

# Updating the *System of National Accounts* to Reflect the Role of Digitalization

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*Views expressed are those of the authors and should not be attributed to any organization, including the IMF, Eurostat, OECD, BEA, or ONS.*



# Research Agenda on Digitalization for the Update of the *SNA*

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1. A Framework for a satellite account on the Digital Economy
2. Price and volume measurement affected by digitalization
3. Recording and valuation of data in National Accounts
4. Treatment of “free” products
5. Cryptocurrencies

# Digital Supply-Use Tables

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- Draft guidance note has been **updated and made available** along with other research agenda guidance notes at recent fora.
- **SUTs underpin estimates of GDP**, this work builds on these conventional SUTs, that are already compiled by most statistical offices.
- **Time-series indicators on digital activity** in the economy that are **consistent with already published macro-economic indicators**.
- **Digital economy satellite accounts** as ideal mechanism to give **better visibility** to this sector.
- Unlike other research areas, it is envisioned that this work will continue even before finalising the next SNA.



# High-Priority Digital Economy Indicators

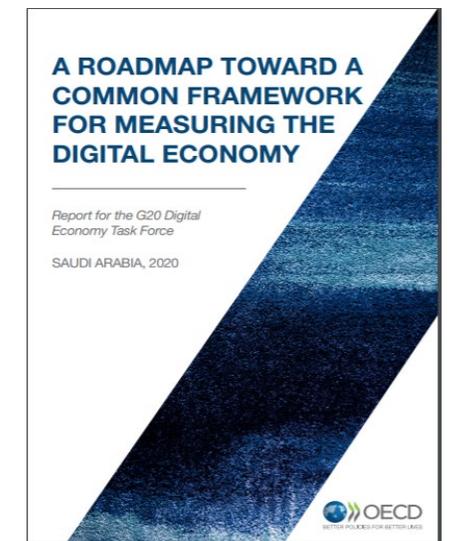
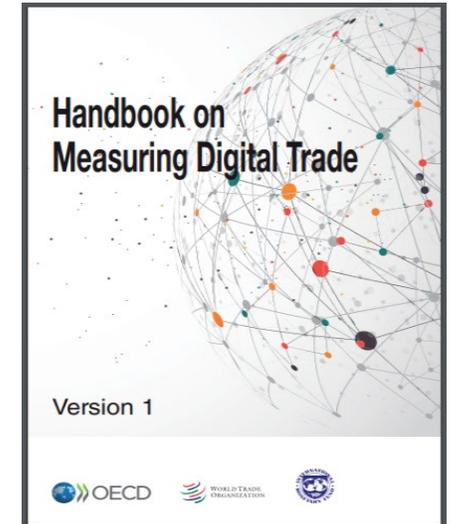
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- **High priority indicators** were discussed at the 2019 OECD digital economy advisory group meeting and a **paper** subsequently sent to members of the advisory group.
- High priority indicators:
  - **Output, gross value-added**, and its components, of digital industries
    - Paper includes links to work of AUS, CAN, and USA estimating GVA of certain industries involved in digitalization.
  - **Intermediate consumption** of digital intermediary services (DIS), cloud computing services, and total ICT goods and digital services.
    - Paper includes links to previous work by NLD and NZ on experimental work on the measurement of DIS for certain products.
  - **Expenditures split by nature of transactions**, including estimates of digital trade.
    - Paper includes links to current outputs by AUS, CAN, DEU, NLD, SWE, and USA that includes estimates of final demand that had been digitally ordered.

# Digital SUTs in Other Publications

The idea of Digital SUTs and the concepts underpinning them have continued to be mainstreamed.

- **Eurostat offering grants** to assist in its compilation.
- Publication of the ***OECD-WTO-IMF Handbook on measuring digital trade***, recommended delineating transactions based on digitally ordered / digitally delivered
- Publication of ***A Roadmap towards a common framework for measuring the digital economy***, the G20 report specifically included the digital SUTs as an example of how digital activity might be better identified.



# Increasing the Visibility of Digitalization

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- **Correspondence with countries** following the most recent meeting of the OECD informal advisory group included:
  - “We are **currently exploring existing sources** trying to identify both the information they contain and the missing parts.”
  - “The goal is to populate the digital SUTs, but **the focus will be on the proposed high priority indicators.**”
  - “Our purpose is to begin producing the **initial estimates of** output, Gross Value Added (GVA) and its components, of **digital industries.**”
  - “Some **challenges regarding data sources** have been identified (mainly lack of sources), which means that the **estimates had to be based on assumptions.**”
- **Feedback from users** at the G20 focused more on if this would result in an aggregate measure of “The Digital Economy” as there still appears to be a significant divergence between countries on what exactly this includes/excludes.
- Overall, **countries appear to value the work and seem keen to continue it**, albeit mindful of the current constraints on source data and resources.

# Next Presentations

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- **Price and volume measures**

- Guidance in this area **will evolve** pending decisions on **data and “free” products**. Issue paper focuses on **best practices and best alternatives** when the ideal may not be achievable.

- **Recording and valuation of data**

- The draft guidance note reflects **definitions** and **recommendations** for recording and valuing data. Still some discussion on boundaries between **data** and **observable phenomena**.

- **“Free” products**

- Guidance note still pending. Focused on reconciling the **bundle and barter perspectives** within a **satellite account**.

- **Cryptocurrencies**

- IMF and OECD began drafting guidance on their recording, as they are **absent in current statistical manuals** ... with focus on **appropriate definitions and classifications**.

# Conclusion and Way Forward

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**Disruptions attributed to digitization** are visible everywhere in our personal and professional lives, yet remain a bit hidden in our economic accounting standards and presentations... and the world has changed since the 2008 SNA with the **broader use, and emergence of new, digital technologies**... While the SNA research agenda Subgroup on Digitalization has made considerable progress since launched in Summer 2019, **more debate and consultation is needed**... especially so on the **recording and valuation of data and the treatment of “free” products** likely requiring the most work to reach conclusion.

# Members of the SNA Subgroup on Digitalization

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- This work has benefited greatly from the contribution of members of the Subgroup in Digitalization. The Subgroup includes Andreas Dollt (Eurostat), Kevin Fox (UNSW), Ziad Ghanem (Stats Canada), Richard Heys (ONS), Stanimira Kosekova (ECB), Nicola Massarelli (Eurostat), John Mitchell (OECD), Markie Muryawan (UNSD), Dylan Rassier (BEA), Marshall Reinsdorf (IMF), Jennifer Ribarsky (IMF), Sebastián Rébora (Central Bank of Chile), Carol Robbins (NSF), Benson Sim (UN), Sri Soelistyowati (Statistics Indonesia), Teck-Wong Soon (Statistics Department Singapore), Erich Strassner (BEA), and Jorrit Zwijnenburg (OECD). Any omissions are accidental.
- For a summary of the work on Digitalization, see the paper and presentation from the IARIW Digital Session on the SNA Update and Related International Standards, Wednesday August 26, 2020: [http://iariw.org/c2020sna\\_update.php](http://iariw.org/c2020sna_update.php).