

NOTE ON THE CHANGE IN COMPILATION METHODOLOGY OF MONETARY STATISTICS

In view of the exposed weaknesses in the international financial system, highlighting the fact that globalization brings risks as well as important benefits to the economies, the international community mobilized to strengthen the “architecture” of the international financial system. An important element of the "architecture" initiative involves the development and implementation of internationally accepted standards. The IMF developed standards or codes of good practices in its main areas of responsibility in consultation with experts from the member countries and international standard setting bodies to guide member countries in the dissemination of economic and financial data to the public. These standards—the Special Data Dissemination Standard and the General Data Dissemination System—comprise a number of elements of good practice in data dissemination. As an essential complement to, and outgrowth of these standards, the IMF intensified efforts to assist countries through the development of internationally agreed guidelines on statistical methodology in the field of Balance of Payments, Government Finance, and Monetary and Financial Statistics. The concepts set out are harmonized with those of the System of National Accounts 1993.

Statistics & Data Warehouse Department, State Bank of Pakistan revised the data collection requirements in lines with the Monetary and Financial Statistics Manual (MFSM 2000) in 2005, to go side by side with the international community. The data collected through this questionnaire are of much importance for the estimating monetary and financial aggregates as well as to support researcher to explore new areas of activities for the financial sector, to highlight strengths and weaknesses and paving way to new developments and support decisions making by different stakeholders.

Based on the revised questionnaire Statistics & Data Warehouse Department, State Bank of Pakistan has started compilation of monetary statistics under the title of "Analytical Accounts" for the Central Bank (State Bank of Pakistan), Other Depository corporations and Depository Corporations according to the guidelines of Monetary and Financial Statistics Manual (MFSM 2000) – IMF w.e.f. June 2008. Compilation methodology is available at: <http://www.sbp.org.pk/departments/Guidelines.htm>
Analytical Accounts of Central Bank and Other Depository corporations and Depository

Corporations as on June 30, 2008 have been prepared and are available at: <http://www.sbp.org.pk/ecodata/index.asp> under the heading "Analytical Accounts - MFSM".

Major changes and revisions in compilation methodology are given as under:-

Item	Old Methodology	New Methodology	Remarks
1. Coverage	Data of Central Bank and Scheduled Banks used to compile Monetary Survey	Data of Central Bank, Scheduled Banks, DFIs and Depository NBFCs is used to compile Depository Corporations Survey	Coverage of the institutions has been enhanced
2. Classification Changes	Limited information on sectorization, instruments and currency	Comprehensive sector wise, currency wise (LCY & FCY) data on all financial assets and liabilities is available	In old methodology bank's investment in securities and shares of Other banks was merged with investment in private sector business. In new methodology the data on investment in interbank securities & shares is separated from private sector business. The amount pertaining to investment in interbank securities and shares is now reclassified as Claims on Other Depository Corporations.
3. Separation of Local Currency Deposits of Non-Residents	N/A	Sector wise /Currency wise data on deposits is available	In old methodology no such data was available. In new methodology proper space has been provided for such deposits. The LCY deposits of Non-Residents will now become a part of NFA which were previously added in Broad Money

4. Coins in Circulation	Included in Currency in Circulation, Reserve Money & M2	Excluded from Currency in Circulation	Since Coins are not liability of Central Bank and are issued by Central Government. Therefore, the counterparts on assets side and from liabilities side coins in circulation from reserve money have been excluded. The amount of coins in circulation is added in Memorandum Items in footnotes of Central Bank Survey.
5. Incorporation of Accrued Markup	Principal Basis	Accrual Basis	In old methodology accrued mark up was recorded as a part of other liabilities/assets. In new methodology all financial assets and liabilities are reported on accrual basis i.e., accrual of interest is treated as transaction and accrued but yet not paid interest is classified along with the underlying instrument. For example Claims on Government now include the principal amount and accrued interest.
6 Treatment of Securities Repurchased Agreements	Outright sale/purchase of securities	Collateralized loans	In old methodology the Repo/Reverse Repo transactions were treated as outright sale/purchase of securities. In new methodology the same are treated as collateralized loans