

ASIAN DEVELOPMENT BANK  
CONCLUDING WORKSHOP ON

RETA 5869: STRENGTHENING AND COLLECTION OF  
FINANCIAL AND MONETARY STATISTICS

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**Strengthening and Collection of Financial and Monetary  
Statistics in Thailand**

**I Introduction**

The Asian economic and financial crisis started in mid 1997 has highlighted the value of timely, reliable and relevant, financial market data as well as the effective methods of compiling and disseminating data to the public. At the same time, financial innovations and complexities of the global financial market emphasize the increasing needs for high quality, standardized and up-to-date financial and monetary statistics which are able to timely respond to the requirements of all parties. Consequently, the Bank of Thailand (BOT) has taken steps to overhaul their data system to meet acceptable international standard and to help it achieve optimal policy stance during the crisis and beyond. The main focus of this paper aims 1) to summarize methodologies of collecting, compiling and disseminating financial and monetary statistics monitored by the BOT 2) to present commonly Agreed Indicators under RETA 5869 and 3) to identify new demands for those statistics as a result of the crisis.

**II Present Status of Monetary, Financial and Banking Statistics**

**1. BOT's Financial Data Collection and Compilation**

1.1) Data on Financial Institutions

In accordance with the Commercial Banking Act, B.E. 2505 (A.D. 1962) and the Act on the Under taking of Finance Business, Securities Business, and Credit Foncier Business, B.E. 2522 (A.D. 1979), financial institutions are legally obliged to submit report forms to the BOT on a regular basis. Executives of financial institutions are required to verify all submitted report forms to ensure the accuracy. Additionally, BOT's authorized supervisors would periodically conduct on-site auditing at randomly selected financial institutions. The required report forms vary from daily reports to semi-annual reports, covering items such as liquidity reserves, assets, liabilities, and equities, capital adequacy, income and expense, problem loans and supervision, credits/deposits/borrowings, interest rate, and so forth. However, list of required reports may change over time to effectively respond to the changing financial environment.

Presently, there are 66 reports required for the total of 13 Thai commercial banks and 21 branches of foreign banks to submit to the BOT; 15 reports for 12 IBFs; 31 reports for 21 financial companies; and 22 reports for 10 credit foncier companies. Out of the total reports submitted, 60% are monthly reports and are to be submitted by the 21<sup>st</sup> of the following month. Quarterly reports are to be submitted within the first month following the end of that quarter.

Regarding the format of data submission, 58% is in the form of hard copy: 28% is in the form of diskette: and 14% is on-lined through the Electronic Reporting System (or ERS). Data are then keyed-in, transferred, or downloaded, as the case may be, into "Financial Institution Database." Presently, there are approximately 680 internal officers authorized to have an access to the database:

The collection of financial institution data not only aims at serving BOT's financial institution's supervision function, but also at providing data to support the compilation of monetary and banking statistics, which is the BOT's responsibility. The BOT has adopted the IMF standard in compiling monetary and banking statistics, therefore, all data are up-to-date and meet the users' requirements. At present, the compilation of financial and monetary statistics of the BOT follows the IMF's Manual on Monetary and Financial Statistics; consequently, such data are internationally comparable. The financial statistics compiled by BOT are as follows:

#### A. Monetary data

Monetary data comprises of monetary base, narrow money M1 and board money M2, M2a and M3. The compilation methodology of these statistics is shown in attachment 1

#### B. Banking Statistics

- Assets and Liabilities of Commercial Banks
- Capital Funds
- Incomes and Expenses
- Liquidity Assets
- Credits Granted to Economic Sector
- Credit and Deposits Classified by provinces
- Deposits and Credits Classified by type of depositors and debtors
- Credit card data
- Nonperforming Loan
- Interest rate and exchange rate

#### C. Non Banking Financial Statistics

Additionally, BOT also compiles financial data on finance companies and Credit Foncier Companies similar to the above – mentioned format.

### 1.2 Foreign Exchange Transactions Data

The Exchange Control Act, B.E. 2485 (A.D. 1942) requires that a person purchasing or selling foreign exchange over 5,000 USD equivalent with authorized agent for purposes other than trade in goods must declare their transactions through submission of so-called FT. Forms. Authorized agents, most of which are commercial banks, then gather the FT. Forms, complete a separate set of summary their foreign

exchange position reports, and submit all reports to the BOT. There are a total of 59 foreign exchange daily/weekly/and monthly reports, 58% of which are daily reports. Reports are to be submitted within 3 working days for daily reports: within the next Monday for weekly reports: within 4 days for fortnight reports; and within 15 days following the end of the reference month for monthly report.

Regarding the format of data submission, 73% is in the form of hard copy 25% is through ERS; and 2% is in the form of diskette.

Foreign exchange-related data are maintained in the "FX Database", the access to which made available to the Financial market Operation Group, Financial Institution Supervision Group, Financial Institution Policy Group, and Litigation Group for the purpose of exchange control & daily monitoring of money market, and monitor the foreign exchange position of each financial institution. Moreover Data Management Group also uses these data to compile balance of payments statistics and report on commercial bank's purchase and sale of foreign currency (the compilation methodology shown in attachment 1). Presently, there are approximately 80 officers authorized to access to the database.

### 1.3. Data from Survey

#### 1.3.1 Data on external debt of non-bank sector

External debt statistics compilation combines data from three sources: 1) External debt statistics of the government and state enterprises from the Ministry of Finance, and 2) External debt statistics of the banking sector from commercial banks and BIBF reports, and 3) Nonbank corporate external debt statistics from the International Transaction Reporting System (ITRS) on net flow (the stock of debt is calculated from historical stock data). After BOT's foreign exchange liberalization, this source of data reflects the level of private external debt less accurately as ITRS is incapable of capturing some channels of external borrowing such as "loan not brought into the country", the portion of which seemed to become more significant over time. Hence, BOT launched its first quarterly external debt survey in 1999 for the outstanding amount as of end-1998 to make the external debt figure of non-bank sector more accurate. Population survey is done once every two years, covering all non-bank corporate incurring any form of external borrowing. Respondents are asked to return the survey forms to the BOT within 1 month, and data processing usually finalized by the following quarter. The survey-based data allows for instrument, maturity, and currency breakdown.

#### 1.3.2 Business Sentiment Survey

The BOT has been conducting monthly Business Sentiment Survey since January 1999. Questionnaires are sent to about 865 business firms operated in Bangkok, with the response rate of about 60%. The survey aimed at evaluating the business condition in the current month, next month, and next 3 months. The survey included 10 questions covering topics such as business condition, purchasing power, investment, employment condition, inventory, cost of production, input trend, market

competition, company financial condition, and financial market condition. The information is then translated into a Business Sentiment Index (Attachment 1)

### 1.3.3 Survey on International Investment Position or IIP

In accordance with the IMF's Special Data Dissemination Standard or SDDS, member countries have to compile and disseminate annual IIP within six months after the end of each year. That is the dissemination allows for maximum of 2-quarters lag. Thailand has subscribed to the SDDS since August 1996, and thus is committed to the IIP dissemination by the above guideline. As the existing database of the BOT does not support IIP compilation, BOT designed surveys in search of the missing pieces of data, mostly the asset side of public and non-bank sectors. Last year, BOT consulted with experts from Australian Bureau of Statistics or ABS and accordingly drafted the first IIP survey forms. The survey was launched in April 2001, covering 1,000 companies and asking them to return the form within 1 month.

### 1.3.4 Survey on Output & Sales of Selected Industries

This monthly survey targets at 255 major companies, covering 45 industries and 62.4% of total output of industrial sector. Respondents are asked to return the survey forms within 15 days; or else, the data would be collected through interview over the phone. (Attachment 1)

Surveyed data are stored in the "Econ Database" and are used to compile external debt statistics, IIP, and business sentiment index.

Apart from BOT self-operated data, there are a number of data which BOT obtains from outside sources, such as GDP, CPI, Population, labor and Wages. All these statistics are also stored in "Econ Database" and are accessed by 460 authorized officers of DMG and Monetary Policy Group. Highly sensitive data such as data on the individuals are, on the other hand, securely kept and allowed for limited access.

## 1.4 Data on Stock Market

The BOT has been closely cooperating with the Stock Exchange of Thailand (SET) in order to directly receive data from the SET Information Management System (ISIM). The BOT has backed up all important data from such a system daily. All relevant data are useful for the BOT to follow up the status of the stock exchange movement. Such significant data and information include SET index, market turnover, turnover by sectors and types of securities, volume of most traded securities, P/E ratio, dividend yield and market capitalization.

## 1.5 Data on Bond Market

Prior to the economic crisis in 1997, sources of funds for most corporations were mainly from financial institutions especially commercial banks. However, after the crisis, financial institutions have been very cautious on credit extension to corporations since they are afraid of NPL problems. Therefore, corporate bonds become an alternative means of financing working capital and investment while financial institutions do not function properly. From 1999 to present, many corporations have issued debentures in order to raise funds. From this reason, the debenture market has been growing rapidly with the issuance volume of more than 100 billion baht since 2000. To guarantee the money of creditors who bought such debentures, since April 1999, the

Security and Exchange Commission (SEC) required since that before being issued any debenture corporations be rated by Thai Rating and Information Service (TRIS).

The BOT awares the increasing importance of the growing of debenture market and data; therefore, it has been collecting data from relevant institutions such as the SEC and Thai Bond Dealing Centre (TBDC). The BOT collects new issuance of securities data from the SEC, and the outstanding of debenture data from the TBDC. The BOT downloads both types of data, compiles such data and disseminates them.

## **2. Recent Development to Improve Financial Market Data System**

During the past two years, the BOT has been improving its financial data compilation process to be more up-to-date and frequent in order to increase efficiency of monetary policy implementation and meet users requirement. In addition, the BOT has increased the transparency of financial data dissemination to public with the following details:

1. The BOT increases the frequency of M2a compilation and dissemination from once a month to twice a month. This process started in the last quarter of 1999.

2. The BOT, from 1999, has been disclosing some data which used to be confidential and used only for internal purposes such as Real Effective Exchange Rate (REER) and non-performing loans (NPLs)

3. The BOT released the circular in June 2000 to all financial institutions, and asked them to explicitly and regularly report the Summary Statement of Liabilities and Assets at their offices or publish it on their websites by the 21<sup>th</sup> of each month. This increases the transparency of such financial institutions operations to public. Besides the summary statement, the BOT requires that each financial institution makes remarks on NPLs Outstanding and Loans to Related Parties (the Credits / Loans which financial institutions grant to their related person or enterprise, as determined by the International Accounting Standard 47).

Apart from the new financial data compilation stated above, the BOT has also developed new economic indicators to be the early warning system such as Leading Economic Index, Leading Inflation Index and Private Consumption Index. The BOT has been publishing these indices monthly on the BOT website.

## **3. Data Analysis and Its use in Policy Formulation**

Monetary, Financial and Banking Statistics that the BOT compiles are used in policy formulation as follows:

1. Monetary Policy Group (MPG) uses these data to analyze and evaluate the Thai economic situation. Data Management Group serves all relevant data to the MPG in order to prepare the monthly, quarterly and annual reports submitting to the following committees:

- 1.1 The Court of Directors of the Bank of Thailand which meets every last Thursday of the month.

- 1.2 The Monetary Policy Board (MPB) which meets twice every 6 weeks to formulate the monetary policy to achieve price stability by taking into account, exchange rate, economic growth, investment, production, and employment as well as other vital information and approves the quarterly inflation report

- 1.3 The Money Market Committee which meets twice a week on Tuesdays and Thursdays to direct the monetary policy implementation and conducts

foreign exchange policies that are suitable to the market and in accordance with the policy formulated by the MPB.

2. Such data are used in macroeconomic model not only to forecast over short-term and medium-term economic trend, but also to assess the impact of economic policy and other factor on the Thai economy.

3. These data are important for policymakers since such data are used to assess the current situation of financial institutions and to formulate the regulatory policies to financial institutions on the macro-level. In addition, such data are used as guideline to supervise and monitor financial institutions. Financial institution data are presented to the committees as follows:

3.1 The Financial Institution Policy Committee which meets at least twice a month.

3.2 The Financial Institution Development Committee which meets at least once a month.

### **III. ADB Macroprudential Indicators**

#### **1. Compilation of ADB's MPI**

During the seminar on "Inception Workshop of ADB's Regional Technical Assistance (RETA) 5869: Strengthening and Collection of Financial and Monetary Statistics in Selected Developing Member Countries (covering five developing countries in the region namely Fiji, Indonesia, the Philippines, Thailand and Vietnam) in April 2000 in Manila, the Philippines, all participants mutually agreed to compile and disseminate important data under the ADB's framework in order to use them as key indicators to monitor the financial stability. Such data comprised commonly agreed 67 items. Moreover, there were 42 additional items from the IMF's request (see Attachment 2). Thailand has reviewed all those data and found that currently the BOT's database can compile only 75 items including 61 commonly agreed data and 14 additional data. Such 75 data can be divided into 7 categories as follows (see Attachment 3):

- A. External Debt and Financial Flows
- B. Money and Credit
- C. Banking
- D. Interest rates
- E. Stock markets and Bonds
- F. Trade Exchange and International Reserve and
- G. Business survey data

The details of data compilation and metadata preparation are described below:

#### **A. External Debt and Financial Flows**

Under this category, the BOT can compile all 8 items of data including 6 commonly-agreed items and 2 additional indicators (see Attachment 3). All data are on quarterly basis since they must be compared as ratio to the GDP. In Thailand, the GDP is only compiled quarterly. Moreover, the BOT improved the compilation process of non-bank private sector debt from using data from reports on foreign exchange transaction which authorized agents submitted to the BOT on a daily basis to the survey started from 1998. This is to reflect the accuracies in external debt of the country. In 2000, the BOT extended the survey to quarterly basis. As a result, the survey reveals that external debt of Thailand increase by US\$20 billion from the old series. From the survey,

quarterly debt data dated back to only 1999; however, the BOT revised the annually data back to 1985 so it would be useful for analytical purposes.

Attachment 1 describes definitions and compilation processes of external debt, foreign direct investment and portfolio investment data.

#### B. Money and Credit

Data in this category consist of Monetary aggregates, M1, M2 and M3, and credit including Capital Adequacy Ratio (CAR) and Liquidity Ratio (see Attachment 3). The BOT is solely responsible for compiling and disseminating such data monthly. Therefore, the BOT has no problem with this category and can prepare all 17 data including commonly-agreed and additional indicators. Attachment 1 will show how to compile money supply data.

The definition of Capital Adequacy Ratio and Liquidity Ratio are as follows:

- Capital Adequacy Ratio-CAR defined as Total capital to total assets ratio, is a key financial ratio measuring a bank's capital adequacy. At present, the Bank of Thailand prescribes that a financial institution is required to maintain this ratio in accordance with the BIS (Bank for International Settlements) standard, which is 8.5% for a local bank, 8.0% for a finance company and 7.5% for a foreign bank branch respectively.

- Liquidity ratio defined as Liquid assets to total assets. Liquid assets are the cash or its equivalent and/or assets that are readily convertible to cash. At present, the Bank of Thailand prescribes that a commercial bank shall maintain liquid assets as follows:

1. deposits at the Bank of Thailand
2. cash in hand at commercial banks
3. unencumbered securities such as Thai Government Securities and Bank of Thailand bonds

On April 1, 1999, the Bank of Thailand prescribed that a bank shall maintain liquid assets in proportion as follows:

- Thai banks and foreign bank branches: not less than 6% of total deposits of all types and total foreign borrowings which are due within one year from the borrowing date

- Finance and Finance Security Co.,Ltd.: 6% of all types of borrowing

- Credit Foncier Co.,Ltd.: 5% of total borrowings

- Thai and foreign IBF: 6% of total foreign borrowings which are due within one year from the borrowing date.

#### C. Banking

In banking category, the BOT can prepare all 12 items of commonly agreed indicators, but only 2 items of additional indicators which are Loans to commercial real estate sector and Loans to residential real estate (see Attachment 2). Therefore, this category comprises 14. The BOT obtains such data from monthly reports submitted by commercial banks, except reports on operation of commercial banks and loans to commercial real estate sector which are submitted to the BOT quarterly. The BOT does not have data on loans to commercial real estate during 1998 -1999 since the BOT had officially informed commercial banks to cancel the reports. In March 2000, however, the

BOT reinstated that commercial banks must submit this report quarterly starting from December 1999.

Attachment 4 gives description of metadata of such banking data.

#### D. Interest Rates

The BOT requires that all commercial banks to submit data on deposits and lending rates daily. Deposits rates include interest rates on savings and time deposits, comprising 3 month, 6 month and 12 month. Lending rates consist of Minimum Lending Rate, Minimum Overdraft Rate and Minimum Retail Rate. The BOT publishes all interest rate data listed by banks on the BOT website daily. Moreover, the BOT website also shows the average interest rate of 5 big commercial banks in Thailand.

Attachment 1 shows the definition of interest rates while the computations of real deposits rates use point to point compared interest rates subtracted from nominal interest rate.

#### E. Stock Market and Bonds

There are 7 items in the commonly agreed data (see Attachment 2). The BOT can compile 6 items excluding composite stock price index in US\$ nevertheless the BOT compile only 2 additional indicators including turnover in stocks and turnover in bonds. Therefore, the BOT can prepare 8 items under this category (see Attachment 3). The BOT receives such data from the Stock Exchange of Thailand, the Security and Exchange Commission and the Thai Bond Dealing Center.

Attachment 4 shows the details of metadata of 8 items.

#### F. Trade Exchange and International Reserves

The BOT can compile all 10 items under this category (see Attachment 3). Details and sources of these data are shown as follows:

1. International Trade Data – The BOT receives data on imports and exports from the Customs Department in the CD-ROM format. The BOT then adjusts the data from customs basis to balance of payments basis following the BPM5. Trade balance is the net result of export and import of goods. Current account is the sum of trade balances, net of services, net of incomes and net of transfers. Attachment 1 describes the compilation process.

2. Exchange rate per US\$ is obtained from daily foreign exchange transaction reports of all commercial banks in the system and is used to calculate the average rate.

Real effective exchange rate is an index for measuring changes of value of baht to the values of 22 trade partners' currencies, and is included the differences between inflation of Thailand and trading partners in the computation.

3. International Reserves reported here compose of special drawing rights, reserves position in the Funds, and foreign exchange assets excluding monetary gold (see Attachment 1).

#### G. Business Survey Data

Bank of Thailand conducts the Business Sentiment Survey, and Manufacturing Production Survey on monthly basis and uses these survey outcomes to construct the Business Sentiment Index., Manufacturing Production Index and Capacity Utilization Rate. The computation of these index are shown in Attachment 1

## 2. Analysis and Interpretation

### 2.1 Current Economic Situation

- Thailand's economic growth in 2000 was still relatively low. The confidence in business sector remained unchanged as the Business Sentiment Index for the whole year was registered around 50 percent. The trend of such a confidence traced back to the second half of 2000 and its downward trend continues to the first quarter of 2001, largely due to the slowdown of exports that are the main engine of recovery. The growth rate of export has continually decreased for 3 consecutive months from November 2000.

- The economic condition recovers relatively slowly, which reflects in low employment rate which has negative effect on household income. Moreover, the interest rates of time deposits were at low level, for example, at the end of 2000 the rates were at 3.5%, and at the end of February 2001 the rates were declined to 3%. This gives impact on domestic spending, resulting in low production and capacity utilization in industrial sector. In January 2001, there was 44% unused production capacity and not much change occurred in March. These unfavorable conditions affected direct foreign investment in 2000, declining to less than 2% of the GDP as compared to 3% in 1999.

- Foreign investment in the Stock Exchange of Thailand decreased in the second half of 2000. Net Portfolio investment to GDP was negative (-1.3%) in the third quarter of 2000 combined with weaker local investors' purchasing power resulted in the gradual decline in the SET index during the same period. The plunge of the SET index caused the rapid declining of the Market Capitalization to GDP from 47.5% in 1999 to 26.2% in 2000.

- At the end of 2000, the international reserves were registered about US\$ 32 billion, declining by US\$ 2 billion from the end of 1999. This was due to balance of payment deficit due to the net capital outflow even though Thailand enjoyed current account surplus. However, the level of international reserves is still high, equivalent to about 6.3 months of imports. Therefore, it does not have much effect on foreign exchange rate. The exchange rate of Thai baht against US\$ is a little weaker than that of the last year.

- The level of external debt of Thailand has been improved as the total debt to GDP declined from 93.2% at the end of 1998 to 65% at the end of 2000. Furthermore, the structure of external debt was also changed in better way. The share of long-term external debt to total debt was increased to 82% at the end of 2000 as compared to 50% before the crisis, and the share of short-term debt to international reserve had declined rapidly.

### 2.2 Current Financial Institution Situation

Due to the fragile economic condition, commercial banks are still reluctant to extend more credits. Moreover, they had to write off bad debts and transfer the NPLs to Asset Management Company (AMC). Thus, the total loans per total deposits ratio started to be below 100 beginning the third quarter of 2000. At the same time the level of NPLs has been decreasing from 39.9% in 1999 to 18.2% at the end of 2000 and to 18% at the end of February 2001.

As a result of high liquidity, commercial banks could pay back some of their external debts. After Thailand has floated the Thai baht in the mid 1997, commercial

banks have become more concerned of the exchange rate risk. Therefore, they have adjusted their debt structure to focus more on local long-term loans by issuing debt instruments. Consequently, commercial banks have been less dependent on loans from foreign financial institutions. Before the crisis, such banks were dependent on external sources by more than US\$ 10,000 million; however, at the end of 1999 the amount of informational borrowing decreased to US\$ 1,345 million and to US\$ 423 million at the end of 2000.

Although the operation of the commercial bank system has been improving after commercial banks started the provisioning allowance for possible loan loss during 1998-1999 and completed 100% provisioning in 2000 as required by the BOT, the banks are still experiencing losses from their operations. The rate of return on assets registered at -3.4% in 1998, it improved to -1.8% in 1999 and -0.1% at the end of 2000 respectively. However, the ratio of non-interest income of commercial banks has been increasing since 1996. Such ratio increased from 8.8% of total income in 1996 to 18.8% at the end of 2000. This is due to the fact that the channel of interest income was limited. Therefore, commercial banks had to adjust their strategies to receive more non-interest income including fees, ATM and L/C issuing, and profit from trade of assets and securities.

Banks' Capital Fund at the end of 2000 totalled 465.7 billion baht including 401.5 billion baht of Thai banks and 64.2 billion baht of foreign bank branches. Thus, the capital adequacy ratio at the end of 2000 equaled 11.8%, which was higher than the BIS minimum requirement of 8.5%; while the liquidity ratio of commercial banks equaled 11.8% at the same period which was higher than the BOT requirement at 6.5%.

### 3. Workplan and Time Schedule for Dissemination

In Business Survey Data, the BOT still does not set a complete set of all commonly agreed data especially data on assessment of order books and selling price. The BOT has a plan to include all questions concerning such data in the Business Sentiment Survey by 2001. After that, the BOT will present the survey to the ADB's MPI.

After this workshop, the BOT will revise and reexamine all data. Then it will submit the template to ADB to disseminate regularly as well as post such data on the BOT website. The BOT has a commitment to submit the data to the ADB every 15<sup>th</sup> day of the month. However, the official starting date has yet to be determined; therefore, it should be discussed during the meeting. After revising the template, the BOT expects to start disseminating the data in July.

Nevertheless, there would be some questions arising after the BOT publishes such template including:

- 1) How to interpret the indicators
- 2) Level of benchmark of each indicator that should be considered as the starting point of danger
- 3) Whether the norm of each country's indicators is the same
- 4) Whether indicators presented in the template are adequate for analysis
- 5) Which indicators presented in the template should be classified as lagging or leading for financial stability

## **IV. New Dimension of BOT's Supervision of Financial Institutions**

Starting in 2001, BOT has adopted a risk-based approach on supervision of financial institutions. The new approach places emphasis on the assessment of risk

levels and the quality of risk management. Financial surveillance/examination is directed more towards high risk area and less on small risk area. Also, examination becomes more process-oriented and de-emphasizes transaction testing. The assessment of internal control of financial institutions becomes more important than ever before. Meanwhile, standard elements of former approach still apply along with the new approach, including the assessment of overall financial strength, and compliance to laws and regulations.

Under the new approach, supervision is carried out on an on-going basis, the so-labeled 'continuous supervision'. The last important feature of the new approach is the ranking of risks. Whereas the individual risk rating ranks the risks under each area, the composite rating ranks the overall risk. Risk ratings form an important feature of both On-site and Off-site examination of the new approach. The areas of risks and elements of risk assessment can be summarized as follows:

- 2.1. Types of risks
  - 2.1.1. Strategic risk
  - 2.1.2. Credit risk
  - 2.1.3. Market risk (including interest rate risk, foreign exchange risk, and price risk)
  - 2.1.4. Liquidity risk
  - 2.1.5. Operational risk
  - 2.1.6. Other risks with significant implications on supervision.
- 2.2. Risk Assessment
  - 2.2.1 Quantity of risk is assessed accordingly to risk factors under each area of risks, and is summarized into three levels—'High', 'Moderate', and 'Low'.
  - 2.2.2 Quality of risk management is measured by its efficiency with regard to
    - risk identification
    - risk measurement
    - risk monitoring and reporting
    - risk control

There are three grades for quality evaluation: 'Strong', 'Acceptable', and 'Weak'.

2.2.3 Aggregate risk assessment reviews a combination of all types of risk altogether, with regard to the performance and quality of risk management. The assessment makes five levels of distinction: 'Good', 'Satisfactory', 'Fair', 'Weak', and 'Poor'.

2.2.4 Direction assessment forecasts the trend and cause of change in the level of risk over the next 12 months. It estimates the direction as 'Increase', 'Stable', or 'Decrease'.

2.2.5 Composite rating is an overall review on operational performance based on the CAMEL rating combined with risk rating. It ascribes five levels to the results of the assessment: 'rate-1' (good), 'rate-2' (satisfactory), 'rate-3'(fair), 'rate-4' (weak), and 'rate-5' (poor).

### 2.3 Continuous Supervision

The new approach takes on not only the risk-based form of supervision but also the continuous feature. The continuous supervision works on constant coordination among supervisory agencies. For instance, when the On-site units complete the reports on examination, the Off-site units takes the next step to analyze the reports and monitor the responses of financial institutions to supervisory advices or requirements, all working on a continuous basis.

At the present, BOT is in the process of selecting the components of various risks as classified in section 2.2 above. Also, BOT is designing a set of numerical values that will serve to benchmark different levels of risks as mentioned in section 2.2.

## **V Data Dissemination**

The BOT disseminates monetary, financial and banking statistics on regular basis through.

- Weekly and monthly press release,
- BOT's Website ([www.bot.or.th](http://www.bot.or.th))
- Interactive Voice Response System (or IVR)
- Monthly Economic and Financial Statistics Bulletin

BOT has provided the advanced release schedule for all disseminated data, as well as list of contact persons for each category of data, telephone numbers and e-mail addresses for the convenience of users in case they have any inquiry or need further information. Moreover, BOT has recently offered a new service to internet users. Through registration in BOT homepage, data on selected items such as monthly news release, exchange rates, financial institution regulations, and so forth will be delivered to subscribers' mail boxes as soon as the data are made available to the public. This service is free of charge and is available in both Thai and English.

The Bank of Thailand has also disseminated statistics according to the Special Data Dissemination Standard (SDDS) of the IMF through the BOT Website and with the hyperlink to the IMF website since 1998.

The monetary, financial and banking statistics that the BOT has been disseminated to the public are as follows:

**Frequency of release**

	<u>Daily</u>	<u>Weekly</u>	<u>Monthly</u>	<u>Quarterly</u>	<u>Semi-annual</u>
1. Monetary Base (M0)		/	/		
		(1 week lag)	(1 mth.lag)		
2. Monetary Survey (M1,M2)			/		
			(1 mth.lag)		
3. Bank and Finance Company Survey (M2a)			/		
			(1 mth.lag)		
4. Financial Survey (M3)			/		
			(2 mth.lag)		
5. Assets and Liabilities of the BOT		/	/		
		(1 week lag)	(1 mth.lag)		
6. Assets and Liabilites of			/		
- Commercial Banks			(1 mth.lag)		
- Finance & Securities Companies			(2 mth.lag)		
- Specialized Bank			(2 mth.lag)		
7. Deposit and credits classified by types of depositors and creditors			/		
			(2 mth.lag)		
8. Commercial Bank's Lending Classified by Purpose				/	
				(2 mth.lag)	
9. Deposit and credit classified by province			/		
			(2 mth.lag)		
10. Capital Funds			/		
			(2 mth.lag)		
11. Income and Expense					/
					(2 mth lag)
12. Liquid Assets			/		
			(1 mth.lag)		
13. Non Performing Loan			/		
			(1 mth.lag)		
14. Interest Rate	/				
15. Exchange Rate	/				
16. New Issuance and outstanding of securities			/		
			(1 mth.lag)		
17. New Issuance of Debenture by Sectors			/		
			(1 mth.lag)		
18. Set Index	/				
19. Banance of Payments					

- Summary Table			/		
			(1 mth.lag)		
	<u>Daily</u>	<u>Weekly</u>	<u>Monthly</u>	<u>Quarterly</u>	<u>Semi-annual</u>
- Detail Table				/	
				(2 mth.lag)	
20. International reserve		/	/		
		(1 week lag)	(1 mth.lag)		
21. Foreign Direct investment by					
- Sectors and Countries			/		
- Detail Table			(1 mth.lag)		
22. External Debt					
- Detail figures					/
					(1 Quarter lag)

## **VI Demand for New Statistics for Monitoring Financial markets**

While the financial institution system has been stuck in liquidity trap, financial institutions have to be caution in giving credit. Hence, it is difficult for the business sector to get more credit. Some businesses has adjusted themselves to mobilize more capital by issuing various types of debt instruments such as debentures to replace the loans from financial institutions.

In order to receive credit condition data, which are useful to formulating better monetary policy, the BOT commenced the monthly survey on commercial banks lending to be started by the mid of 2001. The BOT requests all commercial banks to complete the survey and send it back to the BOT within the 15<sup>th</sup> day of next month. This survey will cover important topics including:

- 1) Credit request of business and household sectors classified by numbers of requests, credit amounts, type and size of business, and objectives of the request.
- 2) Credit approval by financial institutions classified by numbers of approvals, credit amounts, type and size of business, and reasons for credit denied.

## **VII Conclusion**

After the crisis in 1997, the BOT has been improving its economic and monetary statistical compilation and dissemination processes to be more standardized and transparent, which can be summerized as follow:

1. The BOT has been improving its disseminating process through various channels including Interactive Voice Response System, and the BOT website. Through the BOT website, analysts and researchers now have more information since the BOT has the time series databank that is divided into many specific categories. Moreover, the BOT has disclosed some confidential and internal used data to public such as real effective interest rate, NPLs, weekly international reserves with components and future commitments of the BOT. Furthermore, the BOT regularly disseminates the monetary policy according to the schedule after the meeting of the Monetary Policy Board

2. The BOT realizes that the publication of only macroeconomic data is not adequate for the analytical purpose. Therefore, the BOT required each financial institution disclose their brief monthly balance sheet every 21<sup>st</sup> day of the month on their website or publicize it at the office

3. The BOT has improved key economic indicators to serve as an early warning system, for example, Leading Economic Indicator, Leading Inflation Index. Additionally, it conducts the Business Sentiment Survey, International Investment Position Survey. Within this year, the BOT will commence another project on credit approval by commercial banks

4. The BOT has improved its new procedures to supervise and monitor financial institutions by emphasizing on risk, and it has published such new procedures on the BOT website

5. After this concluding workshop, each country could set timetable for disseminating ADB Template