DNB Multi-Annual Statistics Program 2023-2025

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DeNederlandscheBank

EUROSYSTEEM

Introduction

Key priority 1:
Flexibility

Key priority 2:
Improved quality

Key priority 3:
Accessibility

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Why a multi-annual program?

Transparency about DNB statistics

By establishing a multi-annual statistics programme, DNB can be more transparent about the statistics it intends to develop and refine over the next three years.

Contact with users

We want more contact with our statistics users, both in order to prioritise our work properly, to maximise data use and to understand new statistical requirements.

Sharing knowledge about DNB's statutory statistical task

We have a statutory mandate to collect all the data necessary to produce impartial, reliable, appropriate, timely and consistent statistics on the financial system and economy of the Netherlands, in accordance with ECB regulations, the Banking Act and the cooperation agreement with Statistics Netherlands. By establishing a multi-annual programme, we will raise awareness of this task.

In this way, we can contribute to national and international themes…

We contribute to the current policy debate and identify data requirements by maintaining close contact with users and stakeholders and by participating in the international statistical policy agenda discussions (set by the ECB, FSB, IMF, BIS, OECD etc.). Here are some examples of current themes to which we aim to contribute in the years ahead by means of new and/or improved data and methods:

- **Financial stability.** Monitoring developments in the financial sector and identifying potential vulnerabilities (mortgages, interest rates, etc.) remains relevant as part of the core objective of the ESCB.
- **Innovation and digitalisation** have brought major social changes, including in the financial sector, such as innovations in the payment system, as well as new services and new entrants to the financial sector (FinTech, cryptocurrencies etc.).
- The interconnectedness between the financial and the real economy is becoming increasingly complex due to the evolving globalisation of production and value chains, thanks in part to multinational companies and **international capital and trade flows.**
- **Climate change** is increasingly relevant to the financial sector. On the one hand through the physical and transition risks associated with climate changes and on the other hand because society also expects the sector to play a role in addressing climate change and financing the energy transition.

Multi-Annual Statistics Program 2023-2025

Where are we starting from?*	Where do we want to go?	MYP key priority
Users value the expertise of the Statistics Division, but they still consider it insufficiently agile and innovative	We produce new and independent statistical products that meet the needs of users and respond to relevant social discussions and thus facilitate decision-making.	**Key priority 1: Flexibility to meet future data demand**
Although users consider that our statistics are generally of satisfactory quality, some chain partners and internal customers do have concerns about the quality of some products.	We strengthen our regular statistics products by developing time series on relevant financial and economic policy themes. We gradually improve the quality of the statistics, and also make them clearer for the users.	**Key priority 2: Improved quality of statistics**
Improvements have been made to our statistics website, but users want an overview of the products and services, and they see room for improvement in terms of how the story behind the data is being told.	The user-friendliness and accessibility of our website are greatly improved. We disclose all statistics we supply to external parties.	**Key priority 3: Maximum accessibility to existing and new data**

* Results of 2021 User Survey

Key priority 1: Flexibility to meet future data demand

We produce new, independent statistical/information products that meet the needs of users and contribute to relevant social discussions.

Statistics on climate change:
- New statistics on the physical and transition risks of climate change for the financial sector (e.g. carbon footprints or exposures to flood risks), and on the financing of the transition (e.g. green bonds)

Information on the payment system:
- Provide insights about the volume and structure of payment transactions

Developments relating to real estate mortgages:
- Use very granular lending data from Dutch mortgage providers to gain insights into the risks and by doing so, contribute to the debate on Dutch mortgage market

Lending to SMEs:
- Providing insight into Dutch banks' loans to SMEs, including details such as sectoral and geographic breakdowns

Digitalisation and technological innovation in the financial sector
- Mapping developments in digital innovation within the financial sector that result, among other things, in a shift of lending from banks to NBFIs

Sustainability and statistics

The IPCC reports show that climate change entails risks to the stability of the economy and the financial sector. The time frame in which we as societies are trying to stay within the limit of one and a half degrees of warming poses additional economic and financial challenges, at a time when the right financial incentives can also be a strong driver towards achieving our climate ambitions. An ability to gauge the effects or consequences of implemented or planned financial policy for the Netherlands in a timely manner is therefore particularly important in view of the speed required. It thus calls for timely statistics which can be used not only for monitoring but also as input for models that aid policymaking by both public authorities and financial institutions. We are therefore developing new statistics on the carbon impact of changes in the investment structure of Dutch investors, such as changes in the carbon footprint of investors and their portfolios, or impacts resulting from differences in investment tactics (engagement versus divestment). We are thus providing insight into the scale of financial risks resulting from potential climate-induced physical damage and double damage (e.g. flood and storm) to Dutch assets and the operators that bear the main risks. We are also developing statistics on green bonds, including in-depth analyses, for example on the share of gas and nuclear energy within this type of debt instrument. With these activities, we are actively contributing to the development of internationally harmonised methods and techniques and are at the global forefront of this statistical expertise.

Detailed information on the payment system

The payment system in the Netherlands is constantly evolving as a result of rapid technical developments and the changing behaviour of consumers and businesses. Transactions can therefore be executed rapidly, securely and digitally in the Netherlands, and on a large scale, both nationally and internationally. Payments can consequently be made by a variety of methods in the Netherlands, and risk is a factor alongside user demands and accessibility requirements.

We have the task of providing insight into the volume and structure of the payment system, so that both we and the operators in the sector can act in a timely manner. We do so in line with European reporting requirements and the wishes of operators in the payment system. We thus develop and produce statistics and information products on the use of various payment services and instruments and the volume of domestic and cross-border payments. In the years ahead, we will publish more detailed, higher-frequency statistics, such as breakdowns of the number of payments by payment country, as well as statistics on the number of fraudulent payments.

Developments in mortgages

In the Netherlands, mortgage portfolios make up a relatively large part of the balance sheets of banks and, increasingly, other mortgage lenders such as insurers and pension funds. Dutch households also still have a relatively high debt burden as a result of these mortgage loans. Hence there is a risk that problems in the real estate and mortgage markets may have broader financial and economic consequences. With mortgage rates now rising again, the housing market likely to cool down and the number of interest-only mortgages that are due to expire and be repaid in the coming period increasing, the vulnerabilities in the financial system are building. We plan to create new statistical products providing more insight into developments and risks among Dutch mortgage lenders. This will enable both public authorities and financial institutions to make better policy decisions. To this end, we will make greater use of highly granular mortgage loan data supplied by Dutch mortgage lenders. This will open the way to new cross-sectional analyses and insight into the mortgage market, such as the impact of government-imposed rules on the average loan-to-value (LTV) ratio of new and existing mortgages, insights into the life stage of borrowers with interest-only mortgages, geographic differences in risks and risk differences based on the age bracket and type of mortgage borrower (first-time buyers vs existing homeowners).

Lending to small and medium-sized enterprises

The small and medium-sized enterprise (SME) sector is an important catalyst for prosperity and employment in the Netherlands. Healthy lending to SMEs is therefore an important priority for policymakers. Dutch banks remain the principal lenders to SMEs.

But although surveys provide some visibility on the extent of SMEs' financing requirements for their operational management and how successful their search for external funding has been, the SMEs themselves report that significantly less information is available on the banks' actual financing of SMEs. More detailed insights into the loans actually granted, together with various cross-sectional analyses, will make an important contribution to the policy debate on effective lending to SMEs. We therefore aim to develop new statistical products providing insight into loans granted by Dutch banks to SMEs. Highly detailed information on loans provided by banks can highlight new factors such as sectoral or geographic differences.

This can be achieved to a large extent using existing sources.

Digitalisation and technological innovation in the financial sector
Economic development is often driven by technological development. In a world where digitalisation has been one of the main trends in recent decades, it is not surprising that in the financial sector too this technological innovation increasingly takes the form of digital innovation. This innovation can spur further growth and prosperity, but on the other hand it also entails new risks to financial stability. When it comes to monitoring and mitigating these risks, it is important to note that different types of companies are involved and that the structure of the financial system is changing.

Digital innovation in the financial sector is being driven by different types of players: in some cases technological innovations take place in traditional financial market participants, such as banks, insurers and pension funds, but technological innovations are also increasingly driven by non-traditional financial operators (FinTechs), while financial innovations are driven by large technology companies (BigTechs). The structure of the financial system is changing because technological development typically takes place in an ecosystem featuring partnerships between these operators, with a blurring of sector boundaries.

We contribute to the mapping of developments in digital innovation and the financial sector. In the next two years we will focus particularly on innovation by FinTechs that is resulting in a shift in lending: loans are increasingly being facilitated by electronic platforms and provided by institutions that are not part of banks, insurers or pension funds. A better understanding of the operation of the FinTech credit ecosystem is key to promoting the stability of the financial system.

Key priority 2: Improved quality of statistics

We strengthen our regular statistics by guaranteeing time series and gradually raising the quality of this output.

Strengthening the quality of the Dutch balance of payments

- Break-adjusted balance of payments statistics matching the National Accounts from 2003 onwards
- Improve the quality of the balance of payments from 2015 onwards

Developments in FDI data

- Providing information on capital flows from, to and through the Netherlands, including through "conduit companies"

Deeper insight into non-bank financial institutions

- Providing insight into developments in non-bank financial institutions (NBFIs) by collecting new and existing data for macroeconomic statistics to inform current policy debates on financial stability

Providing deeper insight into conduit activities in the Netherlands

- Data on the origin and destination of conduit activities, as well as developments in the size and composition of the sector population
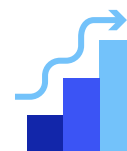
Greater insight into securities data

- Publishing information on securities, issues, transactions and their main characteristics based on European legislation and national and international agreements, as well as further harmonisation and updating of these granular statistics

More integrated statistical picture

- Making the interconnectedness of the financial sector more transparent by combining different statistics to present a comprehensive picture, for examplen on the lending market and residential mortgages

Key priority 2: Improved quality of statistics

Strengthening the quality of the Dutch balance of payments

The balance of payments shows the state of the Dutch economy relative to foreign countries and is therefore of great importance to economists and policymakers. Since 2015, the balance of payments has been aligned with the National Accounts prepared by Statistics Netherlands. This is not yet the case for pre-2015 data, but many analyses would benefit from a long (or longer) time series. In the years ahead, we will arrange for the production of a continuous break-adjusted balance of payments aligned with the National Accounts from as of 2003. There will also be a boost to the quality of the balance of payments from as of 2015 (thanks to developments in the system landscape of the Statistics Division). We will of course maintain our efforts to inform statistics users about the balance of payments by means of dashboards, news releases and analyses.

Developments in FDI data

Foreign direct investment (FDI) is investment by a resident of one economy in another (foreign) economy with the aim of acquiring a lasting interest in the investee company. This makes FDI an ideal metric for studying the role of countries in the global economy. Direct investments are growing around the world due to increasing globalisation and the complex business structures of multinationals. According to IMF figures, the Netherlands was until recently the world leader in inward foreign direct investment. It was only recently overtaken by countries with much larger economies. But the Netherlands is a conduit country: most foreign direct investments are made through entities with limited operating activities in the Netherlands. The special role of the Netherlands as a conduit country makes access to detailed direct investment data and new analyses essential. For example, there is high demand for the country from which the direct investments originate (rather than the last country the investment flows through before entering the Netherlands) and we plan to make this information available.

Providing deeper insight into non-bank financial institutions

The financial reform agenda in response to the 2008 credit crisis was focused heavily on banks. This strengthened the resilience of banks. A side effect was that lending in the financial system shifted partly from the banking sector to non-bank financial institutions (NBFIs). Since 2008, NBFIs have grown much faster than bank intermediation: they now account for around half of all financial assets worldwide, while in the Netherlands they make up as much as three-quarters of the financial sector.

The growth of this alternative source of lending can contribute to the resilience of the financial system through further diversification, but it can also lead to the build-up of new vulnerabilities and new financial stability risks. The mitigation of these systemic risks in non-bank financial markets has risen steadily up the policymakers' agenda in recent years. Mapping the trends, risks and innovations in these less regulated NBFIs provides an important basis for us to promote stability of the financial system.

We help provide insight into NBFI developments by collecting macroeconomic data and preparing relevant statistics. In the next two years, we plan to make more data available and, if necessary, to collect new data on specific developments in the complex NBFI ecosystem. Surveying information needs of the relevant policymakers is an important part of this.

Providing a deeper insight into conduit activities in the Netherlands Conduit companies are businesses that are part of a multinational and serve primarily as financial intermediaries for other businesses in the multinational group. The Netherlands is known internationally for the large size of these so-called captive financial institutions (CFIs). This part of the financial sector had a total balance sheet exceeding €4,000 billion in 2022, which is more than four times the Netherlands' gross domestic product.

Policymakers regularly focus attention on these firms because international companies typically use Dutch conduit companies to obtain financial, tax and/or legal advantages. The substantial cash flows that these Dutch entities generate to and from foreign countries consist of dividends and interest, for example. Finally, a feature of these CFIs is that they have little or no business activity in the Netherlands. We contribute to the social debate by providing greater insight into developments relating to conduit companies.
Key focus areas in the years ahead will be the origin and destination of the conduit flows as well as developments in the size and composition of the population.

Greater insight into securities data

The Netherlands and the Dutch population have around €3,000 billion of assets invested in securities through pensions, insurance and equity. Any change in such a volume of assets can have a major impact on current and future financial spending capacity, the value of the euro and hence economic stability. We therefore ensure that securities issues and transactions by investment institutions, businesses, public authorities and (in the case of transactions) households are consistently monitored. Access is also being opened up to granular data at national or EU level for analysis, input into models or processing into publicly available statistics. We publish information on securities, issues, transactions, and their characteristics based on European legislation and national or international agreements and strive consistently to harmonise and update these statistics at international and European level.

More integrated statistical picture

The financial sector in the Netherlands is becoming more interconnected. Financial institutions are widening their product range. For example, loans are now available from non-bank institutions and insurers are increasingly offering mortgage loans. Our statistics, however, are often still sector-oriented, so there is no overall picture of developments in lending or residential mortgages, for example. A more integrated approach could help users get a better handle on developments in the financial sector as a whole and identify shifts more clearly. We will produce more cross-sector statistics where possible. This can often be done by combining existing, sector-based statistics. For example, we have recently launched a new residential mortgage dashboard bringing together a number of existing statistical products. This dashboard will be expanded in the years ahead with the addition of new components, some based on new data.

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Key priority 3: Maximum accessibility to existing and new data

We help both our internal and external users to gain access to our data as fully as possible and in a user-friendly way.

Accessibility of our statistics

- Working on external communication as well as on the technical functionality and user-friendliness of our website

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Accessibility of our statistics

The more complex and innovative the data and statistics, the greater is the challenge of explaining their nature and quality in an understandable way so that users can continue to draw soundly based conclusions. We are working to improve our external communication, as well as the technical functionality and user-friendliness of our website, for example, by making the data easier to find, more understandable and more approachable.

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