

COMPILATION OF FINANCIAL ACCOUNTS

Results from the country survey



The purpose of the survey



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- 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

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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



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- **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

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- 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

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- 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



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- 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



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- 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

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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

Plans of those not compiling yet



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- 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
 - Foreseen in **National Statistics Development Strategies/ Annual Statistics Plans** in Bosnia and Herzegovina, Kyrgyzstan, Montenegro, Tajikistan and Turkmenistan
 - **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

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- **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

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- 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)



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- 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

Questions to be addressed during the workshop (2)

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- 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