



STATISTICS

# Use of Credit/Debit vs Revenue/Expenditure in Balance of Payments Statistics (SNA/M3.23/8C)

Twenty-fourth Meeting of the Advisory Expert  
Group on National Accounts

October 16–18, 2023

# Outline

- **GN CM.2 Proposal on Credit/Debit**
- **Discussion: July 2023 AEG/BOPCOM Meeting**
- **Change in Terminology from *BPM5* to *BPM6***
- **Proposed Options for Changing Credit/Debit**
- **Translation**
- **Questions for the AEG**

# GN CM.2 Proposal on Credit/Debit

- Credit and debit in balance of payments not aligned with the terms referring to the same concept in other statistical domains
- Harmonizing terminology across BPM/SNA/GFSM recommended
- Balance of payments
  - Current account: replace *credit* and *debit* with *revenue* and *expenditure*
  - Capital account: replace *credit* and *debit* with *changes in assets* and *changes in liabilities*—for alignment with the SNA accumulation accounts

<i>BPM6</i>	<i>2008 SNA</i>	<i>GFSM 2014</i>	<i>CM.2 Proposal</i>
Credit	Resource	Revenue	Revenue
Debit	Use	Expense	Expenditure

# Discussion: July 2023 AEG/BOPCOM Meeting

- General support for harmonizing the terminology across statistical manuals
- Number of concerns raised on changing the terminology from *credit/debit* to *revenue/expenditure*
- Replacing the terminology that has been used for long may lead to confusion among compilers and users
- Challenges associated with translating the proposed changes into other languages highlighted
- Agreed that further discussion on this issue is required

# Change in Terminology from *BPM5* to *BPM6*

- *BPM5*: *credit/debit* used for current, capital, and financial accounts
- *BPM6*: *credit/debit* used only in the current and capital accounts
- *BPM6*: *net acquisition of financial assets* and *net incurrence of liabilities* introduced in the financial account
  - major change from the *BPM5* terminology
  - to ensure consistency with the SNA (although not full)
  - to clear misunderstandings related to interpretation of *credit/debit* transactions in the financial account
- Users and compilers adapted well to these changes over time

# Proposed Options for Changing Credit/Debit

## Option 1

- Replace *credit/debit by revenue/expenditure* in the **current account**
- Replace *credit/debit by disposal/acquisition of nonproduced nonfinancial assets and capital transfers receivable/payable* in the **capital account**
  - Instead of *changes in assets/changes in liabilities* recommended by GN CM.2
  - Ensures harmonization with SNA to a large extent (yet not full)
  - Consistency with the SNA at the more detailed level, but not at the first level—harmonization similar to the BPM and SNA financial accounts
- New terms are more **self-explanatory** than *credit* and *debit*
- **Important change for users**—need to adapt to different terminologies for the three main balance of payments accounts
- Transition costs for compilers
- Scope of *revenue/expenditure in SNA/BPM* will differ from *revenue/expense in GFSM*

# Proposed Options for Changing Credit/Debit

## Option 2

- Replace *credit/debit by revenue/expenditure* in the **current and capital accounts**
- Full harmonization with SNA will not be achieved
  - Resource/use (revenue/expenditure) to be used in the SNA current accounts
  - *Change in assets/change in liabilities and net worth* to be used in the SNA capital account
- Results in *revenue/expenditure* with different scope in SNA/BPM
- Similar to option 1, new terms are more **self-explanatory** than *credit* and *debit*
- **Users may be able to adapt to this option easily**—as change is uniform for current and capital accounts
- Transition costs for compilers
- Scope of *revenue/expenditure* in SNA/BPM will differ from *revenue/expense* in GFSM

# Proposed Options for Changing Credit/Debit

## Option 3

- Maintain the status quo—continue using credit/debit in current and capital accounts
- Harmonization between SNA/BPM for these key terminologies would remain unresolved
- No transition costs for compilers and users—builds on well-known terminology
- Terms *credit* and *debit* are **not self-explanatory** for users without a balance of payments or accounting background
- Scope of *credit/debit* in BPM and *resource/use* in SNA differ from the *revenue/expense* in GFSM



# Translation

- Presented options concern the use of proposed terms in the English language version of *BPM7*
- Translation into other languages ensuring that the new terms are properly understood by the users and compilers of balance of payments in those languages

## ***Questions for the AEG***

1. Considering the pros and cons of the three options presented, which option do the AEG members support to adopt in *BPM7*?
2. Do AEG members have any other comments on the Issue Note?