

Indicator 10.5.1

Indicator Name, Target and Goal

Indicator 10.5.1 Financial Soundness Indicators (FSIs)

Target 10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

Goal 10 Reduce inequality within and among countries

10.5.1-4 Nonperforming loans to total gross loans

Definition and Rationale

Definition

This FSI is calculated by using the value of NPLs as the numerator and the total value of the loan portfolio (including NPLs, and before the deduction of specific loan- loss provisions) as the denominator.

Concepts

A loan is classified as NPL when payment of principal or interest is past due by 90 days or more, or evidence exists that a full or partial amount of a loan is not going to be recovered. The denominator is the total value of the loan portfolio (including NPLs, and before the deduction of specific loan- loss provisions).

Rationale and Interpretation:

This FSI is often used as a proxy for asset quality and is intended to identify problems with asset quality in the loan portfolio.

Data Sources and Collection Method

All data are regularly reported from banks to the Financial Services Agency (FSA) (or the Bank of Japan (BOJ)). All banks' accounting data are in accordance with national accounting rules.

Method of Computation and Other Methodological Considerations

Computation Method

This FSI is calculated by using the value of NPLs as the numerator and the total value of the loan portfolio (including NPLs, and before the deduction of specific loan- loss provisions) as the denominator.

○ Comments and limitations

Accounting rules generally follow the J-GAAP.

The banks excluded from the sample are insignificant in terms of amounts.

Data Disaggregation

N/A

References

IMF SDDS Plus Metadata (Japan) :

<https://dsbb.imf.org/sddsplus/dqaf-base/country/JPN/category/FSI04>

Custodian Ministries of Data

Financial Services Agency

(Bank of Japan)

Custodian Ministries of Related Policies

Financial Services Agency

International Organizations

International Monetary Fund (IMF)