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Glossary of terms and definitions for macro-economic statistics:
progress report and generic issues

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Prepared by the editorial teams for the update of BPM6 and the 2008 SNA
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This note provides a short overview of the progress and the way forward regarding the glossary of terms and definitions for macro-economic statistics. It also presents a number of more generic issues, for consideration by the Advisory Expert Group (AEG) on National Accounts and the IMF Committee on Balance of Payments Statistics (BOPCOM)

Section I: Overview of progress and way forward

1 In March 2023, the Communications Task Team (CMTT) handed over a proposal for the glossary of terms and definitions for macro-economic statistics. The spreadsheet included definitions for 732 existing terms from the current manuals as well as proposals for the addition of 88 new terms mainly based on the guidance notes prepared for the updates of BPM6 and the 2008 SNA. In addition, the spreadsheet also included 512 terms that were proposed for deletion from the earlier versions of the glossary, which grouped together all terms from existing standards and manuals (2008 SNA, ESA 2010, BPM6, GFSM 2014, MFSMCG, SEEA 2012, IPSAS and BIS-guidance). Each of the terms was accompanied with an overview of definitions, as well as a short discussion regarding the recommended term and definition.

2 The spreadsheet with terms and definitions proved to be an excellent starting point for a further review by the 2008 SNA/BPM6 update editorial teams that were represented by Jannick Damgaard, Venkat Josyula and Peter van de Ven. In a number of converging rounds of discussions, the editorial teams managed to arrive at an agreement on almost all terms and definitions. However, some terms and definitions could not yet be finalized, mainly because they are depending on the final outcomes of guidance notes which have not yet been endorsed. This relates, for example, to terms and definitions on natural resources, for which Guidance Note WS.12 on Environmental classifications will be used as a starting point. Other terms are pending the outcomes of CMTT-related guidance notes, Guidance Note AI.2 on Treatment of rent for the recording of data, marketing assets and biological resources, and a number of issues notes (e.g., central bank output and the consistent application of the sum-of-costs method). Furthermore, in the context of the SNA, an assessment still needs to be made whether all categories for transactions, other flows and stocks are adequately covered.

3 In the beginning of July, a cut-off of the latest set of terms and definitions has been made and circulated to the main stakeholders (GFS, MFS and SEEA) requesting their feedback on specific terms, with an approximate deadline around the end of July. Subsequently, the glossary will be presented to the AEG and BOPCOM, and this consultation is scheduled to be finalized by the end of September. At that stage, AEG/BOPCOM will also be requested to provide advice on whether the glossary should be posted on the BPM/SNA update websites only for information (our preference) or circulated for global consultation.

4 Given the involvement of a considerable number of experts during the process of arriving at an agreed set of terms and definition, the consultation of stakeholders and AEG/BOPCOM will primarily focus on a limited number of high-level questions (e.g., scope of the glossary, missing elements, etc.). The consultation is not intended to have a detailed editorial assessment and discussion of individual terms and definitions.

Section II: Generic issues for consideration by the AEG and BOPCOM

Including details on services

5 The services account in BPM6, and also in the updated version, BPM7, includes a standard high-level breakdown of services, which is not necessarily aligned to the standard classification for macro-economic statistics, the Central Product Classification (CPC), Version 2.1. Question is whether or not to include this breakdown of services in the glossary as well.

6 In favour of including terms and definitions used for the breakdowns in the services account of the balance of payments is that they are key to the central framework of external accounts. On the other hand, the SNA also contains a variety of tables with breakdowns into products and industries, the most prominent ones being the supply and use tables. However, for these breakdowns, reference is simply made to the standard classifications, i.e., CPC Version 2.1 and ISIC Rev.4. A small number of specific services is included, as they are relevant for the breakdown of institutional sectors (e.g., financial services, (non-)market services, etc.).

7 If the preference is to include the breakdown into different types of services as included in BPM, these would be qualified as being only “relevant for BPM”, and not for other macro-economic standards, as the categories differ from the standard classifications. All in all, it is recommended here to include the first-level standard services categories in BPM, as well as a limited number of specific services referred to in the above, in the glossary. It is also recommended to not go beyond the highest level of aggregation to the extent feasible, in order not to overburden the glossary.

Breakdowns of taxes, subsidies, and other current and capital transfers

8 The macro-economic standards and manuals (BPM, SNA, MFSM, GFSM) contain a variety of breakdowns for taxes, subsidies, and other current and capital transactions. In some cases, such as the breakdowns of taxes and subsidies in the SNA, they reflect a different treatment in the accounts: taxes/subsidies on products, other taxes/subsidies on production, current taxes on income, wealth, etc., and capital taxes, the latter being part of capital transfers. In other cases, it concerns breakdowns, which could be earmarked as functional classifications. Quite a number of these breakdowns have been included in the glossary, which creates problems in the sense that (almost) similar terms may convey a slightly different content.

9 It is proposed that the editorial teams examine these breakdowns in a more holistic way, in close cooperation with experts of relevant standards and manuals as part of the stakeholder consultation (i.e., around the end of July), with the primary objective to arrive at a better aligned set of breakdowns. If further alignment is not considered feasible, for one

reason or another, the teams should make clear that some terms representing these breakdowns may only be relevant for one or more standards and manuals. A possible alternative may be to refrain from including certain details.

Islamic finance

10 It has been proposed to include various terms and definitions used in Islamic finance. The current proposal suggests the inclusion of 30 terms in the glossary. It is recommended here to scope down the number of terms related to Islamic finance to the ones actually used more frequently in BPM7 and the 2025 SNA. If a term is not used in the standards and manuals, there may be no need to include them in the glossary. However, also in the case a term is only used once or twice, thus not being central/core to the macro-economic standards and manuals, it is recommended not to include them in the glossary, and restrict the definition and explanation of the relevant term to the main text. It is recommended though to include a much more detailed glossary of terms and definitions related to Islamic finance in a future compilation guide on the topic.

Climate-related terms and definitions

11 It has been proposed to include a number of terms and definitions related to climate and environmental sustainability. Leaving apart terms which relate to the various types of natural resources included in the macro-economic standards and manuals, this concerns terms such as “climate change”, “adaptation”, “transition risk”, “physical risk”, and “green-and/or ESG-labelled bonds”, etc.

12 Here, it is recommended to not add more generic terms and definitions related to environmental sustainability, but restrict the terms to categories of stocks, transactions and other flows included in the standards and manuals, either in the sequence of economic accounts or as a supplementary item. Guidance Note WS.12 on environmental classifications could be used as a starting point for the relevant terms and definitions.

13 More generally, it is recommended to focus the glossary to the various categories of transactions, other flows and stocks, thereby avoiding the risk of adding a variety of terms which may be related to economic, financial and other phenomena, without a clear and unambiguous meaning in macro-economic statistics.

References to statistics

14 The current glossary also contains references to certain statistics, such as “balance of payments”, “financial statistics”, “government finance statistics”, “monetary statistics”, “national accounts”, and the like. One can wonder whether it is justified to have these terms in the glossary, as terms used in these statistics are the objective of the glossary, not the statistics themselves. One may also assume that the introductory text to the glossary would contain more information about the macro-economic statistics covered in the glossary. Here, it is recommended to remove these terms from the glossary.

(Foreign) direct investment and (international) reserve assets

15 There are various terms related to (foreign) direct investment and (international) reserve assets. In BPM, these terms are usually phrased without the addition of “foreign” or “international”, as they are more or less redundant in the context of balance of payments. However, in the broader context of this glossary which tries to cover all macro-economic statistics, the terms without the addition of “foreign” or “international” generally can have a broader meaning, or at least a broader connotation. In the 2008 SNA, the addition is typically added, unless it is clear that reference is only made to the cross-border element, such as in Section D of Chapter 21 on Measuring corporate activity, and also in Chapter 26 on The rest of the world accounts and links to the balance of payments.

16 One could distinguish the following options for dealing with the above:

- i. consistently add the adjectives to the relevant terms;
- ii. consistently add the adjectives between brackets to the relevant terms; or
- iii. not add the adjectives, but add “relevant for BPM” to the relevant terms and include the terms with adjectives as alternative terms

All options are open, with the possible exception of “reinvested earnings on foreign direct investment”, which is one of the categories distinguished for investment income in the sequence of economic accounts of the SNA. Removing the term “foreign” may lead to misinterpretation, certainly when taking into consideration that supplementary items may be included for the treatment of reinvested earnings for all profits retained by corporations. Given the relevance of these terms for external sector statistics, it is recommended to implement Option iii (i.e., to use the terms “direct investment”/“reserve assets” as the main terms and the terms including “foreign”/“international”, as alternative terms).

Financial instruments, assets and claims

17 There has been some discussion about the delineation of “financial claims” and the related definition of “financial assets”. While BPM6, GFSM 2014 and MFSMCG consider equity as part of financial claims, the 2008 SNA and ESA 2010 do not look upon equity as being a financial claim; see the table on the following page.

18 Paragraph 5.7 of BPM6 provides the following rationale for treating equity as financial claims: *“Equity is regarded as a claim as it represents a claim of the owner on the residual value of the entity”*. Conversely, looking at it from the perspective of what is considered as a standard liability/payment obligation, business accounting and common economic language do not usually look upon equity as (ordinary) claims. Finally, looking at the definition of financial claims in ESA 2010 and the 2008 SNA as well as MFSMCG, the reference to debtor/creditor may be interpreted as not including equity. However, this latter issue could be addressed relatively easily, by including an explicit reference to equity in the definition of financial claims.

Table: Definitions of financial instruments, financial assets and financial claims in various standards and manuals for macro-economic statistics

	Financial instruments	Financial assets	Financial claims
BPM6	The full range of financial contracts made between institutional units	(Financial) claims and the gold bullion component of monetary gold	Financial instrument that gives rise to an economic asset that has a counterpart liability
SNA 2008	[No definition. The term is mainly, but frequently, used when referring to different types of financial assets.]	All financial claims, shares or other equity in corporations plus gold bullion held by monetary authorities as a reserve asset	The payment or series of payments due to the creditor by the debtor under the terms of a liability
ESA 2010	[No definition. The term is mainly, but frequently, used when referring to different types of financial assets.]	All financial claims, equity and the gold bullion component of monetary gold	The right of a creditor to receive a payment or series of payments from a debtor
GFSM2014	[No definition. The term is mainly, but infrequently, used when referring to different types of financial assets.]	Financial claims and gold bullion held by monetary authorities as a reserve asset	Debt instruments ..., financial derivatives and employee stock options, and equity and investment fund shares
MFSMCG	The full range of financial contracts made between institutional units	All financial claims, including shares or other equity in corporations, plus gold bullion held by monetary authorities as a reserve asset	Asset that typically entitles the creditor to receive funds or other resources from the debtor under the terms of a liability

19 Whether or not to consider equity as a financial claim is a choice between two conventions. In this respect, both editorial teams consider it far more important to arrive at a consistent approach across standards and manuals for macro-economic statistics. AEG/BOPCOM are requested to provide their opinion on the preferred option such that the two editorial teams can find a balanced wording that can be incorporated to all macroeconomic statistics manuals.

20 In addition, it is recommended to include the definition of financial instruments as applied in BPM6 and MFSMCG. This would lead to a dual use of the latter term, as referring to the full range of financial contracts, and as a reference to the various categories of financial assets and liabilities.

Specific terms and definitions

21 Some issues have popped up in relation to rather specific terms and definitions, as follows:

- Intellectual property products: In view of the broadening of the scope of these produced non-financial assets with data, artificial intelligence and marketing assets, it is proposed to change the current definition into the following (underlining highlighting the main changes to the original definition): “Assets resulting from research, development, investigation, innovation or marketing, leading to knowledge, reputation, or the creation of artificial intelligence systems that the developers can market or use to their own benefit in production because the use of this knowledge or system is restricted by means of legal

or other protection. They are considered produced non-financial assets, when used in production”.

- Other equity: In Guidance Note B.12 on Treatment of equity in international organizations that is in the form of unlisted shares or nonnegotiable equity, it has been recommended, amongst others, to consider all equity in international organization as part of “other equity, and to change the term “other equity” to “equity in international organizations and other equity”. The latter change of the term does not work out very well in the context of the national accounts, as equity in international organizations would only represent a minor part of the relevant category. Therefore, it is recommended to change the term to “other equity, including equity in international organizations” in BPM7 and the 2025 SNA.
- Breakdowns of deposits: The 2008 SNA and ESA 2010 contain a breakdown of deposits into (i) transferable deposits (AF.22), further broken down into inter-bank positions (AF.221) and other transferable deposits (AF.229), and (ii) other deposits (AF.29), while the other standards and manuals do not contain the additional split other transferable deposits under AF.22. This has raised the question whether we need to have this additional split, and the inclusion of the related terms in the glossary. It is recommended to not include them in the glossary.
- Stock position: Currently, the glossary contains the term “stock position” as the preferred term for levels of non-financial or levels of financial assets. However, neither BPM6 nor SNA 2008/ESA 2010 currently use this term, with the exception of a very limited number of cases (three in the 2008 SNA, and two in ESA 2010). On the other hand, GFSM frequently uses the term (more than 300 times). As the term “stock position” looks like a tautology, it is recommended to use the term “stock” as the preferred term, and the term “position” as an alternative, the latter first and foremost to be used in the case of financial assets.
- International accounts: Here, the discussion centers around the use of “international accounts” or “external accounts”. It is not entirely clear what exactly has been recommended and agreed, also in the context of the guidance notes produced by the CMTT. Here, the two editorial teams recommend adopting the term “external accounts”, since this term best reflects the fact that the relevant accounts represent transactions and positions between the domestic economy and non-residents.

The use of alternative terms

22 There has been some discussion on how to deal with alternative terms, which have been proposed for a number of terms. Three options could be considered:

- i. include both terms (main and alternative term) separately in the glossary, with the same definition;
- ii. include both terms in the glossary, but in the case of the alternative term, the definition simply refers to the main term; or
- iii. only include the main term in the glossary, and include an additional column with the alternative term.

Here, it is recommended to apply the second option.

Mother-glossary versus specific glossaries

23 The above already alluded to the fact that some terms are only considered relevant for certain standards and manuals, while they do not apply to the other standards and manuals. This will be made clear by adding “relevant for xxx” to the relevant terms. However, this issue also raises the question of how to present the glossary as a “common glossary” in the context of the various standards and manuals. Although this may be less relevant for the digital version, it certainly needs further consideration in the context of hard copy publications.

24 Two options are possible:

- i. simply use the same glossary in all circumstances; or
- ii. maintain a “mother-glossary”, from which each of the standards and manuals derives a subset of terms and definitions which are relevant for their own purposes.

Here, it is recommended to go for the second option, while maintaining a direct link to the “mother-glossary”.

[Section III: Issues for consideration by the AEG and BOPCOM](#)

25 The AEG and BOPCOM are requested to take note of, and/or to provide feedback on the following:

- the progress made so far as well as the proposed way forward for the finalization of the glossary, as concisely described in Section I;
- the recommendations made in relation to a number of more generic content-related issues related to the glossary, as included in Section II; and
- the preference for one of the two options for defining financial claims and financial assets, as put forward on paragraphs 17 – 19 of this note.