



# Integrating Balance of Payments and Sector Accounts in the Netherlands

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DeNederlandscheBank

EUROSYSTEEM



Centraal Bureau  
voor de Statistiek

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# Current compilation practices

## **BOP/IIP compilation (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 annually

## **Sector accounts compilation (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

## **Significant differences between BOP/IIP and ROW account due to:**

- Different (use of) sources (and methodology)
- Adjustments to integrate ROW data in sector accounts
- Different revision practices (actuality vs. continuity)





# Basic principles of the new approach

## Full consistency between BOP and ROW account as integrated statistics

- An integrated and joint DNB-CBS statistics chain
- Aligning responsibilities and tasks
  - DNB responsible for compiling financial sectors (“ESA-compliant”) and securities statistics;
  - CBS for non-financial sectors and overall set of financial and non-financial accounts
  - Joint responsibility for the ROW account.
  - BOP/IIP is compiled by DNB not from source/survey data, but derived from the ROW account
  - BOP and financial sector experts from DNB participate in joint sector accounts integration process. Close cooperation and confrontation of sources is expected to foster the quality of both institutions’ statistics
- Aligning working methods
  - Joint methodology, production calendar, revision policy

# Basic principles of the new approach

## **Distinction between source and integrated statistics...**

Source statistics (e.g. trade in goods and services, sector statistics):

- become available earlier,
- are more detailed, and
- do not necessarily have to be consistent with integrated statistics (BOP/IIP and sector accounts)

## **...and aligning sources**

Surveys for the financial sectors (operated by DNB) and NFCs (operated by CBS) as a source for sector statistics, sector accounts and the BOP/IIP

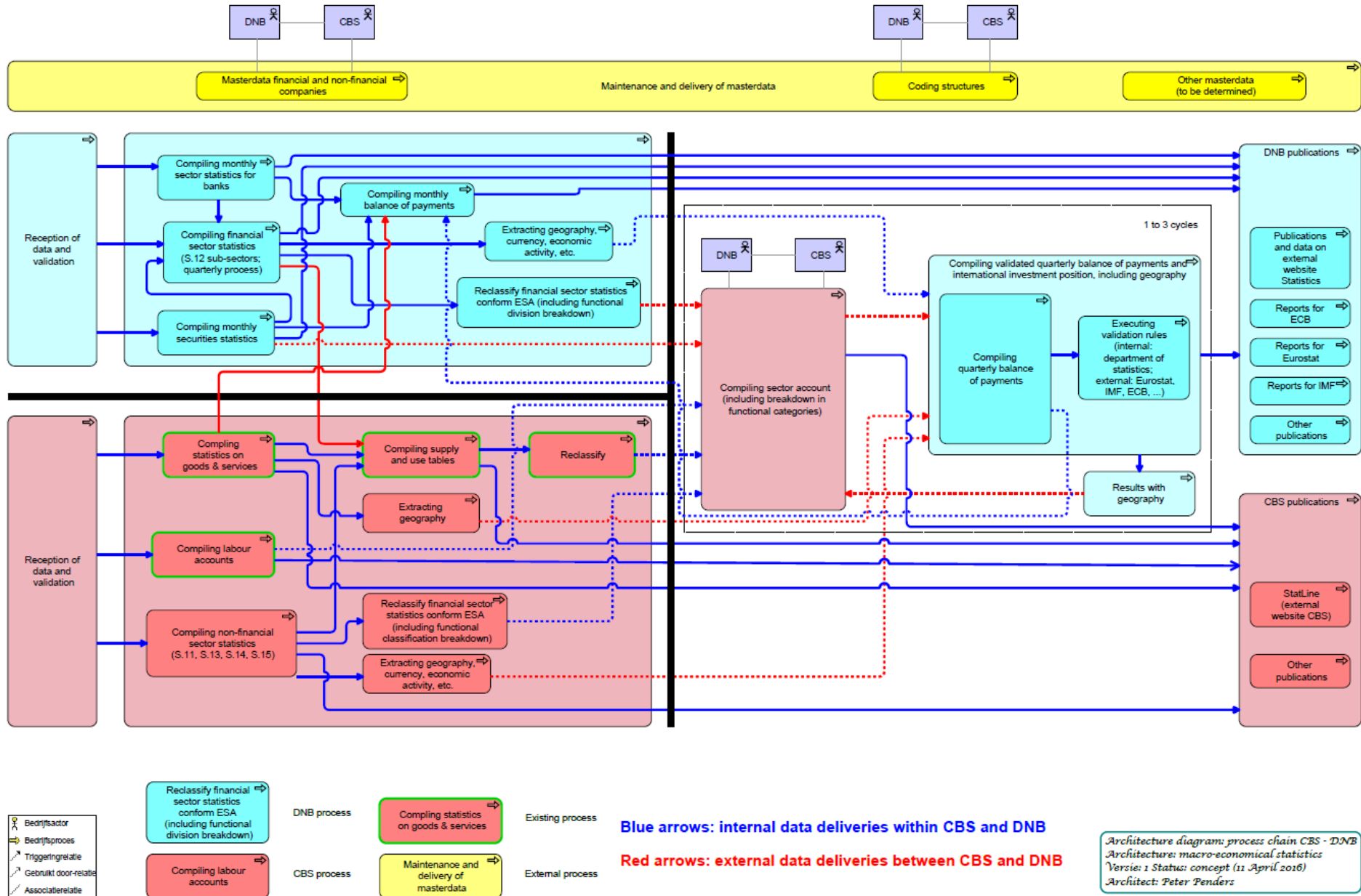
# Basic principles of the new approach

## **BoP Focus on quarterly rather than monthly integrated statistics**

The new process focuses primarily on production of high-quality and consistent integrated BoP statistics with quarterly frequency.

- Less effort put in compiling (initial) monthly BOP, which is not in high demand by national users (also not published nationally, however required by ECB and Eurostat)
- DNB will continue and expand producing securities (source) statistics (holdings and issues) on a monthly basis. These data are in demand, they help filling an important part of the Dutch monthly BOP and are relatively easy to submit by reporters with higher frequency (security-by-security)

# New DNB-CBS statistics production chain





# Elements of the new DNB-CBS chain

## 1. Collection of data

- Integrated surveys to serve sector statistics, sector accounts and BOP/IIP (including FDI) for financial sectors (excl. MFIs), MFIs (BSI), NFCs and government
- Complete balance sheets and profit & loss required, including detailed information (e.g. by counterpart country)
- Aligned with statistical concepts (ESA) as much as possible
- Monthly survey for securities holdings and issues (s-b-s) for all sectors (households via custodians)
- Existing collection of goods and services data and data for labour accounts

# Elements of the new DNB-CBS chain

## 2. Compiling source statistics

- DNB compiles statistics on financial sectors and securities and is responsible for “ESA-compliant” submission of these sectors (S.121 to S.129) to sector accounts
- CBS processes survey and administrative data to compile statistics on NFCs, government, households and NPISH as well as international trade in goods and services
- No *initial* BOP/IIP is produced; ROW account is compiled from counterparty information in resident sector submissions
- Securities statistics (including SHS): DNB processes s-b-s data on holdings and issues for all sectors to balanced whom-to-whom tables which are submitted to sector accounts. Non-resident transactions/positions are derived via a *residual approach*

# Elements of the new DNB-CBS chain

## 3. Joint integration process Sector Accounts - BoP

- DNB participates in joint integration process: responsible for financial sectors and related transactions, such as securities transactions/stocks in sector accounts
- CBS responsible for non-financial sectors, non-securities transactions/stocks as well as for overall compilation
- Joint responsibility for compiling ROW account.
- ROW account will be compiled
  - including breakdown by an agreed breakdown of functional BOP categories,
  - but excluding breakdowns by country, non-resident sector, currency, FDI direction, economic activity, remaining maturity

# Elements of the new DNB-CBS chain

## 4. Compilation of quarterly BOP/IIP

- ROW account including functional breakdown is converted to detailed BOP/IIP by DNB based on source information.
- This will be an automated process, but with possibility to interfere manually, e.g. if there is better information on counterpart country
- To be able to properly check the outcome of this process (BOP/IIP incl. breakdowns),
- It will run several times every quarter, initially using semi-final ROW data as input. Feedback to sector accounts process is still possible at that stage
- Based on final ROW account, fully consistent final BOP/IIP will be published and submitted to international organisations.
- BoP data including limited geographical breakdown will be returned to CBS (output requirement for non-financial and financial accounts)

# Elements of the new DNB-CBS chain

## 5. General elements

- Making use of unique register data (DNB leading in keeping these master data up-to-date for financial institutions; CBS for non-financial institutions)
- Joint “hybrid” revision policy in which needs for both continuous series and actuality are met:
  - Financial accounts revised annually (possibly including financial income)
  - Current account items revised every 5 years, together with supply and use tables and labour accounts
  - Joint policy to handle substantial breaks in sources, methods, etc. when needed
- High degree of transparency throughout the chain (also by harmonising codification structures).



# Practical implementation

## **Joint DNB-CBS project with several workflows**

- Setting up the overall process and timelines and developing a new technical solution for exchanging data
- Addressing legal issues
- Working out joint revision policy and harmonised publication policies
- Collecting and compiling (ESA-compliant) data on financial (sub)sectors
- Integrating DNB and CBS surveys for NFCs
- Single collection, estimations and exchange of data for government, households and NPISH
- Developing monthly collection of securities for all sectors and data exchange
- Identifying “quick wins” – e.g. complete consistency already realised in goods, services and secondary income; significant convergence in primary income

## **Launch of formal DNB and CBS programmes for implementation in 2 phases, commitment of top-management**

# Close cooperation requires sufficient understanding

Of each others

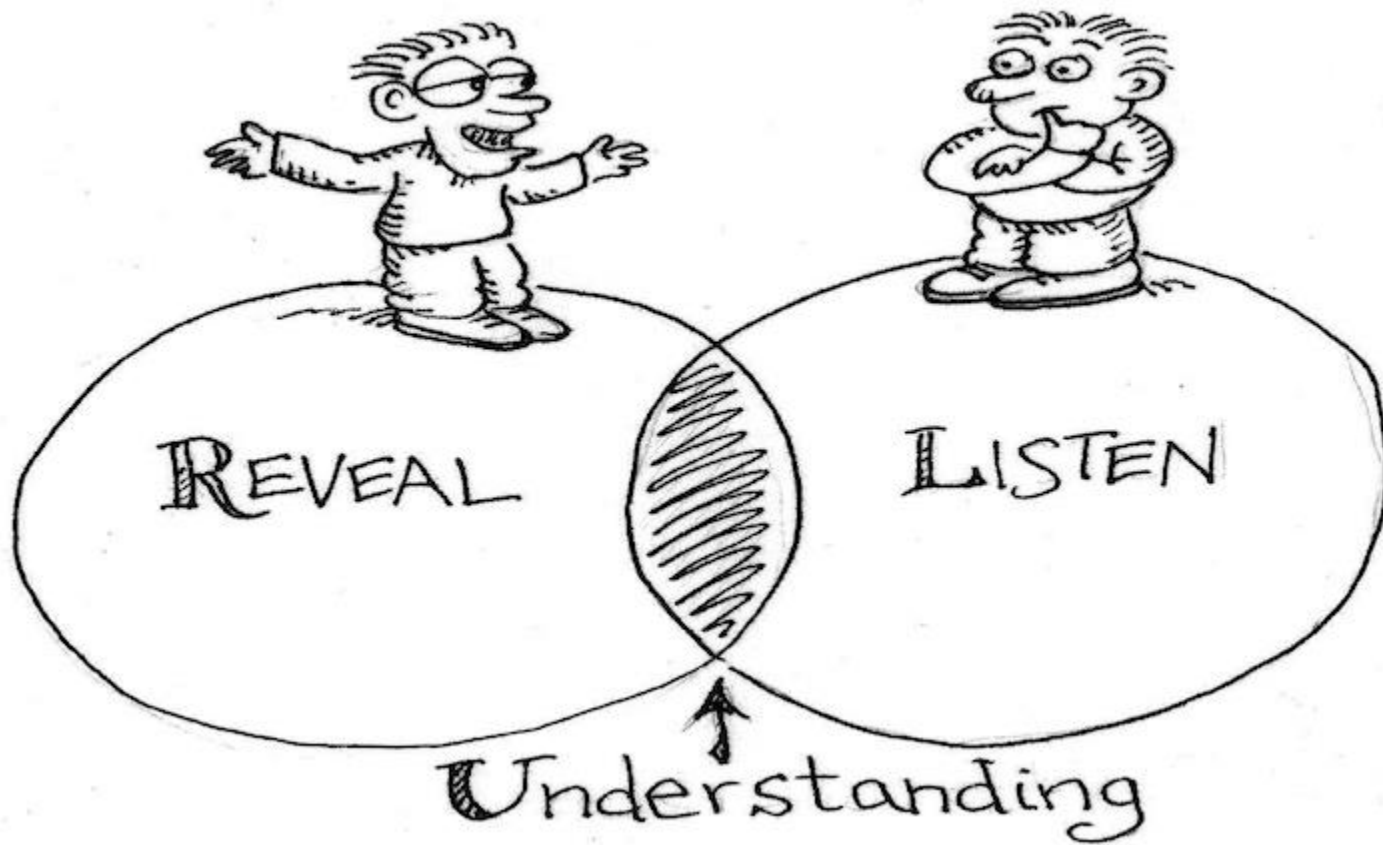
- Processes and statistics
- Organization and internal procedures
- Changes in staff, due to new division of tasks
- Language (will cause a lot of confusion if you're not aware)
- Habits, the way we like to work
- 'Culture'

Soft skills/HRM certainly require extra attention in project and new process!

Management attention essential, setting the examples of how to work together.

Also a clear need for the introduction of chain management







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# GLOBALIZATION

# Does it help?

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