Sectoral accounts for the Euro Area
Improving content and communication

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1. Introduction

- ECB and Eurostat jointly compile **quarterly integrated financial and non-financial sector accounts** for the euro area (EAA)

- EAA based on data of 19 (dark blue) countries

- 2014/2015 - comprehensive EAA revision:
  - European System of Accounts 2010 (= SNA08)
  - New ECB Guideline with changes to meet user demand
2. Improvements of the EAA - timeliness

**Issue:** Timely release of EAA essential for its use

**Action:** Release of EAA one month earlier (T+3m) by 2016

- Earlier transmission of country data to the ECB and Eurostat
- More use of timely euro area “building blocks” (e.g. euro area banking and BoP statistics)
- Shortened production process at ECB and Eurostat
## 2. Improvements of the EAA – who to whom information

**Issue:** “Who-to-whom” requested for monetary and financial stability analysis. Stocks and Transactions!

**Action:** W-t-W for debt securities, listed shares and investment fund shares available from end-2015. W-t-W for loans and deposits was already available.

<table>
<thead>
<tr>
<th>- Debt securities</th>
<th>- Listed shares</th>
<th>- Investment fund shares/units</th>
<th>- Deposits</th>
<th>- Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Creditors (Holdings)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>NFCs</td>
<td>MFIs</td>
<td>Inv. Funds</td>
<td>OFIs</td>
<td>Insurance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resident Debtors (Issue)</th>
<th>Sector 1, 2 ... 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-residents Debtors (Issue)</td>
<td>Other euro area countries Sector 1, 2 .. 8 Non-euro area (total)</td>
</tr>
</tbody>
</table>
2. Improvements of the EAA – who to whom information

Process towards who-to-whom for Euro Area:

- Financial sub-sector statistics improved (e.g. banks, investment funds, securitisation vehicles), reporting of counterpart sector
- Later these introduced security-by-security reporting, first voluntary, later mandatory
- Additional new granular data collection of securities holdings to complete sector coverage
- Centralised Securities Database (CSDB) containing reference data for most securities

> Entire process took more than a decade
2. Improvements of the EAA – revaluations and other changes

**Issue:** Valuation effects, important to understand changes in net worth

**Action:** Separate non-transaction flows into **revaluations** (holding gains and losses) and **other changes in volume** (OCV)

- **Revaluations** have a clear interpretation and economic reasoning
- **OCV** reflect various other effects of economic and non-economic nature and are difficult to interpret
2. Improvements of the EAA – vertical consistency

**Issue:** Financial / non-financial accounts inconsistent (e.g. saving, B.9)

**Action:** Promote & coordinate measures enhancing consistency (not force it!)

Key issues for more consistency:
- BoP “errors and omissions”
- Consistent sector classifications
- Data sources/data gaps
- Co-operation between compilers
3. Dissemination and Communication of the EAA

EAA are “derived statistics” incorporating other statistics which have normally been disseminated before

*What is then the added value of the EAA?*

- **Comprehensive framework** for the economy
- **Interaction** among sectors and sub-sectors
- Information on **household** sector (e.g. financial wealth)
- Information on **non-financial corporations** sector (e.g. total financing)
- **Euro area and comparison across countries** (see very heterogeneous developments since 2008!)
3. Dissemination and Communication of the EAA

EAA are a rich but complex product → requires communication that takes into account different needs of different users

✓ For **experts**: Dissemination of the comprehensive framework

✓ For **policy makers** and **public at large**:

  - few **selected indicators** in the press releases, e.g.:

    ![Graph showing changes to household net worth]

  - developing **dedicated reports** for Households and Non-Financial Corporations, including **cross-country comparisons**

<table>
<thead>
<tr>
<th>Non-financial corporations (percentages of value added (net), based on four-quarter cumulated flows)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013Q1</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Entrepreneurial income*, net (current profits)</td>
</tr>
<tr>
<td>Saving, net (retained earnings)</td>
</tr>
<tr>
<td>Non-financial investment, net</td>
</tr>
<tr>
<td>Financial investment</td>
</tr>
<tr>
<td>Net incurrence of liabilities</td>
</tr>
<tr>
<td>Debt (outstanding amount to GDP)</td>
</tr>
</tbody>
</table>

* ECB estimate.
4. Conclusions

• Substantial changes in EAA: ECB Guideline and ESA 2010, new details and better timeliness

• Expert user requirements evolve: Granularity, flexibility, timeliness

• Other users: better communication and easier access

• *Dissemination* should preserve the benefits of the integrated system of accounts, but *communication* needs to better differentiate

• Emphasise the specific value added of the EAA (e.g. NFC, Households, sectoral net lending/borrowing)