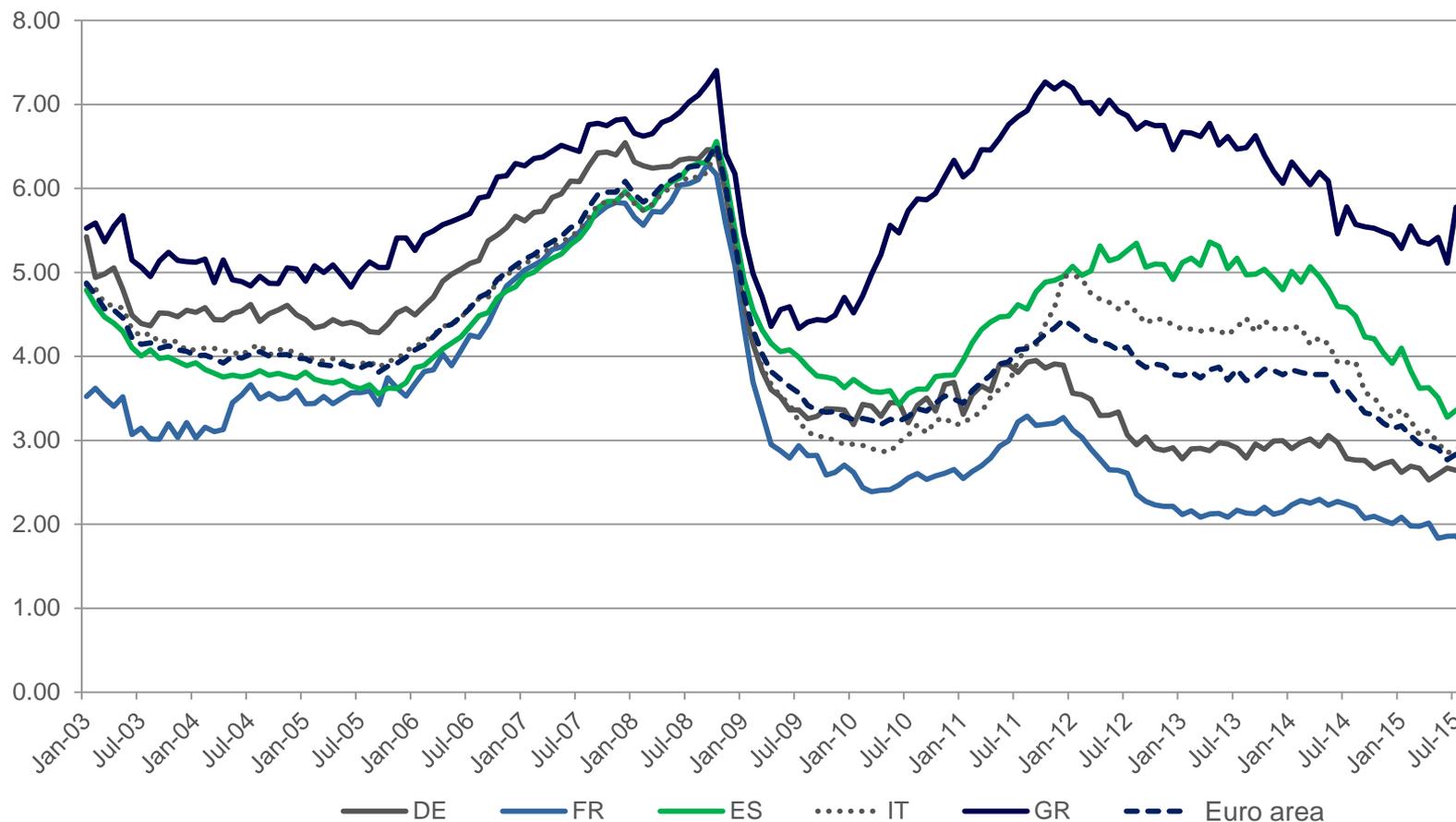
- **Threshold** set at € 25,000 for resident counterparts, and at € 100 for non-performing loans (at instrument level)

# Thank you for your attention



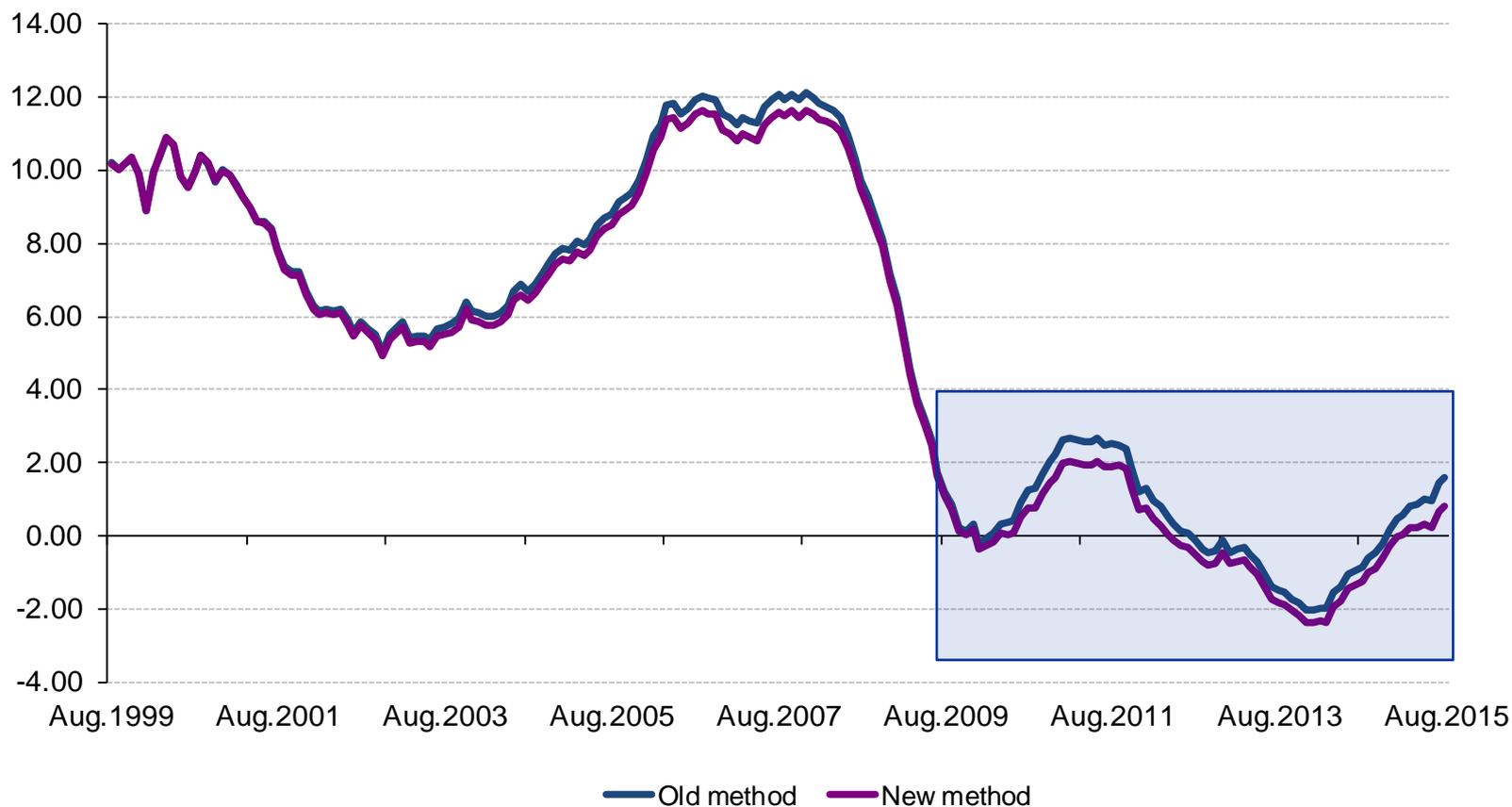
## Any questions?

Interest rate on short-term loans to non-financial corporations up to an amount of EUR 1 million (**percentages per annum**)



## Loans to the private sector

Euro area; annual growth rates adjusted for sales and securitisation



Data adjusted for seasonal and end-of-month calendar effects

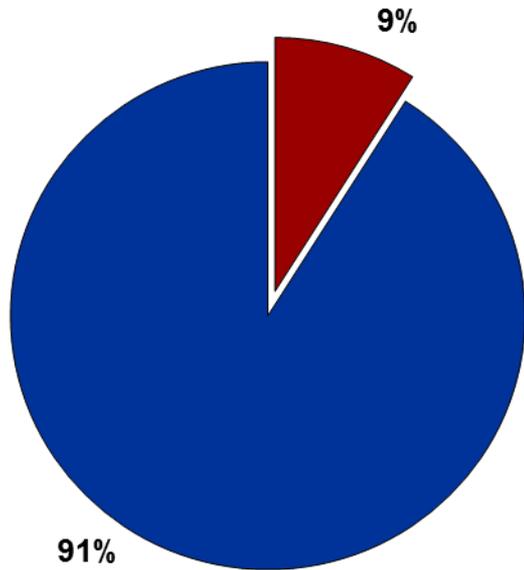
## Interest rates on renegotiated loans

- To **close an important gap** in understanding interest rate developments applied to **new business**<sup>1)</sup>
- New indicators on renegotiations of loans to non-financial corp. and to households: **interest rates** and monthly **volumes**
- **Use for estimation of:**
  - Amount of gross flow of **new loans** to the real economy (volumes)
  - **Interest rates** on the new contracts  
expected to be close to the advertised rates

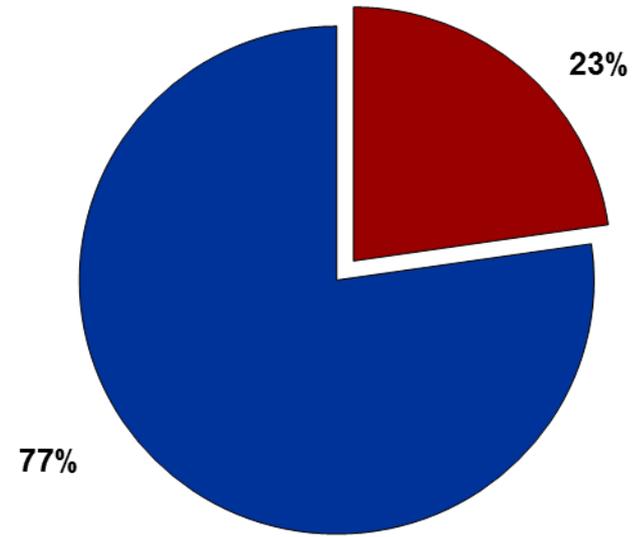
<sup>1)</sup> New business consists of: a) all financial contracts, terms & conditions that specify for the first time the interest rate of deposit or loan; b) all new negotiations of existing deposits and loans

## SEPA vs. non-SEPA transactions in euro area (percentage share of total number of transactions in 2014)

### Credit transfers



### Direct debits



■ SEPA transactions

■ Non-SEPA transactions

## Domestic vs. cross-border payments in euro area (number of transactions in EUR millions in 2014)

