

Integrating Balance of Payments and Sector Accounts in the Netherlands

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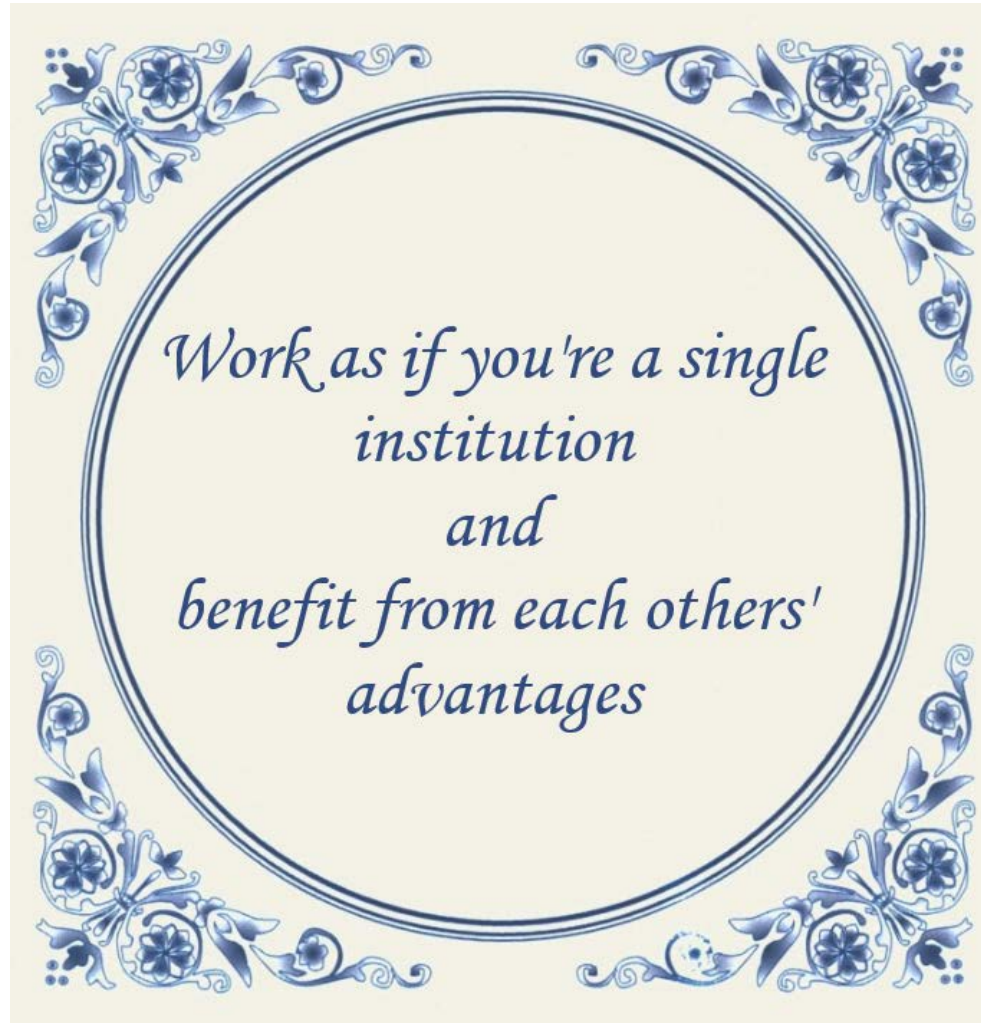
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DeNederlandscheBank

EUROSYSTEEM



Guiding principle in cooperation NCB – NSI in the Netherlands



Current compilation practices in the Netherlands

BOP compilation (Central Bank - DNB)

- Since 2003: based on direct reporting of transactions and stocks by all sectors (but households), with full geographical detail, on a monthly basis. Some additional reporting on FDI earnings and FDI stocks reported annually

Sector accounts compilation (NSI - CBS)

- Quarterly and annual cycles integrating multiple sources (surveys as well as administrative), including information from DNB concerning financial sectors and BOP/IIP. Financial as well as non-financial accounts

Developments in recent years have prompted a reconsideration of the current practice and the development of a new approach

Rationale for developing a new approach

Since the start of the financial crisis:

- Heightened interest in external statistics and national and international concerns about differences between the BOP/IIP and ROW account
- Greater need for statistics about individual sectors for financial stability analysis, which has resulted in G20-DGI recommendations and new ESCB legislation – also benefitting the development of quarterly sector accounts
- Strengthened administrative use of accounts, e.g. EU transfers (GNI), Macroeconomic Imbalances Procedure, etc.

Basic principles of the new approach

1) Distinction between source and integrated statistics

- Source statistics (e.g. sector statistics) become available earlier, are more detailed and not necessarily consistent with integrated statistics (BOP/IIP and sector accounts)

Basic principles of the new approach

2) Full consistency between BOP and ROW account as integrated statistics

- One new survey for all financial sectors (operated by DNB) and NFCs (operated by CBS) as a source for sector statistics, sector accounts and the BOP/IIP
- DNB responsible for compiling financial sectors (“SNA-compliant”), CBS for non-financial sectors and overall set of sector accounts. Joint responsibility for the ROW account and BOP/IIP on a quarterly and annual basis
- Joint integration of BOP and ROW account within sector accounts. Close cooperation of National accounts experts, BOP/IIP experts as well as financial sector experts in integration process is expected to foster the quality of both institutions’ statistics
- Joint “hybrid” revision policy in which needs for both continuous series and actuality are met:
 - financial accounts revised annually
 - current account items revised every 5 years, together with supply and use tables and labor accounts

Basic principles of the new approach

3) Focus on quarterly rather than monthly integrated statistics

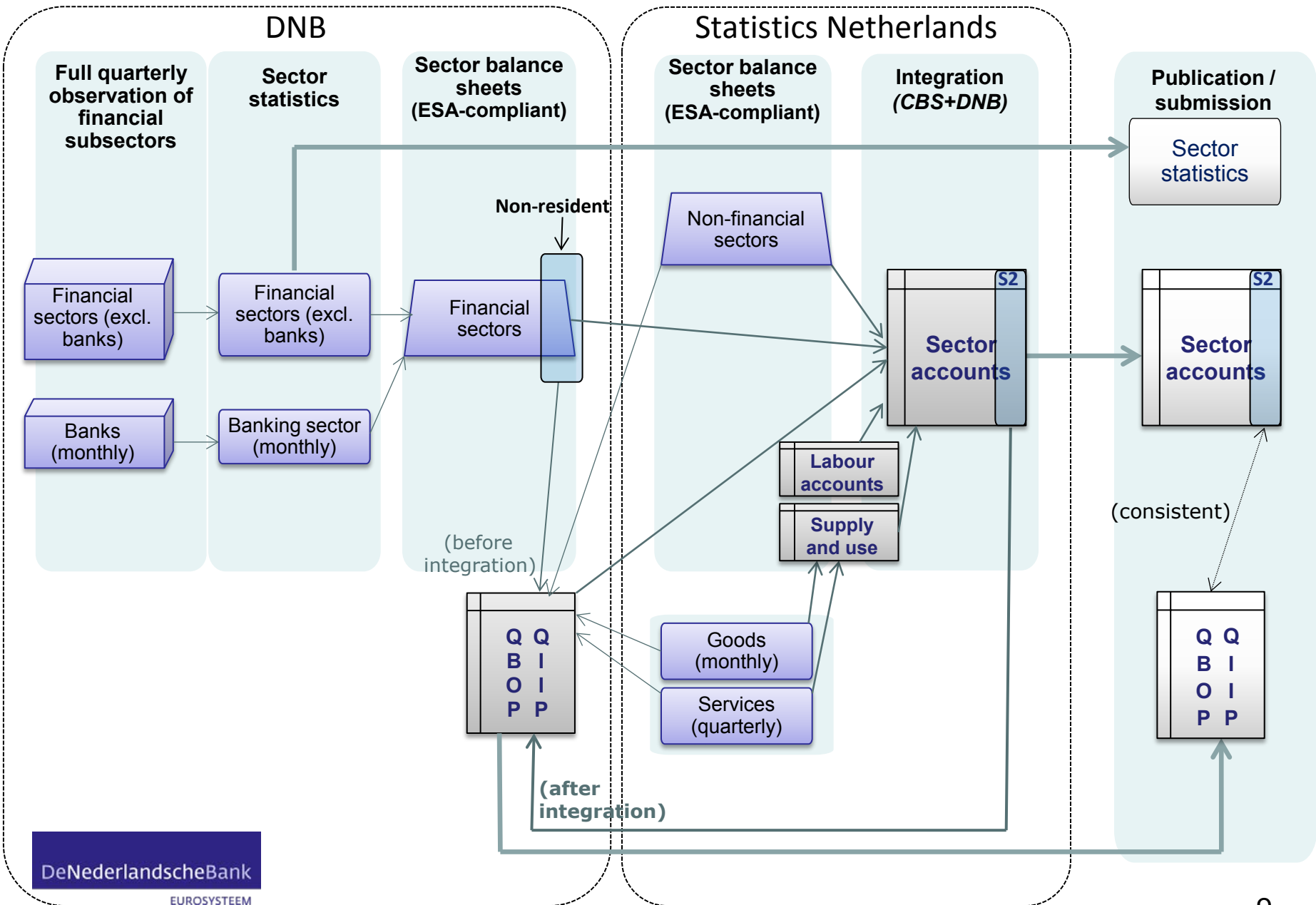
- The new process focuses primarily on production of consistent and high-quality integrated statistics with quarterly frequency. Less effort will be put in compiling the monthly BOP, which in itself is not in high demand by (national) users (also not published, but required by European institutions)
- Monetary policy needs may be met sufficiently with (readily available) monthly indicators; this could be explored together with users. In time these indicators could possibly replace the monthly euro area and EU BOP
- Considering high demand by internal and external users, DNB will continue producing securities statistics (holdings and issues; from-whom-to-whom) on a monthly basis. These data are relatively easy to submit by reporters with higher frequency (security-by-security, using ISIN codes as identifier) and this source helps filling an important part of the Dutch monthly BOP

Practical implementation

Joint DNB-CBS project with several workflows

- Setting up the overall process and timelines and developing a uniform technical solution for exchanging data
- Addressing legal issues (e.g. use of micro data collected by/for CBS in other DNB tasks)
- Working out joint revision policy and harmonised publication policies
- Collecting and compiling (“SNA-compliant”) data on financial (sub)sectors
- Integrating DNB and CBS surveys for NFCs
- Single collection and exchange of data for government, households and NPISH
- Identifying “quick wins” – e.g. complete consistency already realized in goods, services and secondary income; significant convergence in primary income

Diagram of the new quarterly compilation process



Conclusions

- DNB and CBS management have committed to realize full consistency between the Dutch BOP/IIP and ROW account, giving one uniform message to users
- Quality of financial sector statistics, sector accounts and BOP/IIP is expected to improve by close cooperation of NA experts and DNB experts in the sector accounts compilation
- Processes will be aligned and more efficient, with clear responsibilities
- Respondents have to complete only one (combined) survey; DNB and CBS will spend much less time comparing and reconciling double reported data
- Clear choice for focusing on quarterly data of good quality, supplemented with monthly securities statistics