Financial Soundness Indicators: Analytical Aspects and Country Practices

V. Sundararajan, Charles Enoch, Armida San José, Paul Hilbers, Russell Krueger, Marina Moretti, and Graham Slack

C

, '



Contents

Preface		vii
List o	of Abbreviațions	viii
I	Overview	I
	Part I. Selected Analytical Aspects	
11	Indicators for Macroprudential Analysis	7
	The Macroprudential Framework FSIs in the Context of the FSAP Qualitative Aspects	7 8 9
	Banking System	13
	Bank Behavior and Vulnerabilities Banking Indicators	13 15
I¥	Other Sectors and Markets	23
	Nonbank Financial Intermediaries Corporate Sector Household Sector Real Estate Markets	23 24 28 29
v	Stress Testing of Financial Systems	35
	Defining System-Wide Stress Tests Measurement Techniques	35 38
	Part II. Country Practices	
VI	The IMF Survey on FSIs	45
	Introduction Response to the Survey	45 46
VII	Usefulness of FSIs	48
	FSIs by Usefulness Group Additional FSIs Identified by Respondents	48 49
VIII	Compilation and Dissemination Practices	52
	Compilation and Dissemination of FSIs and Their Components Periodicity Accounting, Regulatory, and Statistical Issues	52 56 56

jii

-

.

,

IX	Analytical Frameworks and Research	61
	Macroprudential Research	61
	Coverage of Financial Institutions	61
	Norms, Benchmarks, and Thresholds	63
	Presentation	64
	Composite Measures	64
	Business Surveys	65
× .		
X	Concluding Remarks	66
	Identification of Core and Encouraged Sets of FSIs Directions for Further Work	66 67
References		70
Арре	endices	
1	Explanation of FSI Terms	73
18	Aggregation Issues	76
	Additional FSIs Identified by Respondents	78
	Tables of Survey Results	79
V	Survey on the Use, Compilation, and Dissemination of	
	Macroprudential Indicators	92
Boxe	S	
	1.1. Definitions	2
	3.1. Basel Capital Adequacy Ratio	16
	3.2. Valuation of Capital	17
	4.1. Sectoral Balance Sheet Analysis	31
	6.1. Structure of the Survey on FSIs	45
	8.1. Compilation and Dissemination Practices	55
	8.2. Country Practices on Nonperforming Loans	57
Table	es	
	1.1. Financial Soundness Indicators	3
	2.1. FSIs Used in Financial System Stability Assessments	10
	3.1. Income Summary	20
	4.1. Determinants of Corporate Vulnerabilities	25
	4.2. Indicators for the Corporate Sector	27
	4.3. Cash Flow Summary	28
	4.4. Household Indicators Used in Norway, Sweden, and the	20
	United Kingdom	30
	4.5. Real Estate Indicators 5.1. Data Requirements for an Integrated VoR Analysis	33 40
	5.1. Data Requirements for an Integrated VaR Analysis 6.1. Summary of the Responses by Type of Economy	40 46
	6.2. Summary of the Responses by Indicator	40
	7.1. Group I FSIs by Type of Economy	40
	7.2. Group II FSIs by Type of Economy	50
	7.3. Groups III–IV FSIs by Type of Economy	51
	8.1. FSIs: Compilation and Dissemination Practices	53
	8.2. Periodicity of FSIs	56
	8.3. Valuation Practices Affecting FSIs by Data Source	59
	10.1. Core Set of FSIs	67
	10.2. Encouraged Set of FSIs	68

•