

Towards the  
2025 SNA  
and BPM7

Issues note on action point  
A.9: Consistency in  
measuring the output of  
central banks

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# Current treatment

## SNA 2008

- **Financial intermediation services:** market production
- **Monetary policy services:** collective services to be treated as non-market production, to be valued at sum-of-costs, and treated as government consumption (with a concomitant current transfer)
- **Supervisory services:** market or non-market; however, even if market, output should be measured at sum-of-costs, and difference between output and fees to be treated as government consumption

## ESA 2010

- **Financial intermediation services:** not distinguished, due to practical issues
- **Monetary policy services and supervisory services:** non-market production, to be valued at sum-of-costs; however the difference between output and fees to be treated as intermediate consumption of financial corporations (with a concomitant current transfer)

# Recommendation regarding FISIM

- **ESA: more practical concerns**
- **However, also good conceptual reasons for excluding FISIM for central banks:**
  - Central banks usually **do not hold loans and deposits**, predominantly to/from financial corporations and government, **for commercial reasons**, but to conduct monetary policy and meet other public functions
  - **Decisions in terms of volumes intermediated and/or prices charged are not motivated by the same considerations which are relevant for “regular” financial intermediaries**
  - For a considerable part of the loans and deposits, the **interest rates are set in such a way that they have an impact on the market interest rates**, thus also affecting the reference rates for the calculation of FISIM, directly and indirectly. The **reference rate is to certain degree endogenous for central banks**
- **It is recommended to exclude, for conceptual reasons, FISIM from the estimation of central bank output in the updated SNA**

# Recommendations regarding other services (1)

- **It is recommended to broaden the notion of services provided by central banks, by also recognising in particular services related to promoting financial stability and services related to facilitating payment systems**
- In the case of **supervision services**, one may wonder whether fees are to be considered as (i) payments for compensating part of the non-market services, or (ii) payments for the purchase of market services => more like taxes (in line with WS.14)
- Stronger arguments for **looking upon supervision services as being provided for the benefit of the society as a whole**, to safeguard the society from poor business practices. As such, their purpose is not to safeguard an individual financial corporation from putting their own funds/reserves at risk
- **It is recommended to treat all services provided by central banks as collective services, to be valued at the sum of costs**

# Recommendations regarding other services (2)

- **Three options for recording fees paid by financial corporations to the central bank:**
  - A. Purchases of services**
  - B. Current transfers**
  - C. Taxes paid to government (requiring a concomitant transfer from government to the central bank)**
- **Within each of these options, one could distinguish the following three options for allocating the remaining output (option A) or total output (options B and C):**
  - 1. Allocation to government (requiring a concomitant transfer from the central bank to government)**
  - 2. Allocation to financial corporations (requiring a concomitant transfer from the central bank to financial corporations)**
  - 3. Allocation to final consumption of the central bank (i.e., more substantial change to the 2008 SNA)**

## Recommendations regarding other services (3)

- **Option B3 (fees treated as current transfers, and output treated as collective consumption of the central bank) may be considered as an attractive option:**
  - Does not require the imputation of income flows
  - Recognizes the collective nature of central bank output
  - Treats fees as obligatory payments, and not as purchases of services
  - However, ... it does constitute an important change from the 2008 SNA, by extending collective consumption beyond government and NPISHs
- **It is recommended to treat all services provided by central banks as collective services, to be valued at the sum of costs. These services could be recorded as a collective services consumed by the central bank, if it is accepted that the notion of collective consumption can be enlarged**

# Summary of recommendations

All in all, it is proposed to **simplify the guidance for measuring the output of central banks** in the updated SNA, as follows:

- **To remove, for conceptual reasons, the references to FISIM** from the estimation of central bank output
- **To update the guidance regarding the typical services provided by central banks**, by also recognising other services, for instance those related to promoting financial stability and managing the payments system. In doing so, one should also acknowledge the possible existence of other services provided by central banks
- To provide more explicit and **simplified guidance on the recording of central bank output as being non-market output, the use of which could be allocated as collective services to the central bank, if it is accepted that the notion of collective consumption can be enlarged**

Thank you for your attention!

