## Comments on **Chapter 26: Monetary and Financial Statistics**

The notion of integrating the monetary and financial statistics (MFS) in SNA93 is supported. This makes for strong links between these almost totally related databases, and will ensure for comparability of data for user communities.

That being said, given the aforementioned similarities, there is very little substance to the current draft of chapter 26. This is because almost all that must be said about financial statistics has already been covered by chapter 26 (sectoring, financial instruments, financial transactions, financial positions, flow of funds accounting, etc.) In fact, the distinct sections of SNA93Rev1 draft chapter 26 were basically lifted from chapter 11 in SNA93 (money, maturity, functional categories, reserve assets, flow of funds accounting); further the updated discussion of the classification of financial corporations was taken from chapter 4 of SNA93 (basic sectoring of MFS is that of from SNA93). The original treatment of these issues in these chapters is preferable.

The reference to **flow of funds accounts** (often referred to as *Capital and Financial Account*) including both the SNA capital and financial account has very little to do with MFS (see Table 26.3a), and rightly belongs in the sequence of accounts right after the consecutive chapters on the **Capital Account** (chapter 10) and **Financial Account**. (chapter 11) … which is where it was in SNA93. The introduction to chapter 11 already refers to the link between the capital and financial accounts. Canada strongly feels that any discussion of **flow of funds accounts** should be returned to chapter 11, either as a distinct section or as an appendix. To do otherwise is essentially a dis-service to the sequence of core SNA accounts, which is a key element of the manual.

Section D it is claimed that MFS are distinct from the financial account due to the *to-whom from-whom* emphasis. It is inaccurate to infer that the financial account does not measure *to-whom from-whom*. With SNA matching assets and liabilities, the financial account is by its very nature a crude form of *to-whom from-whom*. In many countries, this *to-whom from-whom* relationship is reasonably well articulated in the financial accounts or **flow-of-funds accounts**; these same statistics are also the input file for OECD financial statistics and largely the input file for IMF MFS. The essentials and framework of debtor-creditor analysis is contained in **flow-of-funds accounts**.

This document cannot support a redundant chapter. As a result, would be far more efficient and less confusing to situate the discussion of MFS in chapter 26 around (i) uses of MFS and (ii) differences with respect to SNA core accounts. Links to SNA core chapter 11 and 13 would also be useful, such that readers can see how MFS builds on the FA and BSA of the core SNA accounts.

Chapter 26 could differentiate itself by focussing on uses and differences. Such a discussion could include the following:

- Evolution (broadening) of MFS resulting from re-draft of IMF-MFSM; uses of MFS

- MFS narrower that chapter 11 and 13 with respect to sector coverage (i.e., financial sectors only), but broader in terms of asset detail requested - the need for additional instrument detail and *to-whom from-whom* detail in MFS for selective in-depth analysis of debtor-creditor relationships

- Special issues related to MFS, including consolidation (which is different than the core SNA) as well as monetary aggregates, credit aggregates and other financial aggregates/indicators