

## Digitalization Task Team

**DZ.3 Treatment of “free” Digital Products in the “core” National Accounts <sup>(1)</sup>**

and

**DZ.4 Recording and valuing ‘free’ digital products in an SNA Satellite account <sup>(2)</sup>**

Results of the global consultation

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20<sup>th</sup> Meeting of the Advisory Expert Group on National Accounts, July 5, 12, 13, 2022

Agenda item 4

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# Background

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## 2 work streams:

- i) Clarifications in core accounts (DZ.3)
- ii) Free products satellite account (DZ.4)



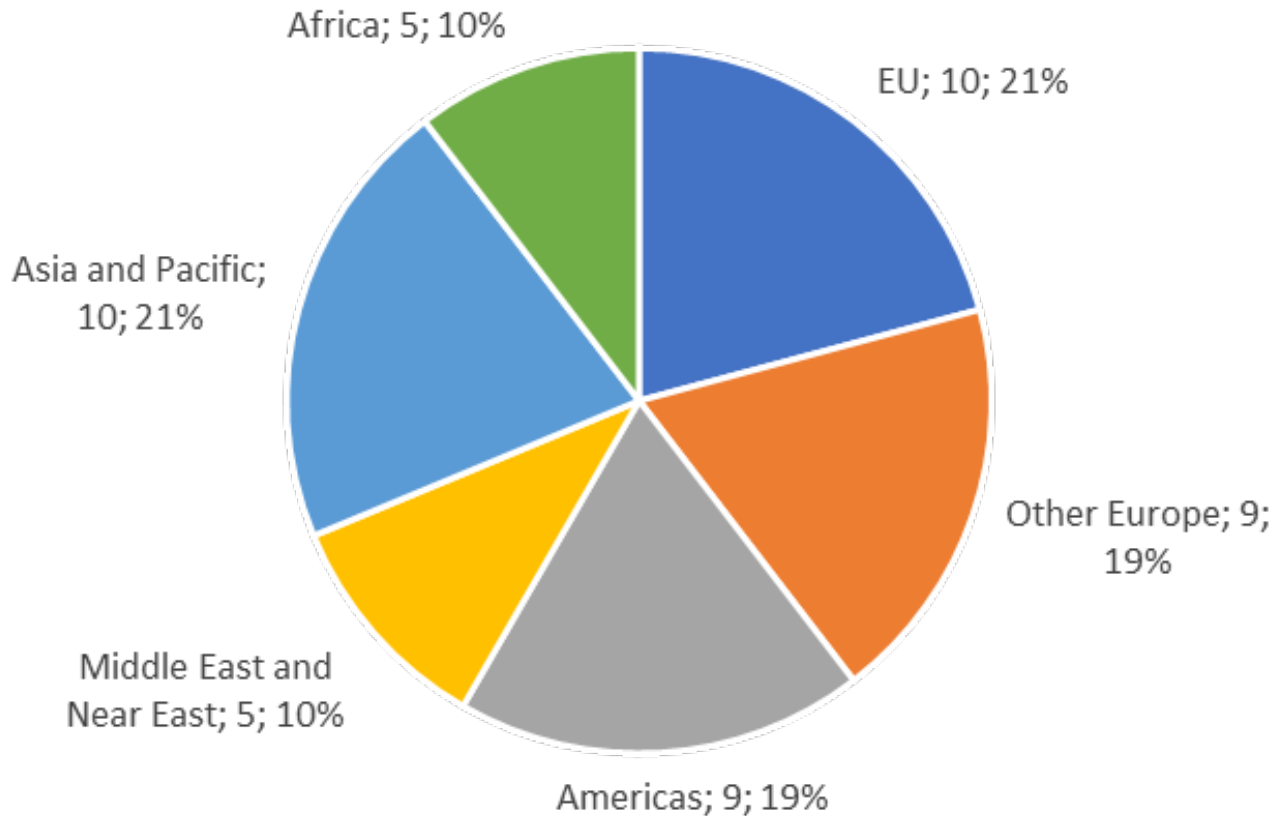
**No changes to  
SNA central framework**

## 3 options for the Free products satellite account

- **The first option** merely separates the value of “free” digital products that are bundled in the value of other products under the current SNA treatment.
- **The second option** builds on the first option by including costs associated with the production of a data asset.
- **The third option** builds on the second option by including costs associated with the production of user-generated content.

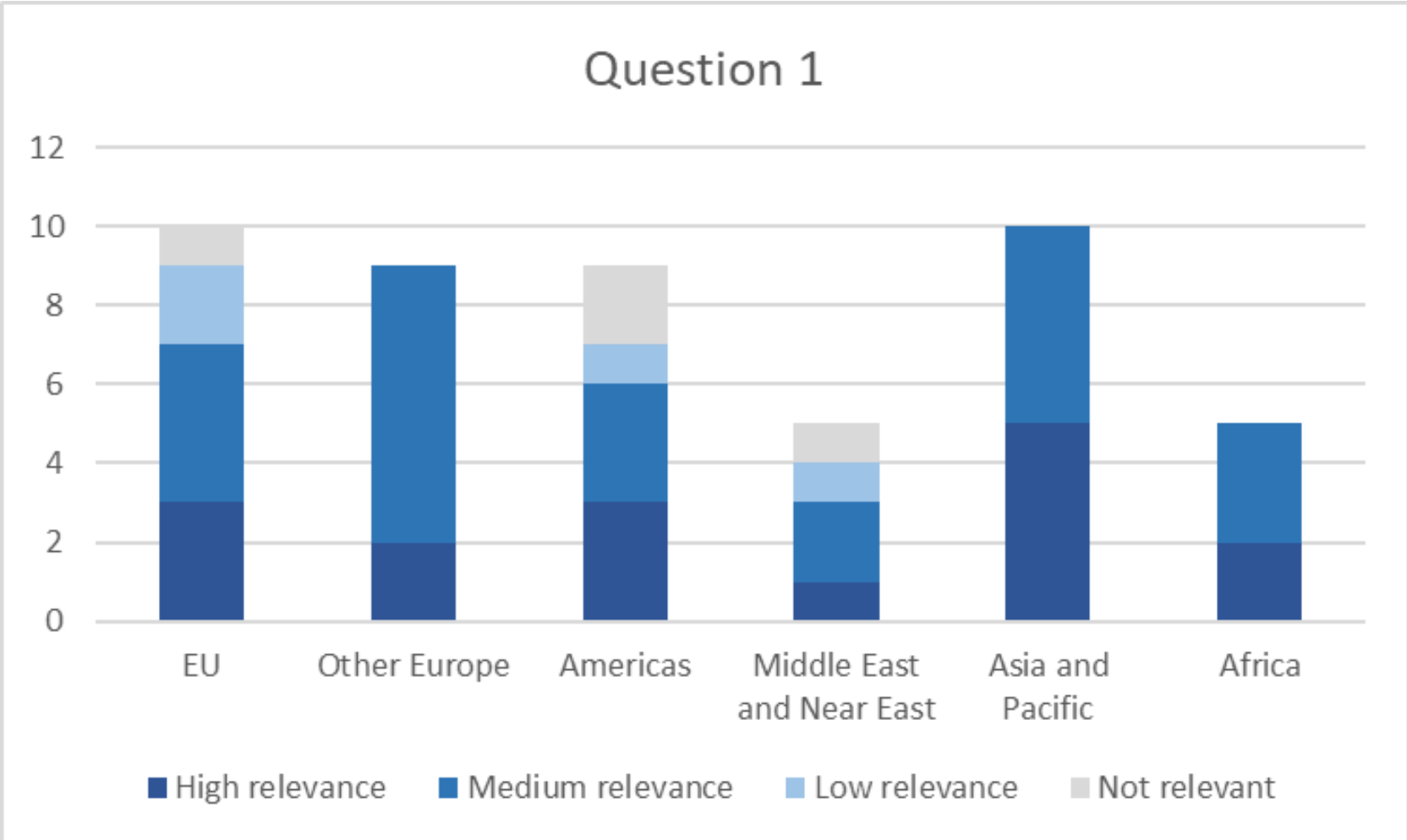
# Overview of global consultation

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- ✓ Joint global consultation on the two GNs took place from 14 April till 13 May
- ✓ Run in parallel with global consultation on **data**, considering the links (*digital platforms and digital apps offering free products are tools to access OP, which are input for the production of data assets and use data to offer their services*)
- ✓ **48 respondents from all world regions**
- ✓ Summary outcome: **broad support to the recommendations**, with some suggestions
- ✓ Some interest in **testing early implementation** of free products satellite account

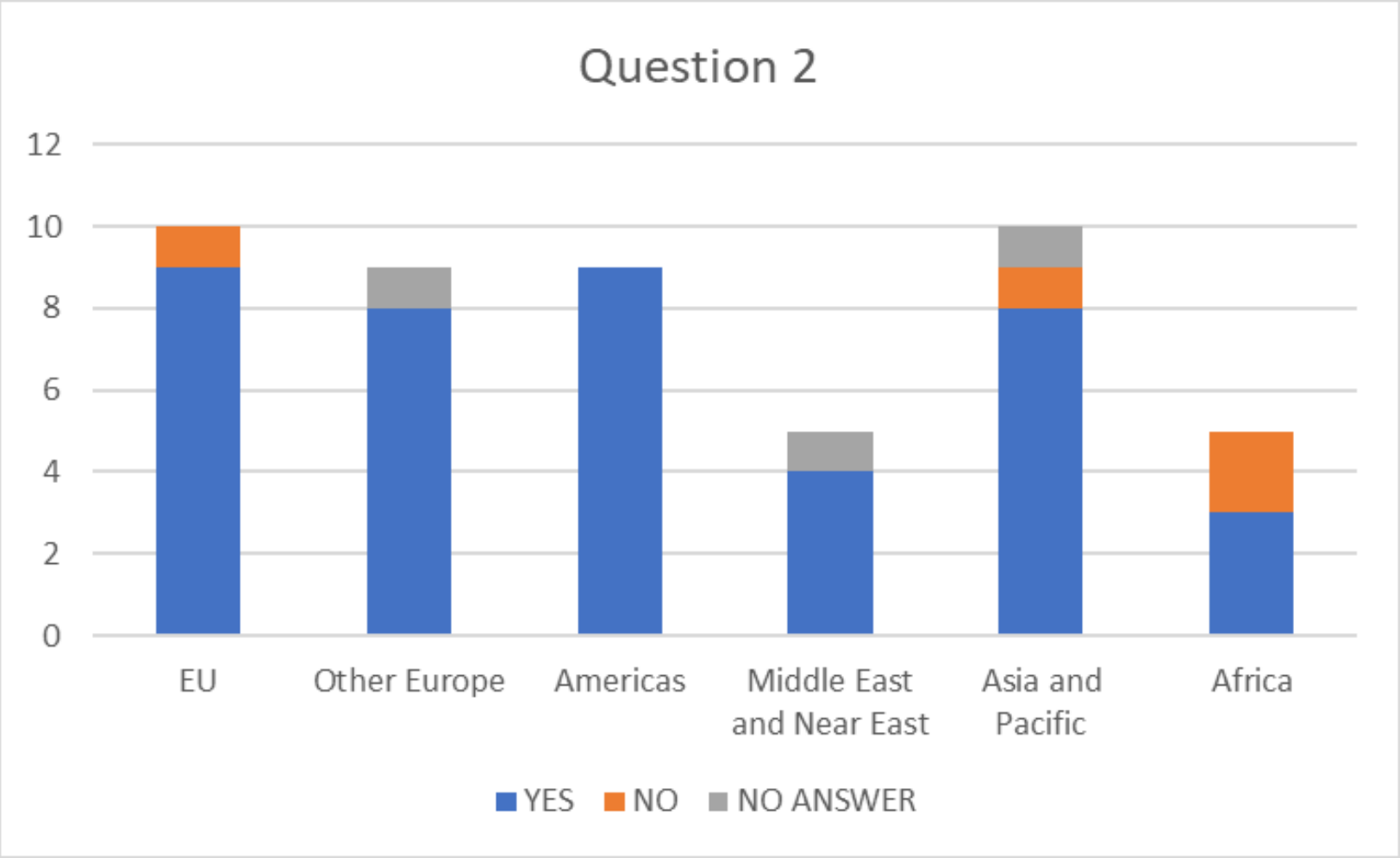
# Q1: Is this topic of **relevance** for your country?



Responses from **48** countries:

- **16** responses – high relevance
- **24** responses – medium relevance
- **4** responses – low relevance
- **4** responses – not relevant

# Q2: Agree that free digital products already covered in the 'core' NA and no change to SNA concepts is required?



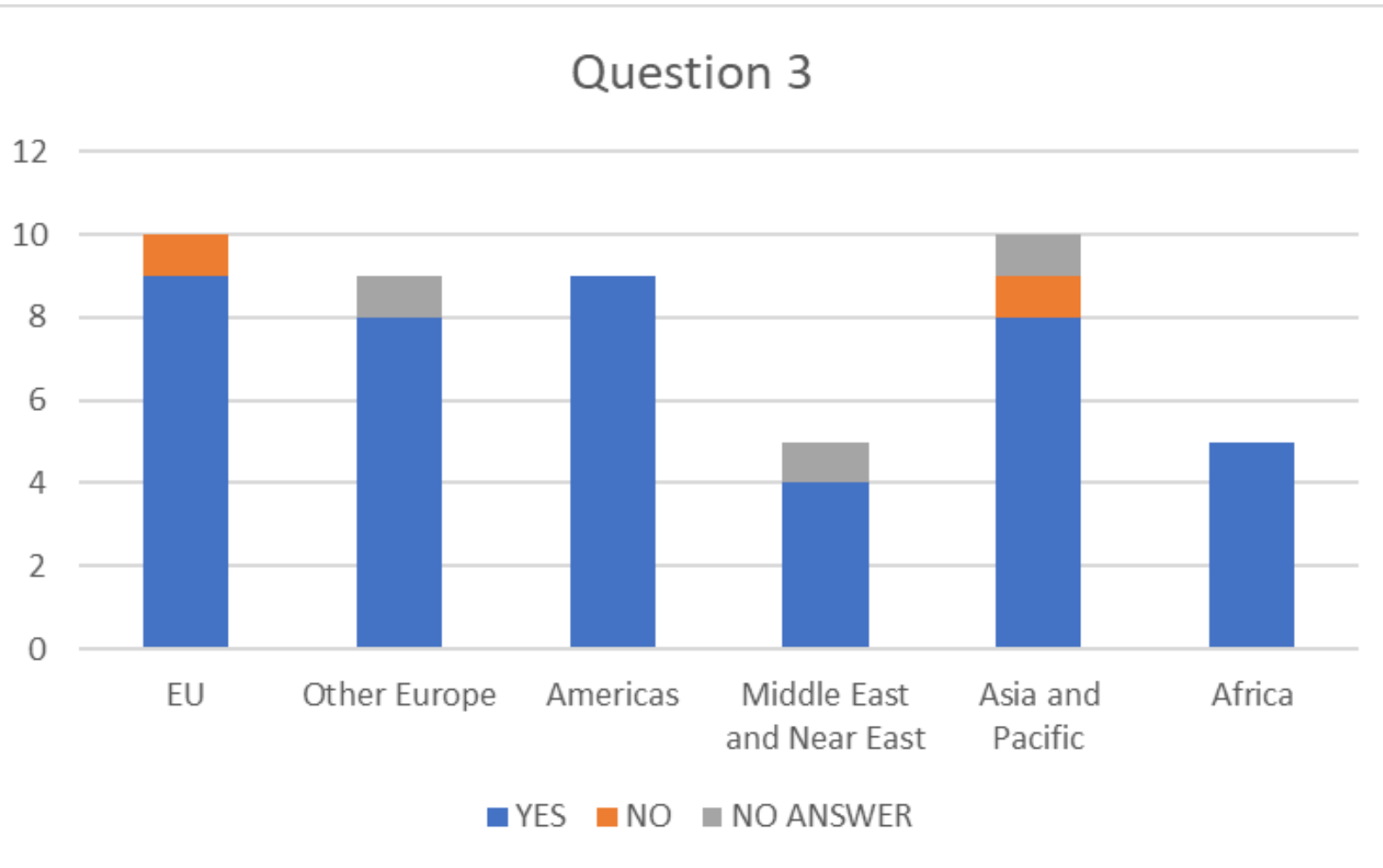
45 responses:

- 41 agree; only 4 disagree

### Selected comments:

A revised SNA should explain the similarities with most household production, that is likewise not included in the 'core' accounts, although we are aware of its existence

## Q 3: Agree that a **satellite account** is the appropriate tool **to give visibility** to free products and related flows among sectors and institutional units?



45 responses:

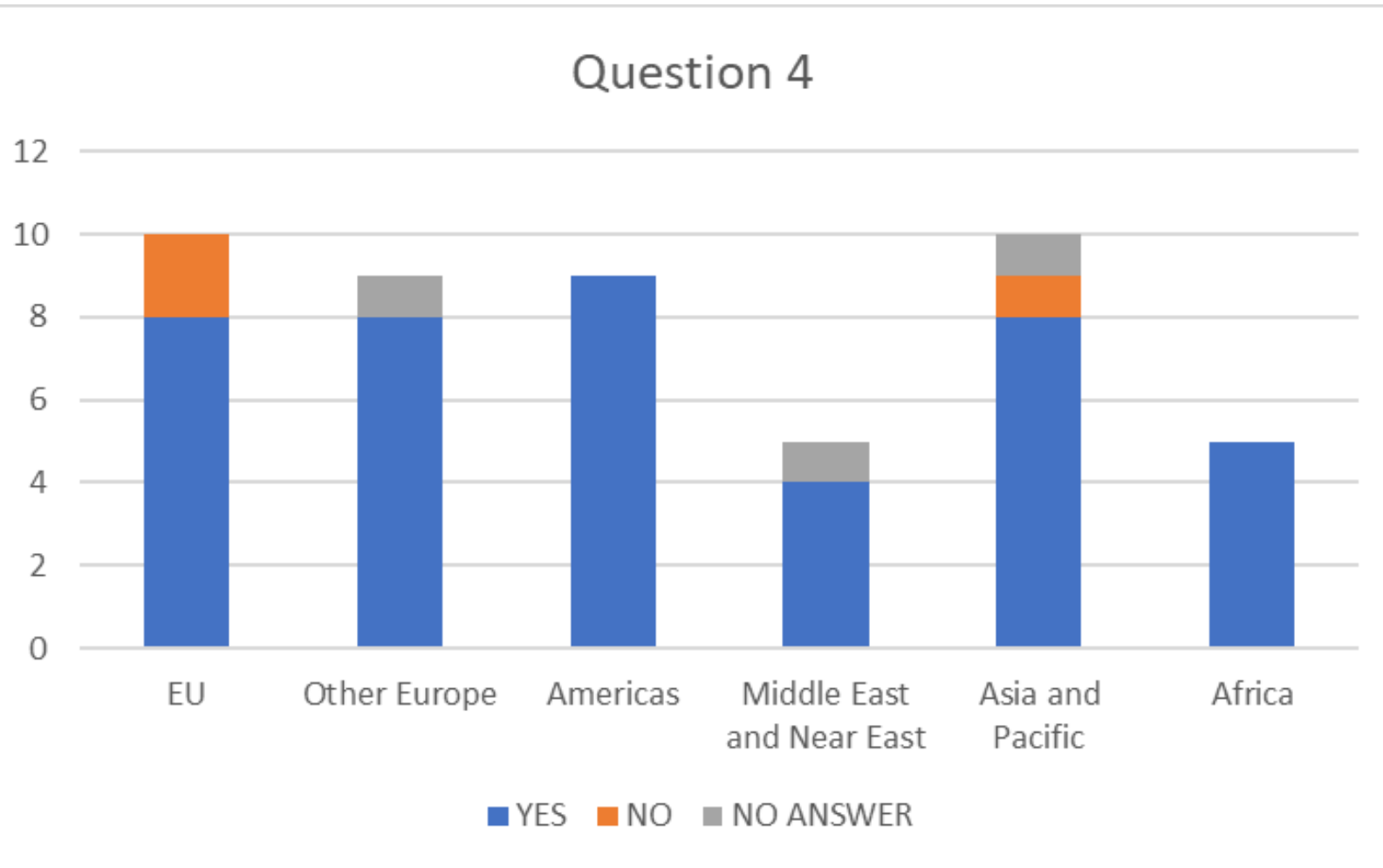
- 43 agree; only 2 disagree

Selected comments:

A new satellite account would potentially add unnecessary workload. Suggest elaborating on transactions in chap. 3 of 2008 SNA.

“...Valuation of free products shall be aimed as experimental additional tables, without any link to core accounts data. Also, an academic discussion on splitting goods [in “free” and “not free”] in National Accounts should be started”.

## Q 4: Agree with the **proposed definition/scope** of “free” digital products for the satellite account?



**45** responses:

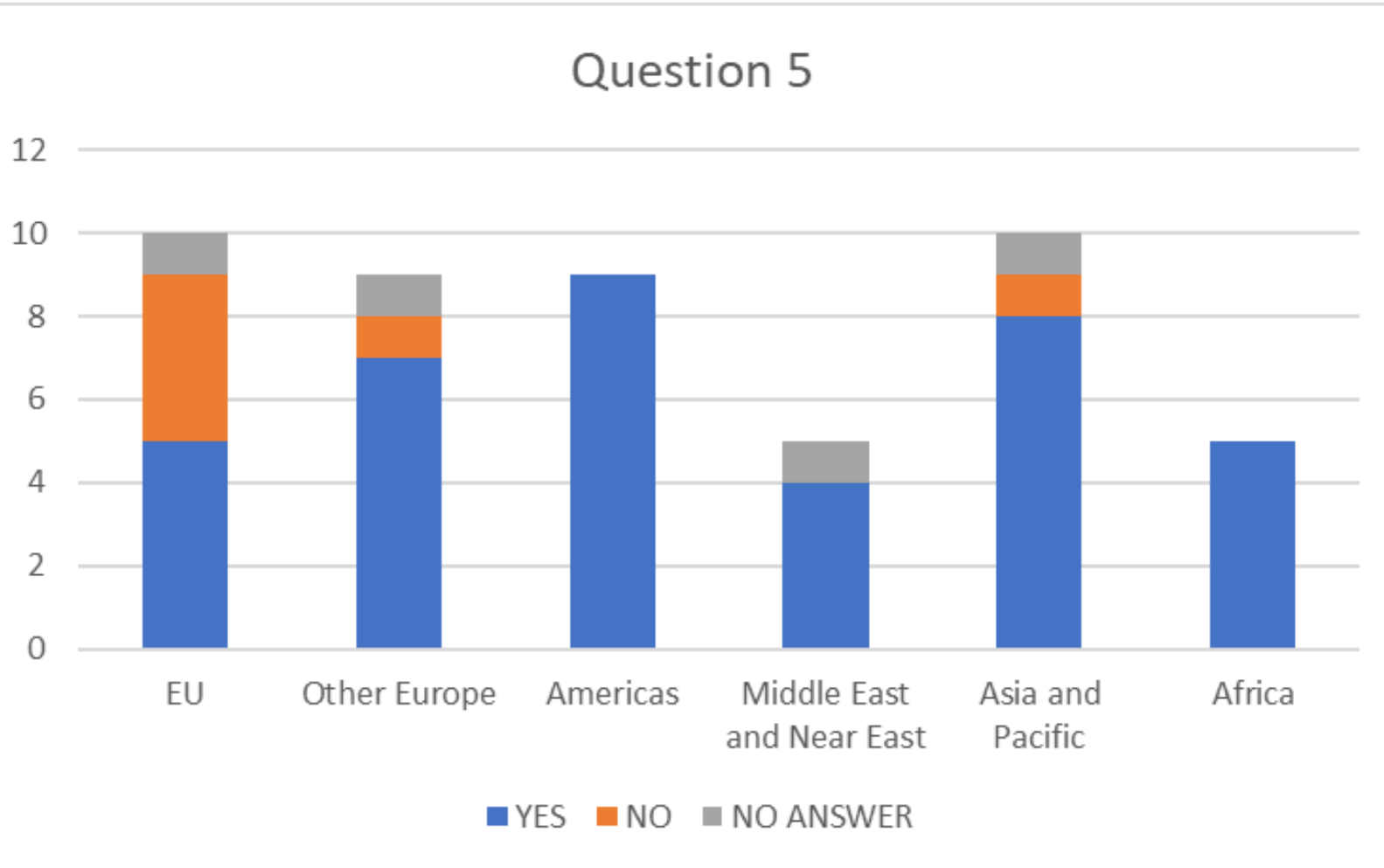
- **42** agree; only **3** disagree

**Selected comments:**

For a supplementary table we favour the 1<sup>st</sup> option, which would split values of core accounts in a free part and the rest. Later [...] any other valuation is possible, but we prefer one step at a time

There is a need for more work on how to measure the level of production AND consumption of free services in a manner that is not very demanding in terms of resources

# Q5: Support option that includes costs associated with the production of a data asset and shows the exchange of “free” digital products for digital content generated by household users of online platforms (option 3)?



44 responses:

- 38 support option 3; 6 disagree (mostly Europeans)

Comments:

Option 3 too elaborate and/or demands too many assumptions

First, we pledge for experimental supplementary tables. Second, we would prefer one step at a time, i.e. making incremental variation to the core accounts

A satellite account should be optional. But capturing the issue correctly should be done in the core accounts



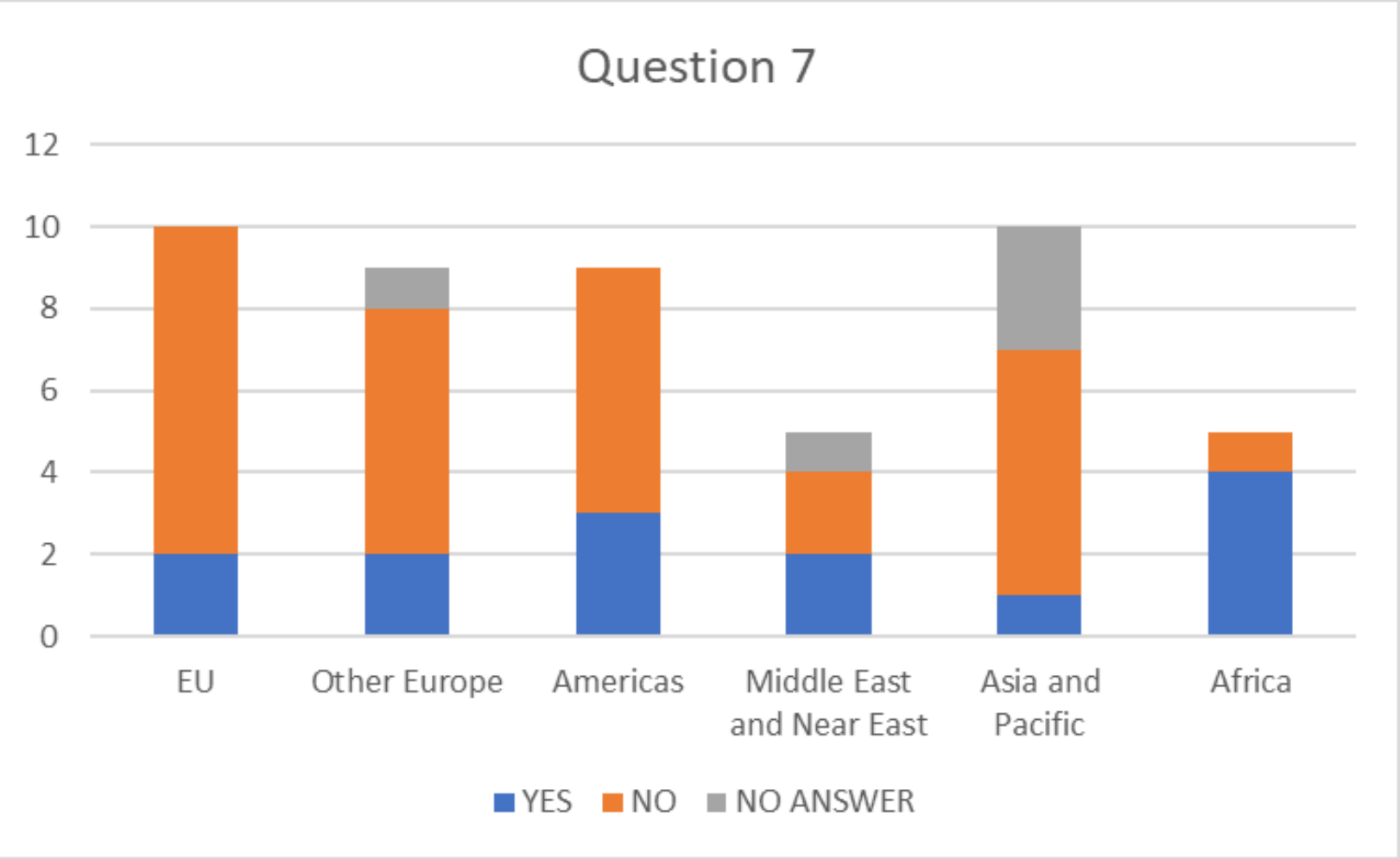
## Q.6: Other comments on these guidance notes

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### **Selected comments:**

- ✓ Proposed treatments to be accompanied in all cases by practical examples
- ✓ Difficult to obtain relevant data to estimate "the cost of gathering OPs" and "the output values of user generated content"
- ✓ The recommendations will be quite difficult to implement - significant testing will be necessary to arrive at an optimal approach that fits with the various compilation approaches being used by countries in respect of the companies in question
- ✓ What is needed from the work on free services, is insight in how free services influence the volume of consumption as measured. A satellite should be able to show shifts from paid-for to free services, and back. This facilitates the understanding of GDP growth in the 'core' accounts, without having to explicitly include free services in these 'core' accounts

# Q7: Interested in participating in an **experimental estimate** exercise?



43 responses:

- 14 interested from all world regions
- Relative majority (4) from Africa!

# Summary

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- ✓ Topic is relevant for most respondents
- ✓ Agreement that the production and consumption of free digital products is already included in the “core” national accounts and with the description made in DZ.3
- ✓ Very large (but not unanimous) agreement with free products satellite account
- ✓ Broad support for satellite accounts to be based on the GN Option 3 (i.e. including Data and user-produced content), with some concerns on assumptions and data sources. An incremental implementation (from option 1 to option 3) may be envisaged
- ✓ 14 countries from all world regions interested in testing the early implementation of the Free products satellite account

## Questions to the AEG

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In the light of the global consultation outcome:

- ✓ Does the AEG **endorse DZ.3** Treatment of “free” Digital Products in the “core” National Accounts?
- ✓ Does the AEG **endorse DZ.4** Recording and Valuing “Free” Digital Products in an SNA Satellite Account, including the task team’s recommendation for the third option for an SNA satellite account on “free” digital products, with the possibility to implement it incrementally?