COMPILATION OF FINANCIAL ACCOUNTS
Results from the country survey
The purpose of the survey

- To assess the **status of compilation** of Financial Accounts in countries
- To **identify challenges and best practices**
- **16 replies** were received from **14 countries**

Armenia, Azerbaijan (CB and NSO), Bosnia and Herzegovina, Kazakhstan, Kosovo*, Kyrgyzstan, Montenegro, North Macedonia, Republic of Moldova, Tajikistan, Türkiye, Turkmenistan, Ukraine and Uzbekistan (CB and NSO)
Countries producing financial accounts by institutional sector
Compilation of Financial Accounts

Financial accounts in place
Kazakhstan, North Macedonia, Türkiye, Ukraine

Experimental estimates
Armenia, Kosovo* (2 sectors), Moldova (early stages)

Financial balance sheets
Armenia, Kazakhstan, Kosovo*, North Macedonia, Moldova, Türkiye

Financial flows
Armenia, Kazakhstan, Kosovo*, North Macedonia, Moldova, Türkiye, Ukraine

Other changes
Armenia, Kazakhstan, Türkiye
Involvement of other institutions

- **Responsibility** for FA compilation and dissemination:
  - **Central Bank** – 4 countries (Moldova, North Macedonia, Kosovo*, Türkiye)
  - **National Statistical Office** – 3 countries (Armenia, Ukraine, Kazakhstan)

- **Other institutions involved** in the compilation:
  - Ministry of Finance - ALL
  - Financial Market Authorities or Regulators (for commercial banks, insurance companies, deposits insurance funds), Securities Depository/Registry; Securities and Stock Market Commission, Stock Exchange
  - Tax Administration, Social/health Insurance funds

- **No details on institutional arrangements were provided**
Data sources

- Monetary and Financial Statistics, IMF standardized report forms: 1SR – Central Bank; 2SR – Other Depository Corporations and 4SR – Other Financial Corporations
- Direct survey of (subsectors of) financial corporations
- External statistics: BOP and IIP
- Annual financial statements of non-financial corporations incl. public sector units, Structural Business Statistics
- Data on securities: information from central security depository, security registers, etc.
- Government Finance Statistics (GFS) and other information from MoF
- Tax and administrative information
Main challenges with availability of data sources

- Lack of direct data sources for households sector and gaps for the non-financial corporations
- Lack of quarterly data sources for non-financial corporations or general government e.g. trade credits and intercompany loans
- Limited direct sources on financial flows
- Incomplete dataset on revaluation, other changes in volume of assets and securities
Main challenges with recording and/or valuation of financial instruments

- Market valuation of debt securities (no access to data sources), listed shares (underdeveloped capital market) and unlisted equity
- Government statistics mainly on cash basis
- Estimation trade credits and intercompany loans on quarterly basis
- Classification and recording of some financial instruments (cash vs current account; time deposit vs other deposits)
Ensuring consistent coverage for the financial and non-financial accounts

- Institutional cooperation:
  - between the Central Bank and NSO
  - distribution of responsibilities, data collection between respective institutions, coordinated surveys in line with international standards
  - formal working groups (including also MoF) for sectoral classification, financial accounts, excessive deficit procedure

- Development of regularly (annually and quarterly) updated centralized sectoral database

- Counterpart sector information

- Clear instructions to respondents, legal framework for reporting obligations
Successful experience in compiling Financial Accounts

Türkiye

- Well-defined legal framework
- Efficient and well-defined distribution of responsibilities
- Working groups to enhance the institutional cooperation
Countries not compiling financial accounts by institutional sector
Azerbaijan, Bosnia and Herzegovina, Kyrgyzstan, Montenegro, Tajikistan, Turkmenistan and Uzbekistan do not produce Financial accounts by institutional sectors but some compile for ROW in BoP.

All 7 have intention to start compilation in the future.

- Turkmenistan is already formalising the compilation process between the CB and NSO.
- Kyrgyzstan – plans are subject to sufficient human resources and involvement of international experts.
Plans of those not compiling yet

- Organisation and institutional arrangements
  - Central Bank main responsible - Bosnia and Herzegovina, Kyrgyzstan, Montenegro
  - Shared between CB and NSO – Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan
Main challenges impeding the compilation

- Lack of human resources, trained staff and turnover of staff
- Access to data sources, gaps and inconsistencies in data sources
- Lack of agreed list of institutional units by sectors
- Availability of overall methodology for the collection and compilation of Financial Accounts
Questions to be addressed during the workshop (1)

- Organization of the compilation process:
  - Distribution of responsibilities
  - Agreements between institutions
  - Compilation with limited resources (minimum requirements)

- Technical assistance: advisory services and training

- Data sources and data gaps:
  - Access to all relevant data sources
  - Methods for dealing with missing data
  - Data sources for NFC and HH sectors
  - Quarterly estimates (trade credits, intercompany loans, unlisted equity)
  - Cash in the hands of population/remittances
Ensuring consistency:
- between Non-financial and Financial Accounts,
- between sectors
- whom-to-whom matrices
- Insurance, pension and standardized guaranteed schemes, financial derivatives and employee stock for sectors
- Transition to 2025 System of National Accounts