

## Output of central banks

### Summary conclusion

#### *Recommendations*

##### *Output of Central Banks and use of Central Bank services*

- (a) The national accounts should measure central banks' collective services, such as monetary services, using the cost approach and allocate them to government as government final consumption expenditure.
- (b) The national accounts should measure central banks' individual services, such as financial intermediation services, from receipts and allocate them to the units that pay for these services.
- (c) For a few services like supervisory services it may not be obvious whether they are non-market or market.

If they are non-market, they should be measured at cost and allocated to government as government final consumption expenditure.

If they are market, they should be measured from receipts and allocated to financial corporations, the government, non-financial corporations, and the rest of the world as intermediate consumption and exports, respectively.

##### *Valuation of Market Services*

- (d) Implicit transfers resulting from central banks using off-market interest rates for policy reasons cause distortions in measuring financial intermediaries' output and value added and therefore should be removed from the calculations.

Because these transfers are made for policy reasons the national accounts could record them as taxes ("other taxes or subsidies on production" if the counterparts are producers). This method requires that offsetting transfers between government and the central bank be recorded.

The second option to deal with these deviations would be to record them as current transfers from or to the central bank without rerouting through government.

### Outcomes

#### *Output of Central Banks*

- (a) The AEG agreed in principle with the proposal to distinguish between market and non-market output. Non-market output should be valued at cost. The group noted that exact implementation might be very resource intensive and that the issue may not be of significant importance. It was therefore agreed that countries should have flexibility in the degree to which they applied the distinction.

### *Use of Central Bank services*

- (b-c) It was agreed that the non-market services of central banks should be treated as acquisition of services by general government financed by an imputed transaction. Market services of the central bank are provided to a range of institutional units who pay for them.

### *Valuation of Market Services*

- (d) It was noted that the interest rates set by the central bank may be so high or low as to represent inclusion of an implicit tax or subsidy. The AEG agreed these should be identified explicitly as such when they are significant. Then, they should be recorded as taxes or subsidies.