Financial Accounts Statistics in NBRNM, concept, development and analysis

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Workshop on Financial Accounts
14-16 November 2022
EFTA House - Brussels
Legal Framework and Institutional Responsibility

- The primary responsibility of the NBRNM to compile annual and quarterly financial accounts
  - Annex 2 to the Memorandum of Understanding in the area of macroeconomic and financial statistics between the NBRNM, SSO and MOF.
  - Technical Agreement on the manner of data exchange for the purposes of Financial Accounts Statistics between the three responsible institutions.


- The primary responsibility of the SSO is to compile non-financial accounts.

- Inter-institutional cooperation through three formal working groups (the NBRNM, the MOF and the SSO): Commission for sector classification, Financial Accounts and EDP Working groups, in order to establish consistency of the national accounts system.
Reporting to International Institutions

**EUROSTAT**
- Table 6– annual FA flows
- Table 7– annual FA stocks
- Table 27– quarterly General Government FA stock and flows
- MIP indicators
  - Key indicators (3)
  - Auxiliary indicators (1)
- GG FA- input for table 3 и 4 of EDP (responsibility of the SSO)

**ECB**
- Quarterly Financial Accounts
- Tables on stocks and flows

**IMF – SDDS plus**
- Indicator: Sectorial balance sheets, quarterly data
- Indicator: Debt securities (quarterly data, according to the principal “from whom to whom”)

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**MIP**
- Key indicators (3)
- Auxiliary indicators (1)
In the previous years, a number of activities on the development of financial accounts were implemented in the Statistics Department:

- **Detailed analysis** of the international requirements, analysis of existing data sources and identifying new data sources.

- **Bridge tables**— linking primary statistics data (monetary, OFI and external statistics) and their automation.

- **Centralized database for sectorization** — which is regularly updated with quarterly and annual data from SSO, in order to provide consistency of statistics in terms of sectors.

- **An internal Working group on Financial Accounts Statistics** has been established and meets regularly on quarterly basis.
Scope of Financial Accounts Statistics - activities

- **Project for development of IT solution for securities**, issued and traded on domestic market, in order to provide comprehensive data on equity and debt securities.

- **Continuous cooperation with SSO and MOF**, in order to identify new data sources and inter-institutional data exchange in the area of government statistics.

- **Participation in projects** on the national accounts area, technical missions and study visits on financial accounts.

- **General government statistics development project** with IMF experts, involving the three institutions.

- **Financial Account Development Project – component 3** within the twinning project by the NBRNM, aiming to develop quarterly financial accounts and annual flows (result: preparation of a pilot version of financial accounts data, for a period of one year, annual, quarterly, stocks and flows, unconsolidated and consolidated).
State-of-play

- **Ongoing - detailed annual data on financial accounts stocks** for all sectors/subsectors and financial instruments on a non-consolidated basis.

- **The set of tables consists of data** on 5 sectors with 9 subsectors and 8 instruments with 11 sub-instruments.

- **Time series of data for the period 2013-2020.** Data are presented in million MKD.

- **Methodological explanations** for data users.

- Two tables are being transmitted to Eurostat on a regular annual basis, experimental data, for restricted use:
  - **table 0720 and table 0725** – stocks of financial assets and liabilities, unconsolidated

- Since 2018 – **a set of tables for the financial accounts of the General Government sector**, for each individual subsector (central government, local government and social security funds) with data on stocks, transactions, price and exchange rate and other changes, on non-consolidated and consolidated basis (time series 2014-2020).
Financial Accounts Compilation Method

- **Interrelated two-dimensional matrices**, with a separate matrix for each sector and sub-sector, where assets/liabilities vis-a-vis other sectors/sub-sectors are broken down by financial instruments.

- Basic compilation principle is “**from whom to whom**” (one financial liability by instrument for a particular sector, represents an asset on the basis of the very instrument in the relevant counterpart sector.)

- **Final matrix table** - Each sector matrix is linked in an aggregated matrix, broken down by asset and liability of each sector/ sub-sector, by financial instrument, on gross basis.
The Financial Accounts Statistics is a secondary/derived statistics, which uses the primary statistics available in NBRNM, as well as number of other additional data sources, such as administrative sources and granular data.

The compilation of Financial Accounts Statistics is exceptionally complex, since different data sources are often designed for other statistical purposes and may be set on various methodological bases.

In terms of having multiple sources for the same data (for a given sector/financial instrument), the financial accounts compilation has to be based on a hierarchical set up of data sources.

Available sources ranking - the source that offers methodological compliance with ESA 2010, sectoral consistency, satisfactory scope and timeliness is selected.

This statistics is also a mechanism for further improvements in primary statistics.

The complexity of sources is perceived through the matrix.
Data sources

- **Monetary and OFI statistics:** NBRNM Balance Sheet; Balance Sheet of Deposit-taking Corporations, except the Central bank; Balance sheet of Other Financial Institutions - pension funds, investment funds, financial corporations, leasing companies, investment and pension funds management companies;

- **External statistics:** KIPO (quarterly reports on claims and liabilities based on international commercial operations of residents); POZ (survey on debt/claims takeovers among residents and nonresidents); NDNP (claims and liabilities on credit operations with non-residents); VS11 and VS22 (equity investments in/from the rest of the world); MI (reports on accounts held abroad and settlement accounts); VHV-1 (investments in equity securities and in investment funds units on foreign markets) and VHV-2 (investments in debt securities on foreign markets);

- **Annual financial statements** of non-financial corporations and government (aggregated data provided by the State Statistical Office and individual data from the Central Registry database);

- **Data on securities from the Central Securities Depository (CSD), security by security** (debt and equity securities issued and traded on the domestic market);

- **Data on the Government sector** from the Ministry of Finance;

- Additional data and information from the websites of corporations and institutions;

- Residual estimations and expert judgment (mostly for households and NPISHs).
New technical solution is implemented with the aim to ensure efficient and systematic process for compiling and transmitting of full set of financial accounts data (annual and quarterly, stocks and flows) to European institutions.
Future activities
Mid-term strategy

- Development of a new production system
- Compilation and publication of quarterly Financial Accounts - stocks (2023)
- Compilation of annual and quarterly sectoral Financial Accounts - flows
- Transmission of the set of Financial Accounts tables to international institutions
- Full compliance with the European and International statistical requirements
Financial assets and liabilities of the national economy

- The analysis of financial position of the national economy indicates **deepening of the negative net position in 2020**. The negative Net financial worth (NFW) was Denar 449 billion, which is an increase of Denar 22 billion, i.e. 5.2%.

- In relative terms, the **negative net position in 2020 amounted to 68.5% of GDP**, which is a significant increase (from 6.6 p.p.) compared to the previous year and largely reflects the GDP fall caused by the negative effects of the corona crisis.
Sector-by-sector analysis shows that households and rest of the world sectors in 2020 are net creditors that finance other sectors in the national economy (NFC and the general government), which are net debtors. The financial sector has an almost balanced net financial position.

Dynamically, the deepened negative NFW as a % of GDP resulted from the deteriorated negative NFW of the government and the NFC, partially offset by the improved NFW of the households sector.
Appendix
Data sources by sectors and instruments (assets)

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<tr>
<td>AF.1 Monetary Gold and SDRs</td>
<td>S.121-S.129</td>
<td>MS/ES</td>
<td>S.123+S1.24+S.125+S.127</td>
<td>S.124</td>
<td>S.126+S.127**</td>
<td>S.128</td>
<td>S.129</td>
<td>S.131+S.133+S.134</td>
<td>S.1314</td>
<td>S.14</td>
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<td>AF.5 Equity and shares/units</td>
<td>S.121-S.129</td>
<td>MS/ES/AFS</td>
<td>S.123+S1.24+S.125+S.127</td>
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<td>S.126+S.127**</td>
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<td>S.131+S.133+S.134</td>
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*The fields in the matrix tables marked in gray mean that the sector/subsector theoretically shouldn't have assets/liabilities for the appropriate instrument.

** Within the financial sector in the Republic of North Macedonia there are no Money Market Funds (subsector S.123), while Captive financial institutions and money holders (subsector S.127), which mainly include holding companies, is a small number, and there is not sufficient data so far. In certain specific cases, the identified data from this subsector in the Financial Accounts are currently included within Sector S.125 - Other Financial Intermediaries.
## Data sources by sectors and instruments (liabilities)

### Financial Liabilities

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<td>A.F.1 Monetary Gold and SDRs</td>
<td>S.121 - S.129</td>
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<td>S.123 + S.124 + S.125 + S.126 + S.127</td>
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