



EUROPEAN CENTRAL BANK

EUROSYSTEM



# Sectoral accounts for the Euro Area

## Improving content and communication

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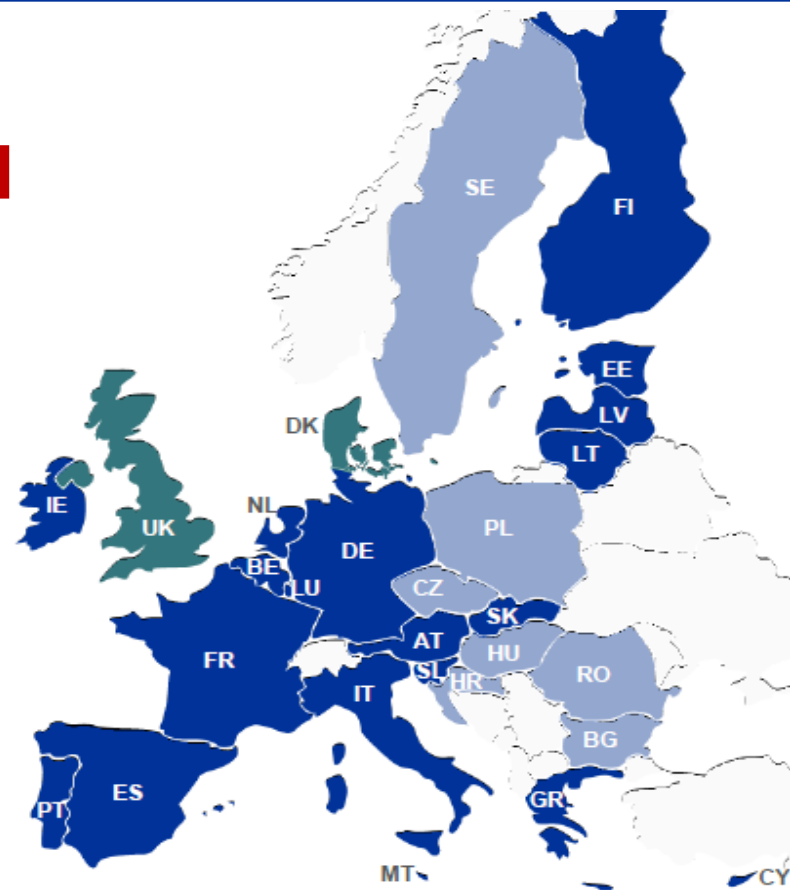
**60<sup>th</sup> ISI World Statistics Congress**

*Rio de Janeiro, 26-31 July 2015*

1. Introduction
2. Improvements of the Euro Area Accounts
  - Timeliness
  - Who-to-whom information
  - Revaluation and other changes in volume
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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



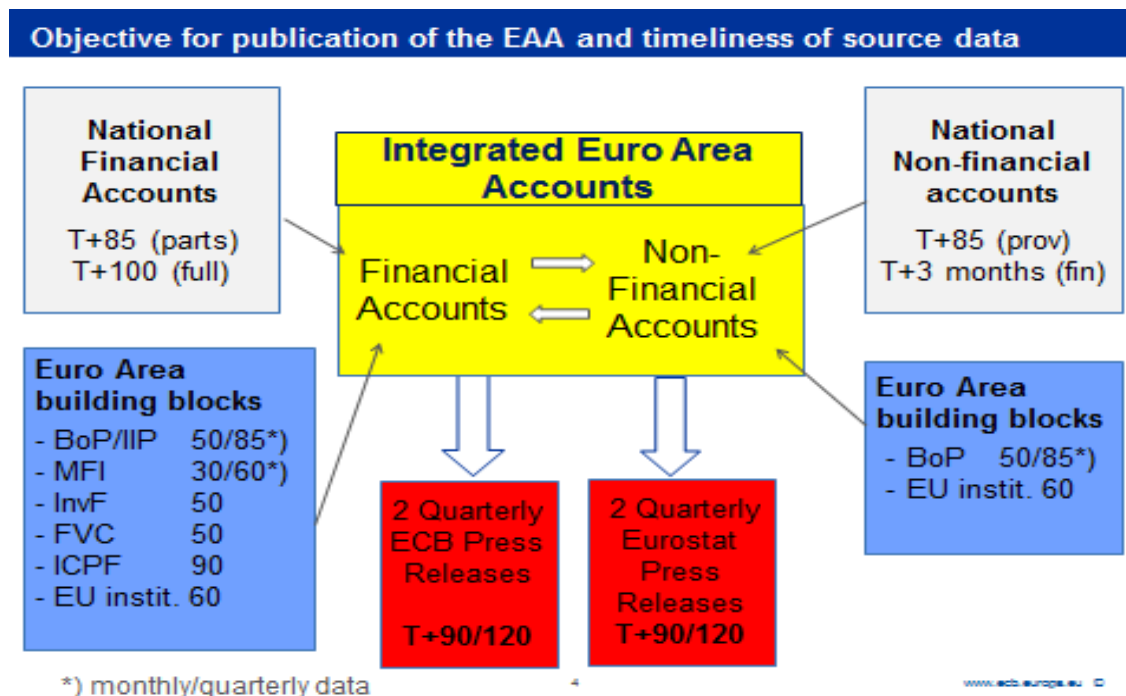
- 2014/2015 - comprehensive EAA revision:
  - European System of Accounts 2010 (= SNA08)
  - New ECB Guideline with changes to meet user demand

## 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.

- Debt securities - Listed shares - Investment fund shares/units - Deposits  - Loans		Resident Creditors (Holdings)								
		1	2	3	4	5	6	7	8	
		NFCs	MFI	Inv. Funds	OFI	Insurance	Pension funds	General Government	Households incl. NPISH	
<b>Resident Debtors (Issuance)</b>	Sector 1, 2 ... 8									
<b>Non-residents Debtors (Issuance)</b>	Other euro area countries	Sector 1, 2 .. 8								
	Non-euro area (total)									

## 2. Improvements of the EAA – who to whom information

### Process towards who-to-whom for Euro Area:

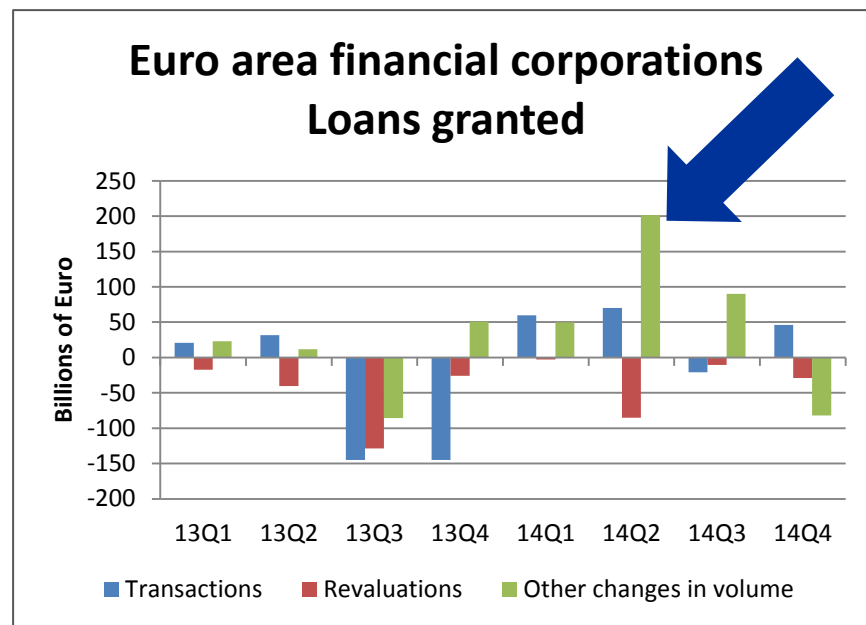
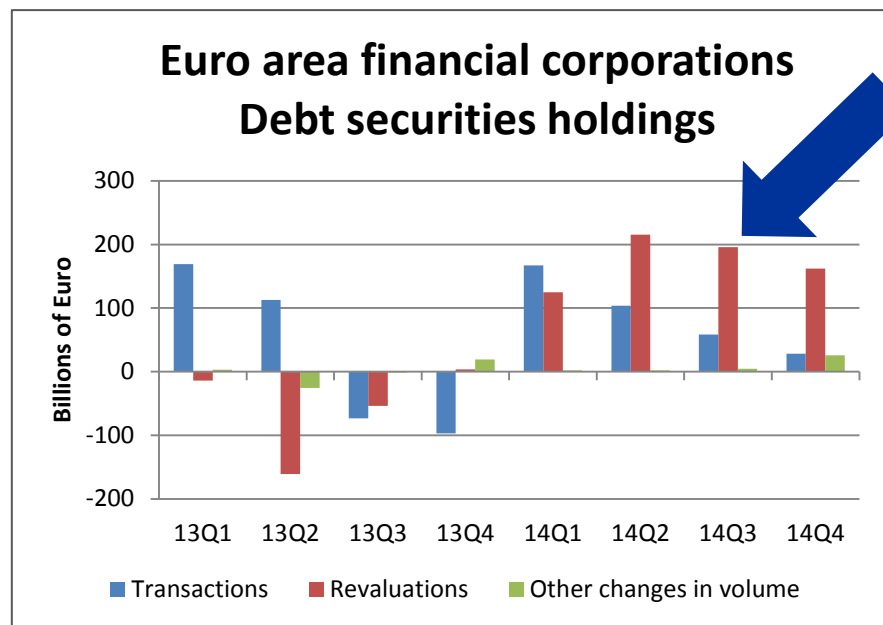
- Financial sub-sector statistics improved (e.g. banks, investment funds, securitisation vehicles), reporting of counterpart sector
  - Later these introduced security-by-security reporting, first voluntary, later mandatory
  - Additional new granular data collection of securities holdings to complete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

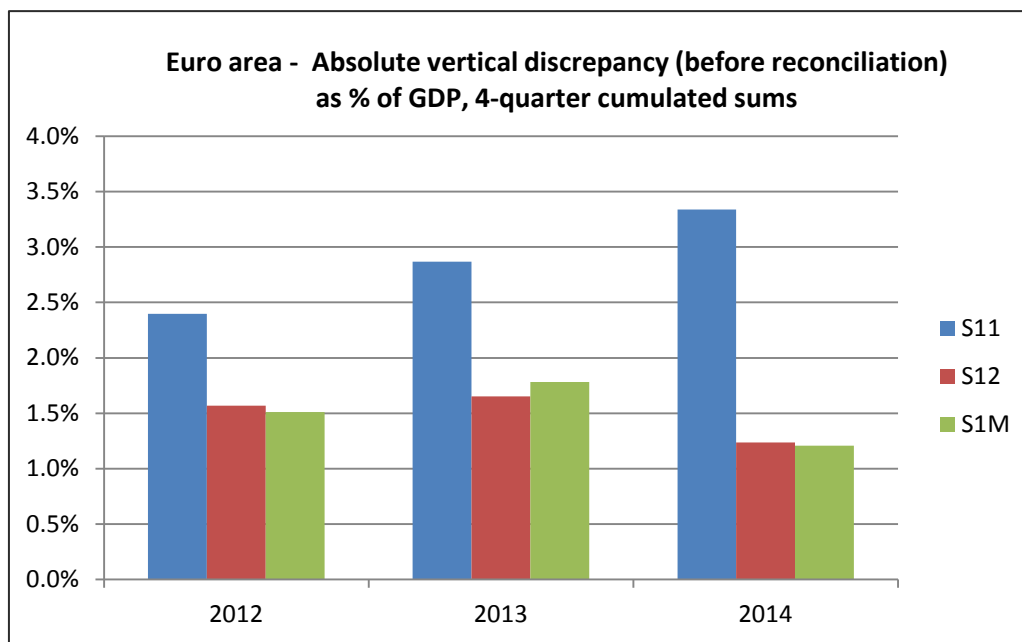
- **Revaluations** have a clear interpretation and economic reasoning
- **OCV** reflect various other effects of economic and non-economic nature and are difficult to interpret



## 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

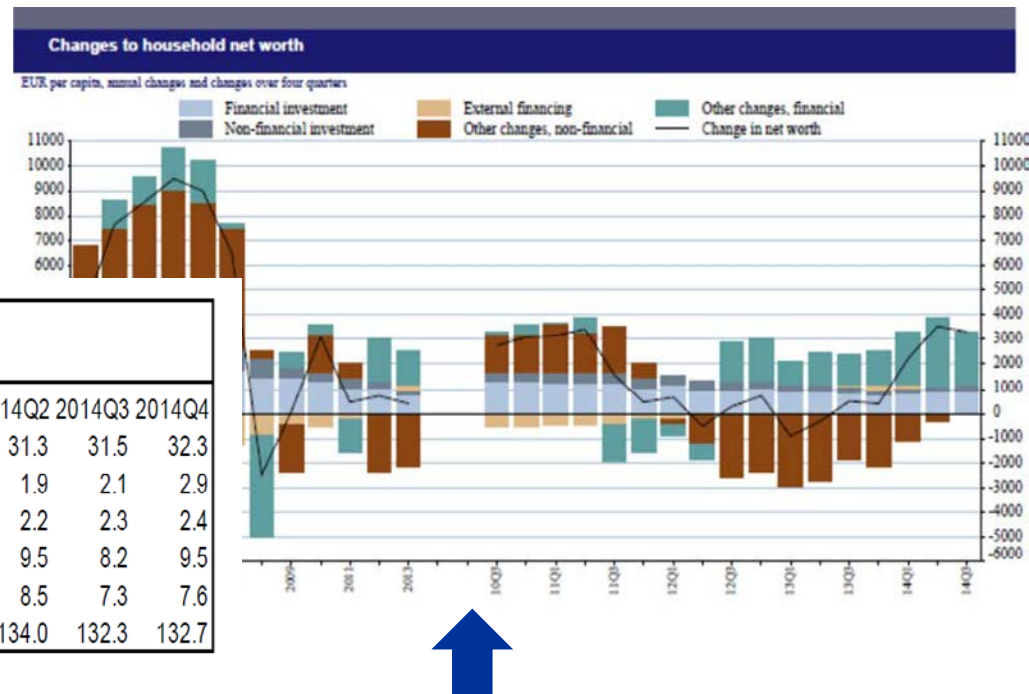
✓ **For policy makers and public at large:**

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



Non-financial corporations (percentages of value added (net), based on four-quarter cumulated flows)								
	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4
Entrepreneurial income*, net (current profits)	31.4	31.3	31.3	31.0	31.3	31.3	31.5	32.3
Saving, net (retained earnings)	2.1	2.3	2.4	1.8	2.3	1.9	2.1	2.9
Non-financial investment, net	2.4	2.0	2.1	2.1	2.2	2.2	2.3	2.4
Financial investment	7.3	7.8	10.1	9.9	10.0	9.5	8.2	9.5
Net incurrence of liabilities	6.5	6.8	8.9	9.1	8.5	8.5	7.3	7.6
Debt (outstanding amount to GDP)	134.9	134.7	134.0	132.8	131.5	134.0	132.3	132.7

\* ECB estimate.



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

## 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)