Chairman summary of session IPM84: Measures of flows and stocks in financial accounts

Rudi Acx

The presentation and discussion clearly demonstrated that the compilation of flows and stocks in financial accounts still presents many challenges. They also supported the need for further guidelines, as illustrated in a new chapter dedicated to this issue in the draft version of the SNA93 – revision 1.

Macroeconomic sequence, as well as consistency within the overall system of accounts, was discussed by Mr. Mink. It became clear from the presentation and discussion that financial accounts are capable of incorporating financial innovations and, in several inferred formats, provide a very helpful instrument for economic analysis and for supporting policy decisions. The from-whom-to-whom presentation of accounts contributes substantially to the analytical potential.

The actual compilation of financial accounts requires decisions on conceptual approach. In particular, effective tracking of transactions in borrowed securities might require a complex registration process in order to avoid double counting and to determine the ultimate holder of the securities. That process is even more difficult when cross-border transactions are involved. Mr. Taub made concrete proposals on how to address these issues. Of practical significance was data capture among custodians. The audience took away some highly useful suggestions from the experience.

All researchers involved in financial accounts, whether as compilers or users, know that information on the financial wealth of households can be vastly improved. Direct estimates of the financial assets and liabilities of households or enterprises for which no annual accounts are available is preferable to approaches in which their wealth is obtained as a balancing item. In the latter approach, each improvement in the estimates for other institutional sectors leads to reverse effects in the position of households or micro enterprises. Highly promising and innovative methods were presented in the paper by Mrs. Rodano and Mr. Signorini. The annual Survey on Household Income and Wealth (SHIW, by Banca d'Italia) is a unique system for providing direct information on the net wealth of households and of quasi corporations. Different methods, based partly on ratio extrapolation, gave very similar results for net equity of quasi corporations, thus proving the robustness of the estimate.

During the discussion, it was suggested that survey results be compared with available administrative data or indicators (such as banking data), as a kind of reference framework in order to monitor the year-to-year stability.

The use of existing data, and of combinations based on these data – as in the paper presented by Mrs. Almeida – proved very useful in the discussion. The compilation of quarterly figures on unquoted shares and other equity based on balance sheet data, and of figures reported on a security-by-security database – backed by structural information from a registry of business units – substantially improved the quality of the macroeconomic data obtained.

I would like to thank all of the authors for their innovative contributions, as well as the discussant, Mr. Ishida, who provided the authors a very constructive opportunity to comment further on their research.