

# Banco de Portugal – The travel item in the balance of payments

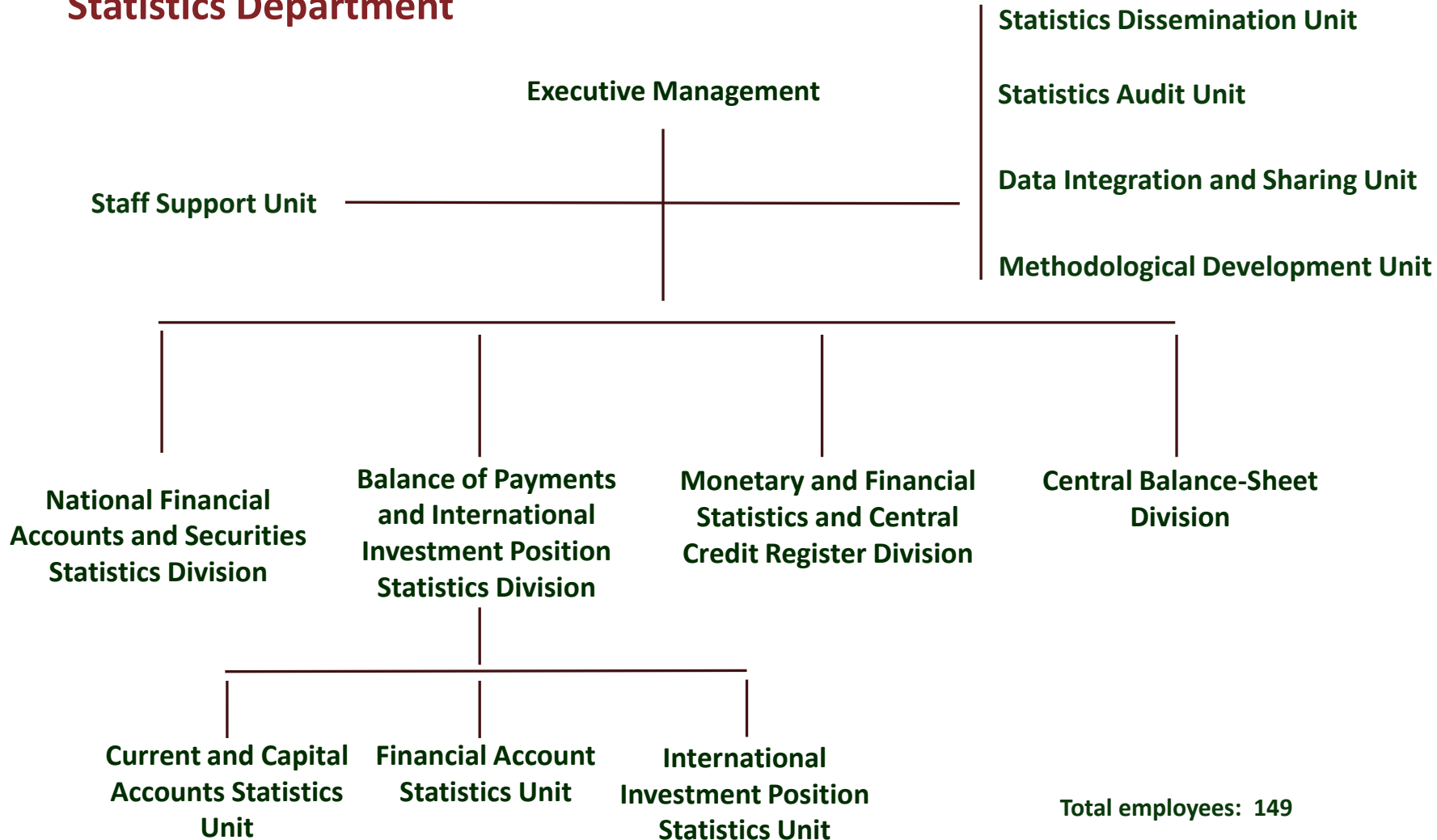


**BANCO DE PORTUGAL**  
EUROSYSTEM

**22nd May 2018**

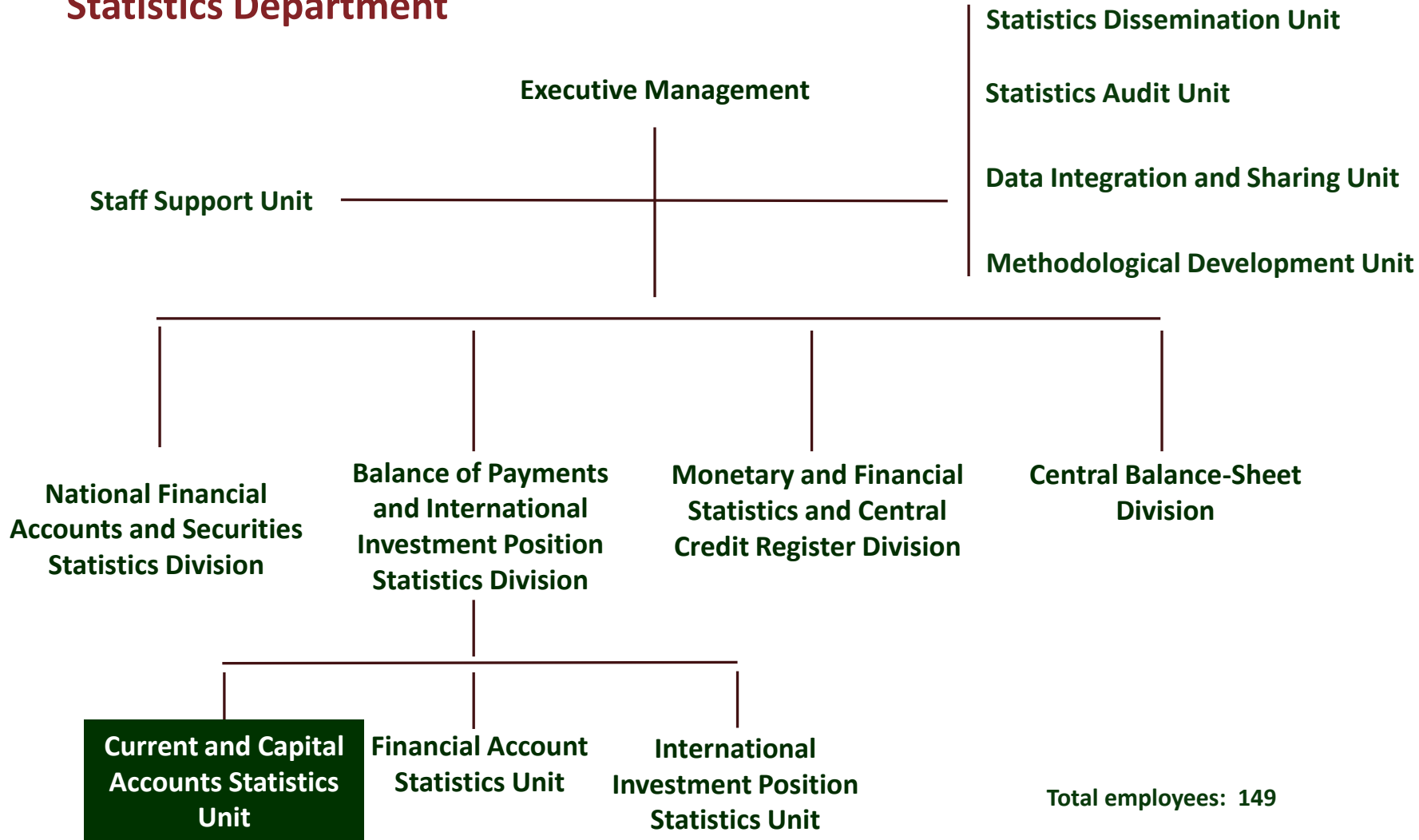


## Statistics Department





## Statistics Department





## Current and Capital Account Statistics Unit

Goods  
Account

Service  
Account

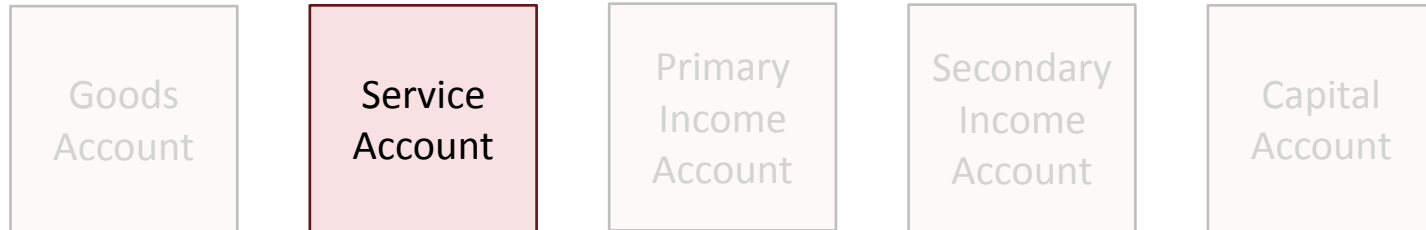
Primary  
Income  
Account

Secondary  
Income  
Account

Capital  
Account



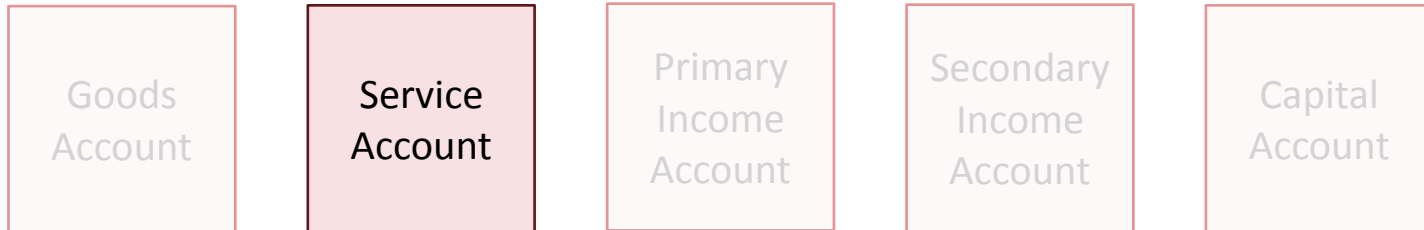
## Current and Capital Account Statistics Unit



<i><b>Manufacturing services on physical inputs owned by others</b></i>
<i><b>Maintenance and repair services n.i.e.</b></i>
<i><b>Transport</b></i>
<i><b>Travel</b></i>
<i><b>Construction</b></i>
<i><b>Insurance and pension services</b></i>
<i><b>Financial services</b></i>
<i><b>Charges for the use of intellectual property n.i.e.</b></i>
<i><b>Telecommunications, computer, and information services</b></i>
<i><b>Other business services</b></i>
<i><b>Personal, cultural, and recreational services</b></i>
<i><b>Government goods and services n.i.e.</b></i>



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## Travel item under BPM6

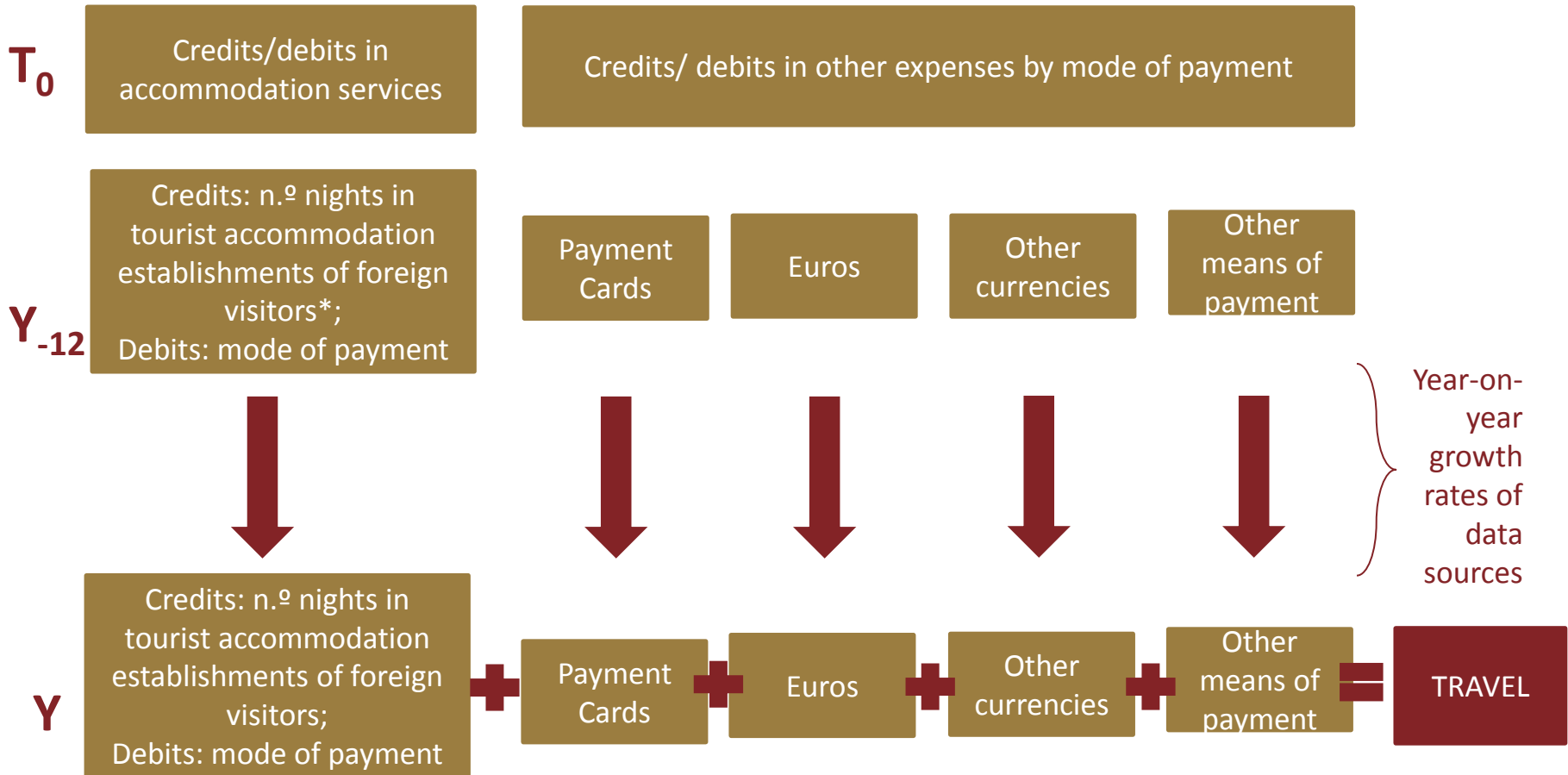
**§10.86** *Travel credits cover goods and services for own use or to give away acquired from an economy by nonresidents during visits to that economy. Travel debits cover goods and services for own use or to give away acquired from other economies by residents during visits to these other economies.*

Expenses on:

- accommodation services,
- food-serving services,
- local transport services,
- goods,
- etc.



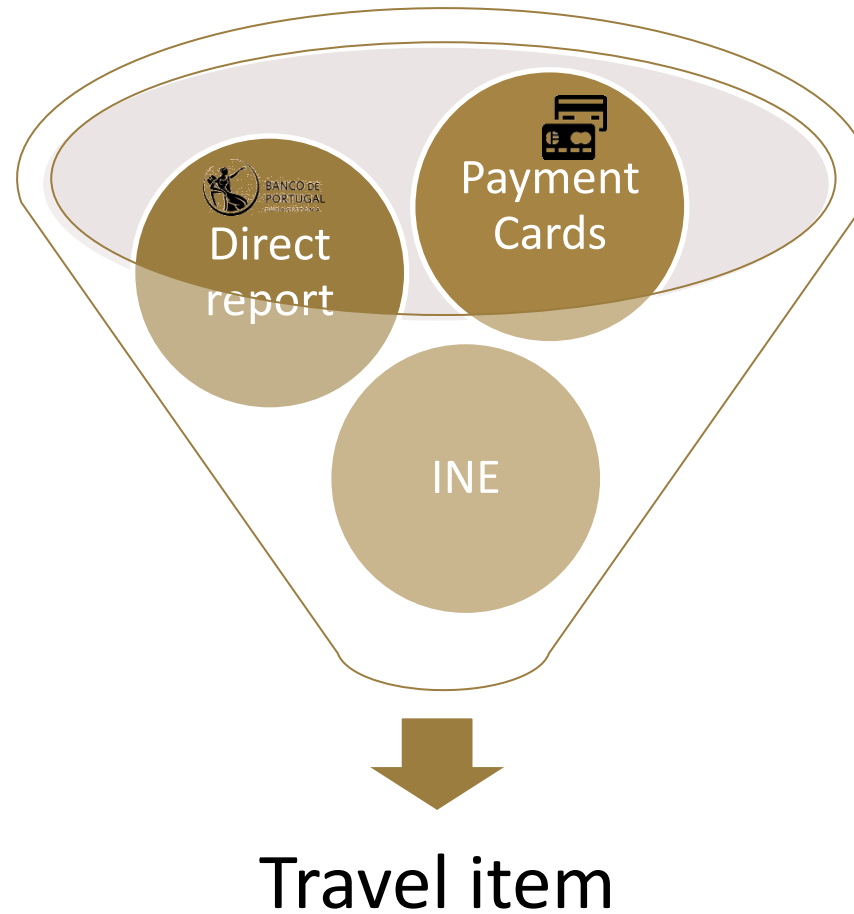
## Travel item – Methodology







## Travel item – Data sources





Source: Direct reporting system



## Main features

### COPE

Communication of operations  
and positions with non residents

Which entities should report?

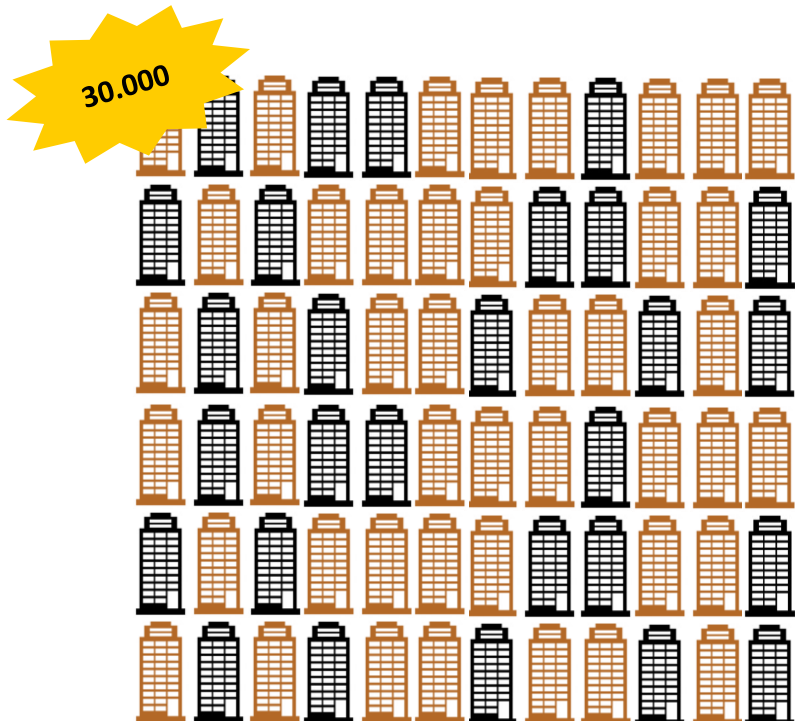
All entities with external operations  
equal or superior to

**100 thousand euros**

Starting date

**APRIL 2013**

(by reference to March 2013)





## Source: Direct reporting system



## Main features

- Monthly report
- Statistical codes related to the Travel sector (incoming and outgoing)

Accommodation

Local  
Transportation

Other services

Tourist packages

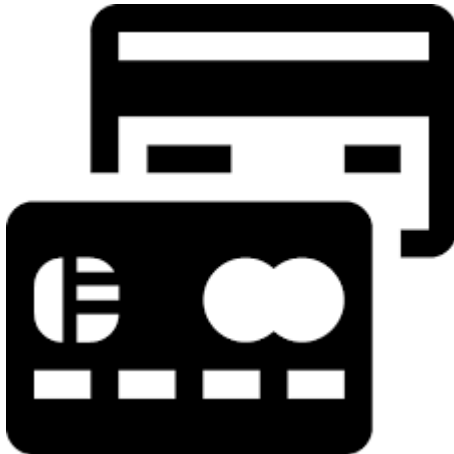
Cruises

Currency  
exchange



## Source: Payment Card

### Main features

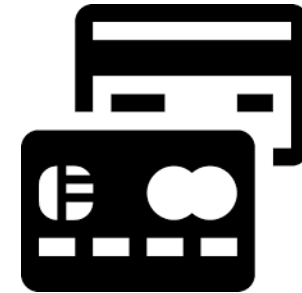


- Database provided by the Payment Systems Department of BdP
- Monthly information on the use of payment cards



## Source: Payment Card

### Main features



Amount

Type of  
Terminal

Country of the  
card issuer

Merchant  
category code

Month and  
Year

Type of  
transaction

Country of the  
terminal

Authentication



## Source: Payment Card

Variable Type of Terminal: A payment card can be used in different terminals

ATM



POS





## Source: Payment Card

Variable Type of Transaction: In each type of terminal many type of operations can be performed

### Example: Type of transactions in an ATM



Account information  
Pay tax  
**Cash withdrawal**  
Pay bills  
Change the pin code



## Source: Payment Card

Variables Card's Country & Terminal's Country:

Country of the card: residency of the card issuer

Assumption: card holder's residency  $\approx$  card issuer's residency







## Source: Payment Card

Variable MCC:

Merchant Category Code associated to the merchant where the POS is located  
Some “cards networks use a MCC to identify the type of business conducted by the merchant”

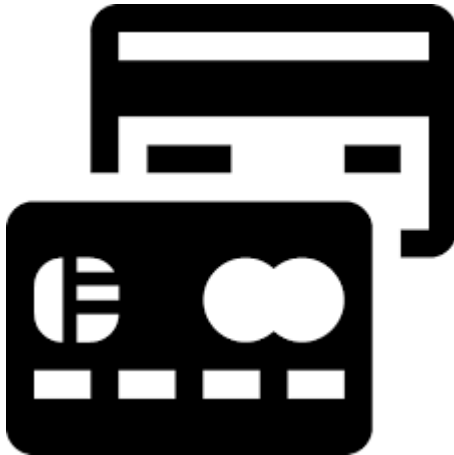




## Source: Payment Card

### Changes in the data source

- New database with higher coverage and more detail (new report started in 2012)
- New variables
- Cooperation between departments to appropriate it properly



#### Improvements:

- E-commerce
- International Transport
- Distinguish and analyze different phenomena



## Source: Payment Card

**1<sup>st</sup> Challenge:** How to exclude information regarding, e.g., airlines?

### Airlines

3000 X United Airlines UNITED UNITED AIR 1  
3001 X American Airlines AMERICAN AMERICAN AIR 1  
3002 X Pan American PAN AM PAN AM AIR 1  
3004 X Trans World Airlines TWA TWA AIRLINE 1  
3005 X British Airways BRITISH BRITISH AWYS 1  
3006 X Japan Airlines JAL JAL AIRLINE 1  
3007 X Air France AIR FRAN AIR FRANCE 1  
3008 X Lufthansa LUFTHAN LUFTHANSA 1  
3009 X Air Canada AIR CANA AIR CANADA 1  
3010 X KLM (Royal Dutch Airlines) KLM KLM AIRLINE 1  
3011 X Aeroflot AEROFLOT AEROFLOT 1  
3012 X Qantas QANTAS QANTAS AIR 1  
3013 X Alitalia ALITALIA ALITALIA AIR 1  
3014 X Saudi Arabian Airlines SAUDI AI SAUDIA AIR 1  
3015 X Swissair SWISSAIR SWISSAIR 1  
3016 X Scandinavian AirlineSystem (SAS) 1  
3017 X South African Airways SAFRICAN SAA AIRWAYS 1  
3018 X Varig (Brazil) VARIG VARIG AIR 1  
3020 X Air India AIR-INDI AIR-INDIA 1  
3021 X Air Algeria AIRALGER AIR ALGERIE 1  
3022 X Philippine Airlines PHILIPP PHILIPP AIR 1  
3023 X Mexicana MEXICANA AIR MEXICANA AIR 1  
3024 X Pakistan International PAKISTAN PAKISTAN AIR 1  
3025 X Air New Zealand Limited International AIR NZ AIR NZ 1



## Source: Payment Card

**2<sup>nd</sup> Challenge:** Is it possible to analyse data in an aggregated way?

### Transaction Category Code

#### TCC Merchant Category

- A Automobile/Vehicle Rentals
- C or Z Cash Disbursement
- F Restaurant
- H Hotel/Motel
- O College/School Expense
- O Hospital
- P Payment Service Provider
- R All Other Merchants/U.S. Post Exchange
- T Pre-Authorized Mail/Telephone Order
- U Unique Transaction Quasi-Cash Disbursement
- U or R Cardholder-Activated Terminal
- X Airline
- X Railroad
- X Travel Agency/Transportation



## Source: Payment Card

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## Source: Payment Card

**3<sup>rd</sup> Challenge:** How to exclude information regarding e-commerce?

Variable Authentication:

This variable is related to the way a card's user validates an operation



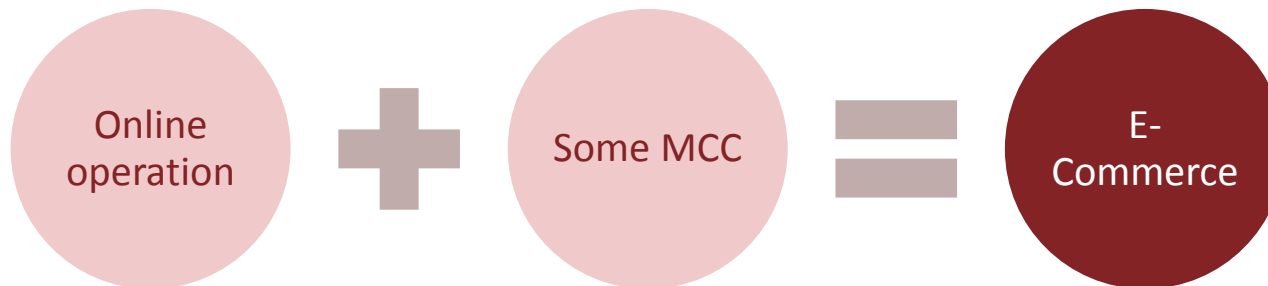
*Signature*





## Source: Payment Card

**3<sup>rd</sup> Challenge:** How to exclude information regarding e-commerce?



Example: online operation + MCC 7995 (Betting/Casino Gambling)



## Source: Payment Card

### Cross-country comparisons

*(Committee on Monetary, Financial and Balance of Payments Statistics Task-Force main conclusions)*

- *Payment card data gets more and more useful to supplement other data sources*
- *Since 2007 the discussion has started to identify and to gather information on the needs and availability of card data*
- *Current use: 13 countries use payment card data for national bop purposes (mostly to compile travel, the geographical breakdown for the travel item, transport, goods, services, ecommerce / also used for forecasting and oversight purposes)*
- *Main gaps: misclassification, thresholds, series breaks, irregular updating, ...*
- *Additional needs: a higher frequency, additional breakdown by merchant code, further geographical breakdown, ...*





## Source: Payment Card

### Future Challenges:

- Ongoing cooperation with Payment Systems Department on the identification of new entities that establish ATM and POS terminals in the national territory
- Pay attention to the residency of the entity that owns the POS terminal (foreign terminals in national territory, national terminals in foreign countries; cross-check with the issuing country of the card used)
- Monitor the evolution in the means of payment



**Source:**

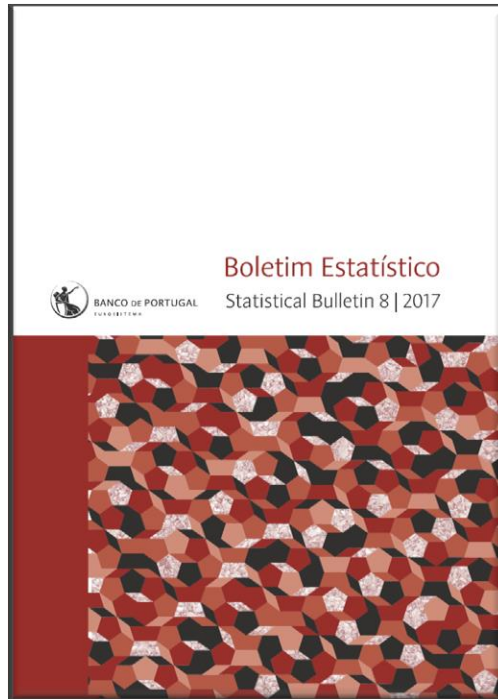


INSTITUTO NACIONAL DE ESTATÍSTICA  
STATISTICS PORTUGAL

- Credit side only; monthly data
- Capture the evolution of the value of accommodation services provided to foreign visitors:
  - Monthly revenue of accommodation services
  - Number of nights in tourist accommodation establishments, by country of origin of foreign tourists
- Challenge: coverage of the new forms of accommodation (e.g. Airbnb)



## Travel item – Data release





**Thank you for your attention!**