

UPDATES TO THE MONTHLY STATISTICAL BULLETIN

I INTRODUCTION

1. The Monthly Statistical Bulletin (MSB) is published by MAS to provide Singapore's key monetary, banking and financial markets statistics to the public on a regular basis. The MSB tables comprise data submitted to MAS by Financial Institutions (FIs). On 1 July 2021, two major changes in MAS' banking sector regulatory framework took effect, which led to changes in the way data are reported by FIs and consequently, changes to the MSB statistics. This note highlights the main differences between the revised (current) and previous MSBs.

Removal of the DBU-ACU divide

2. The first major change is that banks and merchant banks are no longer required to segregate their accounting books into the Domestic Banking Unit (DBU) and the Asian Currency Unit (ACU) from July 2021. The DBU and ACU books were used to distinguish the domestic and offshore operations of banks and merchant banks. The DBU was used to book domestic transactions, which were mostly denominated in Singapore dollar (SGD), and the ACU was used to book offshore transactions, which were denominated in foreign currency (FCY). More information about the removal of the DBU-ACU divide can be found [here](#) and [here](#).

Revision of the MAS Notices 610 and 1003

3. Along with the removal of the DBU-ACU divide, a major revision¹ to the MAS Notice 610 to banks and the MAS Notice 1003 to merchant banks (the MAS 610/1003) was made on 1 July 2021, to ensure that the data MAS collects remain relevant and up to date with developments in the financial industry. The changes were implemented after MAS' consultations with the industry in 2015 and 2017, and a review of the reporting requirements, which took into consideration changes in the regulatory landscape. The reporting requirements were revised to (i) keep pace with the international accounting standards and meet international reporting requirements²; (ii) address MAS' supervisory and surveillance needs; and (iii) streamline regulatory reporting by consolidating multiple data collections³.

¹ Minor revisions were made in 2005, 2012, 2013, 2017, 2018 and 2019.

² International reporting requirements include reporting to the International Monetary Fund (IMF) and Bank for International Settlements (BIS). In particular, Singapore subscribes to the IMF Special Data Dissemination Standard, and the reporting obligations to the IMF have increased post Global Financial Crisis.

³ Includes reporting requirements under MAS Notices 650 and 756 (for banks), and MAS Notice 1117 (for merchant banks)

II KEY CHANGES TO THE MSB TABLES

4. Following the two major adjustments to the regulatory framework, several tables in the MSB have been revised to reflect the changes in the source data. **Appendix 1 lists the affected tables in MSB.**

- (i) Tables I.1, I.1A, I.2A and I.2B were previously presented on i) a standalone DBU and ii) aggregate of DBU and ACU bases, regardless of currency of transaction. **These tables now report the SGD-denominated activities and the activities denominated in all currencies (including SGD).**
- (ii) Tables I.3A, I.3B, I.3C, I.4, I.5A, I.5B and I.16 were presented on i) standalone DBU and ii) standalone ACU bases to provide some measures of the domestic or offshore transactions that banks were involved in. Such tables now directly **present data based on whether the counterparty to the banks' or merchant banks' transactions are resident or non-resident.**
- (iii) Several tables (Tables I.6, I.10A, I.18, II.3 and III.2), presented details of the balances of the banks, merchant banks or the banking system as a whole, and the data from the aggregate of DBU and ACU books was previously used to compile these tables. **With the removal of the DBU-ACU divide, these tables are compiled using the all-currencies data or by summing resident and non-resident balances of banks and merchant banks, as appropriate.**

5. As part of the revision of the MAS 610/1003, updated definitions and guidelines that would affect the reporting of data were issued to FIs:

- (i) Accumulated depreciation, which was previously reported under "Other Liabilities", is now reported as a contra account under "Other Assets" to align with the latest accounting standards and presentation of financial statements;
- (ii) All placements with/takings from banks/merchant bank ACUs/central banks (e.g. nostro/vostro accounts and money market balances) previously reported under "Amounts due from Banks" and "Amounts due to Banks" are now reported under "Cash and Balances" and "Deposits and Balances", respectively;
- (iii) Bills previously fully reported under "Loans and Advances including Bills Financing" are now reported under "Amounts Receivable from Banks" or "Loans and Advances including Bills Financing";
- (iv) Balances of banks and merchant banks to merchant bank DBUs were previously considered non-bank loans and deposits, and reported under "Loans and Advances including Bills Financing" and "Deposits and Balances", respectively. With the removal of the DBU-ACU divide, such balances are now considered interbank in nature and reported under "Amounts Receivable from Banks" and "Amounts Payable to Banks". In line with (ii), placements with/takings from merchant bank DBUs (e.g. nostro/vostro accounts and money market balances) are now also reported as "Cash and Balances" and "Deposits and Balances"; and
- (v) Registered addresses, where available, should be used to determine residency.

III IMPACT ON KEY AGGREGATES

6. The following is a descriptive comparison of key tables in previous and revised MSBs, to characterise the impact of the changes. This assessment draws on data collected during the “parallel run” phase⁴ of the MAS 610/1003 implementation, where banks and merchant banks were required to submit data under both previous and current MAS 610/1003. The key tables cover the impact on the reporting of:

- (i) money supply;
- (ii) banks’ balance sheets;
- (iii) credit aggregates;
- (iv) cross-border financing;
- (v) liquidity ratios; and
- (vi) financial market developments.

7. Arising from the changes, a number of MSB data series will see a level shift, though statistical testing (on the month-on-month growth data) suggests that the underlying growth trends are, on average, largely preserved. The revisions to growth rates are mostly in the range of -3 to 2 percentage points, with larger differences for some series due to definitional changes. The impact on the key MSB tables are explained in more detail below.

Money Supply

8. The impact of the various changes on monetary aggregates is moderate, with growth rate revisions largely ranging between -1 and 1 percentage points. Some compositional differences are observed, reflecting reallocation between the components of money supply, due to clearer definitions and guidelines. Specifically, unencumbered deposits and unclaimed balances are now reported under “Demand Deposits” instead of “Other Deposits”, while overpayment of card bills are reported under “Other Deposits” instead of “Demand Deposits.”

Banks’ Balance Sheets

9. Revisions in definitions and reporting guidelines can impart sizeable changes to the magnitude of certain line items in banks’ balance sheets. A key change is that all placements with/takings from banks/merchant banks/central banks (e.g. nostro/vostro accounts and money market balances) are now reported under “Cash and Balances” and “Deposits and Balances” instead of “Amounts due from Banks” and “Amounts due to Banks”, respectively. Some reallocation was also seen from “Loans and Advances including Bills Financing” and “Deposits and Balances” to “Amounts Receivable from Banks” and “Amounts Payable to Banks” respectively, as balances to DBUs of merchant banks are now considered interbank instead of non-bank balances.

⁴ This six-month parallel run phase took place before the (current) MAS 610/1003 took effect. The purpose of the parallel run was to allow banks additional lead time to resolve issues that may arise, before the MAS 610/1003 changes took effect in July 2021.

Credit Aggregates

10. Non-bank credit aggregates are generally lower, reflecting the reclassification of exposures to merchant bank DBUs as interbank exposures. For business loans, there was some reallocation of exposures between the industry sectors. The MAS 610/1003 makes clear that accounts should be classified based on the principal activity of the immediate borrower, as opposed to classification based on the end use/purpose of the loan (which was the case for the previous MAS 610/1003).

Cross Border Financing

11. Minor changes to headline cross-border flows are due to the combination of recording exposures on an immediate borrower basis and prevailing requirements on how residents and non-residents should be identified. By clarifying that exposures are to be classified based on the immediate borrower, it also follows that the registered address of the immediate borrower will determine whether the exposure is resident or non-resident.

Liquidity Ratios

12. Loan-to-deposit ratios are lower, consistent with the decline in the credit aggregates (numerator) as exposures to merchant bank DBUs moved from non-bank to interbank balances. Of note, previous MAS 610/1003 data was not sufficiently granular to identify deposits and balances of central banks. Loan-to-deposit ratios can fall further if such deposits and balances are incorporated into the denominator.

Financial Market Developments

13. The higher total turnover and daily average turnover in the foreign exchange (forex) market under the revised MSB reflect the expanded scope of forex instruments covered. Options and currency swaps are now included, on top of just spot, forwards and swaps previously. With the expanded coverage, forex turnover has been revised upwards by about 40% on average.

IV CONCLUSION

14. The removal of the DBU-ACU divide and the revision of the MAS 610/1003 have led to changes in the MSB Tables. While several of the data fields in MSB see a level shift, the underlying trends remain broadly unchanged. The level shifts in the series can be largely attributed to changes in definitions and guidelines on data compilation. MAS will not be backcasting the MSB series, given the regulatory burden on reporting banks and merchant banks to do so. MAS is grateful to the banks and merchant banks who played a key role in working together with MAS on the transition to the current MAS 610/1003, including in the data reconciliation process.

15. The two revisions will imply that month-on-month (m-o-m) or year-on-year comparisons of reported credit aggregates will not be meaningful. MAS' internal estimates

suggest that total credit to residents at S\$788 billion in July continues the slight m-o-m increases evident over the past few months. These estimates indicate that the contributions to the total credit growth have remained roughly in line with the patterns seen in the last few months, led by general commerce and housing loans.

Appendix 1: List of MSB Tables affected by the removal of the DBU-ACU divide and revision to the MAS 610/1003

Table No.	Title in Previous MSB	Title in Revised MSB	Coverage under							
			Previous MSB				Revised MSB			
			Banks ⁵		Merchant Banks		Banks		Merchant Banks	
			DBU	ACU	DBU	ACU	All-currencies	SGD	All-currencies	SGD
I.1	Money Supply (DBU)	Money Supply (SGD)	√					√		
I.1A	Money Supply (DBU and ACU)	Money Supply (All Currencies)	√	√			√			
I.2A	Monetary Survey (DBU)	Monetary Survey (SGD)	√					√		
I.2B	Monetary Survey (DBU and ACU)	Monetary Survey (All Currencies)	√	√			√			
I.3A	Banks: Assets and Liabilities of DBUs	Commercial Banks: Assets and Liabilities	√				√			
I.3B	Banks: Assets of DBUs	Commercial Banks: Assets	√				√			
I.3C	Banks: Liabilities of DBUs	Commercial Banks: Liabilities	√				√			
I.4	Banks: Deposits (excluding S\$NCDs) of DBUs by Types of Non-bank Customers	Commercial Banks: Deposits and Balances (excluding S\$NCDs) by Types of Non-bank Customers	√				√			
I.5A	Banks: Loans and Advances of DBUs to Non-Bank Customers by Industry	Commercial Banks: Loans and Advances to Residents by Industry	√				√			
I.5B	Banks: Loans and Advances of ACUs to Non-Bank Customers by Industry	Commercial Banks: Loans and Advances to Non-Residents by Industry		√			√			
I.5C	Banks: Loans of DBUs and ACUs to Special Purpose Vehicles for Covered Bond Issuances (SPV)	This table is removed. Data here is now covered under I.3A "OF WHICH: LOANS TO SPV FOR COVERED BOND ISSUANCES"	√	√						
I.6	Banks: Loans Limits Granted to Non-bank Customers by Industry	Commercial Banks: Loans Limits Granted to Non-bank Customers by Industry	√	√			√			
I.10A	Banks: External Assets and Liabilities of DBUs and ACUs	Commercial Banks: External Assets and Liabilities	√	√			√			
I.12	Banks: Classified Exposures	Commercial Banks: Classified Exposures	√	√			√			
I.12A	Banks: Non-Performing Loans by Sector	Commercial Banks: Non-Performing Loans by Sector	√	√			√			
I.16	Banking System Asian Dollar Market: Interbank and Non-Bank Funds By Selected Regions	Banking System: Interbank and Non-Bank Funds By Selected Regions		√		√	√		√	
I.18	Banks: Non-Bank Loan to Deposit Ratios	Commercial Banks: Non-Bank Loan to Deposit Ratios	√	√			√			
I.19	NA	Banking System: Assets					√		√	
I.20	NA	Banking System: Liabilities					√		√	

⁵ "Banks" and "commercial banks" have the same meaning in this note and are used interchangeably.

II.3	Merchant Banks: Assets and Liabilities of Domestic and Asian Currency Unit Operations	Merchant Banks: Assets and Liabilities			√	√			√	
II.4	Merchant Banks: Assets and Liabilities of Domestic Unit Operations	This table is removed.			√					
III.2	Foreign Exchange Market Turnover	Foreign Exchange Market Turnover	√	√	√	√	√		√	
III.3A	NA	Commercial Banks: Deposit Rate of Singapore Dollar Denominated Deposits Offered to Non-Banks Customers						√		