

## **South Africa participates in the International Monetary Fund's co-ordinated compilation exercise of financial soundness indicators**

In September 2002, the International Monetary Fund (IMF) requested the South African Reserve Bank to be part of the Expert Group of the *Compilation Guide on Financial Soundness Indicators* (the *Guide*). The mandate of the Expert Group was to review the preliminary draft of the *Guide* and to exchange views on the draft. The primary purpose of the *Guide* is to provide guidance on the concepts, definitions, sources and techniques for the compilation and dissemination of financial soundness indicators (FSIs). It is intended to encourage the compilation of FSIs and to promote cross-country comparability of these data as well as assist compilers and users of FSI data, with the ultimate objective of supporting the national and international surveillance of financial systems.

In March 2004, the pilot Co-ordinated Compilation Exercise (CCE) was launched and South Africa was invited to participate. The South African Reserve Bank was requested to co-ordinate the project and to involve other relevant national agencies such as regulators and supervisors, and the National Statistical Office. The invitation was subsequently accepted and the Financial Stability Department was mandated to co-ordinate the exercise. By accepting the invitation to participate, South Africa agreed to provide metadata information and FSI data to the IMF for the reference date of the exercise.

The overall aim of the exercise was to develop countries' capacity to compile FSIs for the surveillance of financial systems and to promote the international comparability of FSIs. The specific objectives of the exercise were twofold: To compile cross-country comparable FSIs in line with the *Guide*, for use in assessing the strengths and vulnerabilities of the financial systems; and to disseminate the FSI data compiled with the metadata in order to increase transparency and strengthen market discipline.

The FSI data and the metadata were to be reported using a standard format prepared by the IMF staff in consultation with the participating countries. The IMF had intended to publish the data and the metadata for the reference date in a single release. The exercise is now coming to an end. Out of the 62 CCE participating countries, FSI data and metadata for 52 have now been posted on the IMF's website, representing the first two tranches of postings. South Africa is among the first two tranches of posting. Additional tranches of postings for the remaining CCE participating countries' FSI data and metadata will be released in due course. The data and information can be accessed at the following IMF website:

<http://www.imf.org/external/np/sta/fsi/eng/cce/index.htm>

Following the dissemination of the FSI data and metadata reported under the CCE, the IMF plans to begin a post-exercise evaluation involving all the countries participating in the CCE pilot project and co-operating international agencies. The IMF also plans to take stock of the CCE and to give countries the opportunity to share their views on the lessons learned from the CCE, including the usefulness of FSIs in the assessment of financial stability, and to invite participating countries to suggest a way forward with FSIs in the financial surveillance/stability work of countries and of the IMF.