

A Broader Perspective on Analysing Financial Stability Issues

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Traditionally, financial stability analysis and monetary policy have focused on developments in the financial corporations' sector and the monitoring of certain debt exposures. This paper discusses the need for a broader, all-encompassing, monitoring and analysis of (financial) risks and vulnerabilities, by exploiting the full potential of an integrated set of institutional sector accounts. In addition to financial accounts and balance sheets, these accounts provide the ability to monitor and analyse developments in non-financial (current and capital) accounts and non-financial assets, including the interactions and relationships with financial accounts and balance sheets.

The paper also discusses new developments, in the context of the G-20 Data Gaps Initiative (DGI), in the compilation of more refined datasets for financial accounts and balance sheets, such as the from-whom-to-whom tables monitoring the risks related to financial interconnectedness of sectors and countries, statistics on the emergence of new financial instruments and financial intermediaries (shadow banking), and statistics to monitor other risks and vulnerabilities (maturity mismatches, currency risks, etc.).

The paper concludes with recommendations for the need to move away from partial, rather fragmented, types of research and analysis with a focus on rather specific areas, to a more integrated and full-fledged approach, with the institutional sector accounts, non-financial as well as financial, at the core, and using the potential of micro-macro linkages to further enhance the consistency between granular data sets and macroeconomic statistics, thus fully exploiting the richness of available data.