Who-to-whom, consistency and balancing
Country presentation: Iceland
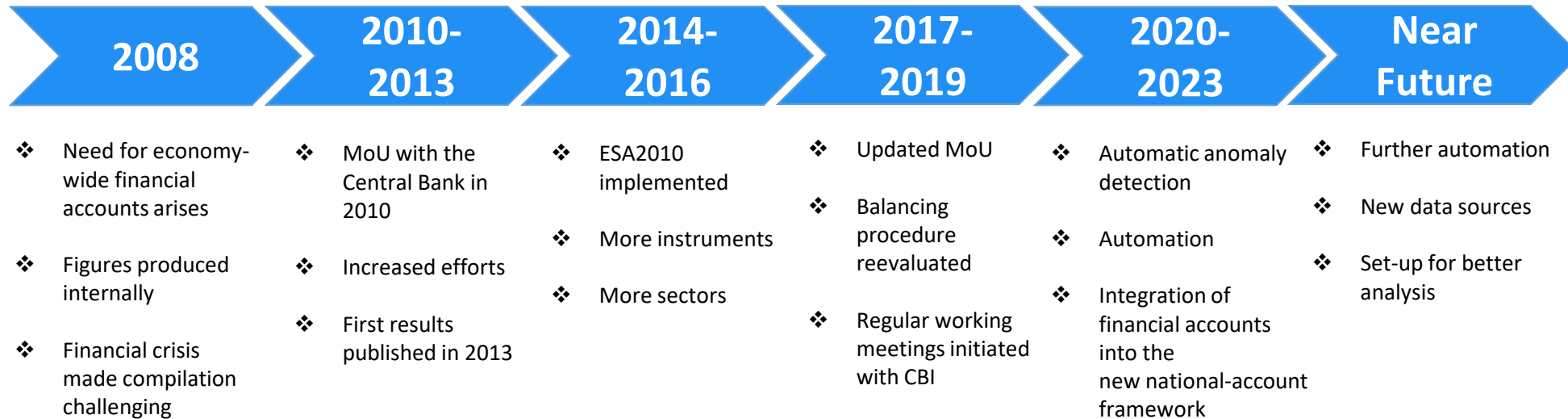
Atli Páll Helgason- Statistics Iceland

Workshop on Financial Accounts

Brussels, 1-4 October 2022

Content

- Financial accounts in Iceland

- Use of who-to-whom matrices in Iceland

- MoU with the central bank

- Balancing procedures

- Examples of manual balancing

Financial accounts in Iceland

2008	2010-2013	2014-2016	2017-2019	2020-2023	Near Future

2008
- ❖ Need for economy-wide financial accounts arises
- ❖ Figures produced internally
- ❖ Financial crisis made compilation challenging

2010-2013
- ❖ MoU with the Central Bank in 2010
- ❖ Increased efforts
- ❖ First results published in 2013

2014-2016
- ❖ ESA2010 implemented
- ❖ More instruments
- ❖ More sectors

2017-2019
- ❖ Updated MoU
- ❖ Balancing procedure reevaluated
- ❖ Regular working meetings initiated with CBI

2020-2023
- ❖ Automatic anomaly detection
- ❖ Automation
- ❖ Integration of financial accounts into the new national-account framework

Near Future
- ❖ Further automation
- ❖ New data sources
- ❖ Set-up for better analysis

Use of who-to-whom matrices in Iceland

- Who-to-whom matrices closes data gaps

- Missing data identified

- Discrepancies between data identified

- Assumptions made

MoU with the central bank

- *The aim of the arrangement is to avoid duplication of statistical work in financial accounts and to promote high quality and consistent statistics for the use of policy-makers, the general public and international institutions.*

- Purpose is also to

set out respective areas of responsibility between Statistics Iceland and the Central Bank of Iceland for developing Financial Accounts and related statistics for Iceland and to provide a framework for exchange and reproduction of data between the two institutions.

MoU with the central bank

- Co-operation on balancing
  - Comparing source data vs counterpart data
  - Balancing the accounts
  - Evaluating results

- Important insights
  - Both a user and producer

- Discrepancies
  - Differences in sector and instrument classification

Balancing procedures

- Data summarized by sector, instrument and counterpart sector

- Sector assets and counterpart sector liabilities reconciled

- Accounts reconciled between sector and instruments

Balancing procedures

- Stocks as a starting point
  - Most reliable information on stocks

- Flows secondary
  - Not as reliable
  - Availability and reliability varies between sectors and instruments
  - Frequently there is no information on flows
    - How to sort Transactions, revaluation and other volume changes?
    - Understanding the instrument

Balancing procedures

- Important to know the quality of data sources
  - Can differ between sectors and instruments
- General data source hierarchy
  1. General government
  2. The central bank
  3. Rest of the world
  4. Financial corporations
  5. Non-financial corporations
  6. Households and non-profit institutions serving households

Examples of manual balancing

- S.121 Currency and deposits as an asset and liability
  - Currency in circulation
  - Divided between sectors

- Housing financing fund bonds
  - Significant difference between assets and liabilities
  - Market vs nominal value

- Liabilities matching assets for pension funds

- Different sector classifications when using aggregated data

Thank you

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