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ISSUES NOTE¹

Recording of Fungible Crypto Assets in Macroeconomic Statistics

Unbacked Crypto Assets

¹ Prepared jointly by the SNA and BPM Update teams for the consideration of AEG/BOPCOM at their joint meeting in March 2023.

ISSUES NOTE

Recording of Fungible Crypto Assets in Macroeconomic Statistics Unbacked Crypto Assets (Without a Corresponding Liability)

Background

1 The treatment of unbacked crypto assets (i.e., without a corresponding liability) designed to act as a general medium of exchange (CAWLM) was discussed at the March and October 2022 joint Advisory Expert Group (AEG) on National Accounts/IMF Committee on Balance of Payments Statistics (BOPCOM) meetings. However, no consensus was reached on their treatment. As a way forward, it was agreed in the October 2022 meeting that a user consultation process should be undertaken. The SNA and BPM editors would subsequently prepare an Issue Note, considering the outcomes of the user consultation, to be presented to AEG and BOPCOM for endorsement.

The User Consultation Process

2 To support the user consultation process, a questionnaire and an accompanying background note were developed. These were opened for consultation on 31 January 2023. The original deadline for consultation was 3 March 2023. However, to enable late responses, the deadline was extended until 10 March 2023.

3 The user consultation process had three prongs:

- In the first prong, selected users, identified by AEG and BOPCOM members, were invited to participate.
- In the second prong, selected users in international organisations, identified by ISWGNA/AEG/BOPCOM members, were invited to participate.
- In the third prong, national accounts and balance of payments contacts in all other countries were asked to notify relevant users in their countries of the user consultation questionnaire and invite them to complete it. It should be noted that a number of national statistics compilers also participated in the consultation.

4 As of 11 March 2023, 184 responses had been received, of which 29 did not complete the survey. Of the 155 respondents who had completed the survey, 40 were from the selected users (out of the 150 selected users invited) with 115 other respondents.

5 In total 88 countries and 7 international organizations provided responses.

6 The attachment provides further details of the responses received.

Summary of Results

7 Regarding the question of whether unbacked crypto assets should be treated as financial assets or non-financial assets, of the 127 respondents who expressed an opinion, 78 (61%) preferred treating them as non-financial assets while 49 (39%) preferred treating them as financial assets. Within the selected users, who expressed an opinion, 20 (54%) preferred treating them as non-financial assets, while 58 (64%) of the other respondents preferred the non-financial assets treatment.

8 When broken down by type of respondent, of those respondents who expressed a view, 52% of respondents (15) from international organisations, 57% of respondents (17) from national statistical offices, 76% of respondents (37) from central banks, and 67% of 'other' respondents (4) favoured treating unbacked crypto assets as non-financial assets. On the other hand, 62% of respondents (8) from other government institutions favoured treating them as financial assets.

9 Respondents who favoured treating unbacked crypto assets as financial assets were subsequently asked whether these should be considered as domestic financial assets or external financial assets for the purposes of the international investment position statement. Of the 26 respondents who provided a view, a sizeable majority (22) considered that they should be treated as external financial assets. 20 respondents were undecided and 3 did not provide a response about the preferred option.

10 Respondents who favoured treating unbacked crypto assets as non-financial assets were subsequently asked whether they preferred that they be classified as produced or non-produced assets. Of the 73 respondents who provided a view, 43 (58%) considered that they should be classified as non-produced assets.

11 When grouping together respondents by country/international organization in order to present results for unique countries/international organizations, 49 unique countries/international organizations favoured treating unbacked crypto assets as non-financial assets, 32 favoured financial assets, and 14 were undecided. Of those who expressed a view, 60% preferred treating them as non-financial assets.

12 Respondents who favoured treating unbacked crypto assets as non-financial assets were often concerned about including another exception (in addition to monetary gold) to the general principle that financial assets should have a corresponding liability. Respondents mentioned that they are generally held for investment or speculative purposes and those who favoured treating them as financial assets considered that, while not common, they could be used as a medium of exchange. A few respondents expressed concerns about the impact that treating crypto assets as non-financial assets would have on key balances such as net lending and (if treated as produced) on the current account balance.

The way forward

13 The user consultation process did not elicit a strong preference for the treatment of unbacked crypto assets. However, the majority favours treating them as non-financial assets (and within the non-financial assets category as non-produced assets). It should be noted that the issue is considered as being complex for many users, as evidenced by the relatively high number of non-completion and 'undecided' responses. Nevertheless, there was good engagement in the consultation from a wide range of countries and international organizations which shows a strong level of interest in the issue.

14 The SNA and BPM editorial teams note that there are good arguments in favour of both treatments. The arguments are well-known and there are eminent national accountants and balance of payments statisticians who hold different views. It is also noted that the process for seeking a resolution to this issue has been exhaustive and it is unlikely that, at least for the present time, any new information to help guide a decision will emerge.

15 Therefore, the editorial teams are of the view that for the purpose of proceeding with the update of the BPM and the SNA a **provisional decision** be taken to follow the majority view of the global consultation process and **treat unbacked crypto assets as non-financial assets** (and within this category as non-produced non-financial assets, i.e., cross-border transactions would be recorded in the capital account rather than in the current account)². This will enable the updates to be prepared in a timely manner.

16 However, in recognition that the landscape of crypto assets is rapidly evolving, it is also recommended that **this decision be reconsidered if there are significant (market, regulatory and/or accounting) changes that justify a revision either before or after the release of the manuals in 2025**. The editorial teams are of the view that, if a different decision is made, it could still be accommodated in the update process or be added as a change in between different editions of the manuals.³ To that aim, it is recommended to put the issue of the treatment of unbacked crypto assets on the research agenda beyond the current updates of the SNA and BPM.

17 To further inform a future decision, the planned program of actually compiling estimates for crypto assets should be proceeded with as a priority, as the experience in producing estimates, even of an experimental nature, may be helpful in checking the appropriateness of the agreed treatment or reconsidering it. This would include developing practical guidance for compilers.

² Unbacked crypto assets would be separately identified so that users could create alternative presentations if they wished.

³ This possibility is mentioned in paragraph 1.41 of BPM6.

ATTACHMENT

Outcomes of the Global consultation on F.18 The Recording of Fungible Crypto Assets in Macroeconomic Statistics

As of 11 March 2023, a total of 184 responses were received, of which 29 did not complete the survey. This report therefore covers the 155 respondents (40⁴ selected users and 115⁵ other users) representing 88 countries who contributed to this consultation. Completely anonymous contributions were excluded.

Q1. Please indicate which of the following macroeconomic statistics you commonly use? Please check all the relevant boxes.

Q1. Sector	Selected users	Other users	Total
External Sector Statistics	23	87	110
Monetary and Financial Statistics	23	77	100
Government Finance Statistics	16	65	83
National Accounts	23	90	113
Others	7	9	16
Total	40	115	155

Q2. Based on the information and examples provided in the background note, please indicate, from a user's perspective, your preference for classifying non-liability crypto assets in macroeconomic statistics. Please choose only one option.

Q2. Distribution by type of user	Selected users	Other users	Total
Financial assets	17	32	49
Nonfinancial assets	20	58	78
Undecided	3	23	26
No response	0	2	2
Total	40	115	155

Q2. Distribution by type of institution	International organisations	NSO	Central Bank	Other government institutions	Other	Total
Financial assets	14	13	12	8	2	49
Nonfinancial assets	15	17	37	5	4	78
Undecided	12	7	3	4		26
No response	1			1		2
Total	42	37	52	18	6	155

⁴ 40 completed the survey out of the 42 who started the questionnaire.

⁵ 115 completed the survey out of the 142 who started the questionnaire.

Q3. If you prefer to classify non-liability crypto assets as financial assets, please indicate whether you think that they should be classified as domestic or external assets (i.e., whether they should be included or not in the international investment position). Please choose only one option.

Q3. Distribution by type of user	Selected users	Other users	Total
Domestic financial assets	2	2	4
External financial assets	6	16	22
Undecided	8	12	20
No response	1	2	3
Total	17	31	49

Q3. Distribution by type of institution	International organisations	NSO	Central Bank	Other government institutions	Other	Total
Domestic financial assets	2		1	1		4
External financial assets	6	5	6	4	1	22
Undecided	5	8	3	3	1	20
No response	1		2			3
Total	13	13	12	8	2	49

Q4. If you prefer to classify non-liability crypto assets as nonfinancial assets, please indicate whether you prefer they be classified as produced or non-produced. Please choose only one option.

Q4. Distribution by type of user	Selected users	Other users	Total
Produced nonfinancial assets	3	27	30
Non-Produced nonfinancial assets	16	27	43
Undecided	1	4	5
No response			
Total	20	57	78

Q4. Distribution by type of institution	International organisations	NSO	Central Bank	Other government institutions	Other	Total
Produced nonfinancial assets	5	10	14	1		30
Non-Produced nonfinancial assets	9	7	20	4	3	43
Undecided	1		3		1	5
No response						
Total	15	17	36	5	4	78

Q5. In addition to the factors outlined in the background note, what additional factors or characteristics would you consider important from a user's perspective in deciding the classification of non-liability crypto assets?

The comments are provided in the full report.

Q6. Where do you obtain statistics on (non-liability) crypto assets? Please check all the relevant boxes.

Q6. Source of data	Selected users	Other users	Total
NSO	1	2	3
Central Bank	4	10	14
Tax Authorities	0	4	4
Crypto asset exchanges/trading platforms/wallets	9	20	29
Mining companies	3	3	6
Others	5	14	19
Currently no data available	13	47	60
Not seeking data on (non-liability) crypto assets	12	24	36
Total	40	115	155

Q7. If your response to Q.6 indicates that data are available, please specify the type of data available from the above sources. Please check all the relevant boxes.

Q7-Type of data	Selected users	Other users	Total
Transactions	7	18	25
Positions/stocks	5	10	15
Crypto assets mined	5	3	8
Others	4	13	17
Total	12	36	49

Q8. In your opinion, what is the main reason up to this point in time for holding/owning non-liability crypto assets by institutional units (e.g., households, businesses, and other entities) in your country? Please choose only one option.

Q8. Main reason for owning crypto assets	Selected users	Other users	Total
Long-term investment or speculation	30	73	103
Anonymity of investments	3	18	21
Alternative to fiat currency	0	3	3
Other	4	8	12
No response	3	13	16
Total	40	115	155

Q9. Is sale/purchase or holding/owning of non-liability crypto assets (e.g., Bitcoin) legally permitted in your country?

Q9. Legally permitted?	Number of countries
Yes	52
No	15
Unknown	9
Unclear ⁶	8
No response	5
Total	89

Q10. Is non-liability crypto assets (e.g., Bitcoin) legally accepted as a medium of exchange in your country?

Q10. Accepted as medium of exchange?	Number of countries
Yes	17
No	44
Unknown	14
Unclear	9
No response	5
Total	89

Q11. Do you consider, at this stage, that transactions and stocks of non-liability crypto assets (both domestic and cross-border) are currently relevant/materially significant in your country?

Q11. Transactions in crypto relevant in country?	Number of countries
Yes	11
No	40
Unknown	24
Unclear	9
No response	5
Total	89

⁶ Combination of Yes, No and Unknown with no clear majority

Annex 1: Profile of the 29 respondents who started the survey but did not complete the questionnaire.

Distribution by type of user	Number
Selected users	2
Other users	27
Total	29

Distribution by type of institution	Number
International organisations	4
NSO	7
Central Bank	10
Other government institutions	5
Other	3
Total	29