



EUROPEAN CENTRAL BANK

DIRECTORATE GENERAL STATISTICS

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CLASSIFICATION AND TERMINOLOGY OF FINANCIAL ASSETS AND LIABILITIES IN THE 1993 SNA REV 1

Outcome of the world-wide consultation carried out by the
ECB's Directorate General Statistics

1. Introduction

Based on the request of the Inter-Secretariate Working Group on National Accounts (ISWGNA) a questionnaire was disseminated world-wide by the ECB's Directorate General Statistics (DG-S) to financial statisticians and financial accountants for consultation (see questionnaire in Annex 1). The questionnaire describes the current position on the classification and the terminology of financial assets and liabilities in the 1993 SNA and the changes proposed. Section 4 of the questionnaire contains some questions concerning details which are still to be finalised. It was indicated to send the responses to these questions and any general comments to DG-S by 11 August 2006.

So far, 53 responses have been received. As shown in the table of Annex 2, four responses were provided by international organisations and 49 responses by national or supranational institutions. These were predominantly central banks (32) and statistical offices (15). Two questionnaires were sent by other national authorities. Most of the answers were given by European institutions (39), of which 27 were central banks. The note describes the outcome of this consultation, especially the comments made on the future treatment on (i) monetary gold and SDRs; (ii) loans and deposits; (iii) investment fund shares/units; and (iv) financial derivatives as well as the general comments, and draws some conclusions. The individual responses are shown in Annex 3.

2. Monetary gold and SDRs

In section four of the document, the following questions were raised on the future classification of monetary gold and SDRs:

1. *Given that SDRs now will have an associated liability, should the two items be shown separately?*
2. *If yes, should they both be at the same level in the classification?*
3. *If no, should the split of the single item into monetary gold and SDRs be standard or supplementary?*

A clear majority of the respondents was in favour to ***show separately the two items as one asset category***. Various arguments were brought forward for this treatment. First, following the proposal that SDR gross assets and liabilities will now be shown separately, it is appropriate to show SDRs separately from monetary gold, for which there is no counterpart liability in the system and not to put indistinguishably both together. Second, this treatment is in line with the draft BPM6 and the IMF “International Reserves and Foreign Currency Liquidity Guidelines for a Data Template.” Table 5.2 of the draft BPM6 shows monetary gold and SDRs as separate financial instruments and even classifies them under different instrument categories (monetary gold as other instruments, SDRs so far as debt). Third, the long report of the fourth AEG meeting indicates the preference for a single asset class with a clear split between monetary gold and SDRs as a standard (page 117). Fourth, there are good analytical and policy reasons collecting data on these items separately. Both items are included in central banks’ official reserve assets, but there are reasons to analyse their trends separately rather than together. It would permit to better identify the source of fluctuations in exchange rates and commodity prices. For example, if there is a large value monetary gold transaction it is likely to have a noticeable effect on the market price of gold (and related commodities) and foreign exchange markets. Similarly, if there is a large value SDR transaction, which is subsequently converted into foreign exchange, it will have a large effect on exchange rates. Fifth, it is mentioned that the cost to agencies to collect these data should also be very low as most central banks already report these data.

It was also recommended to group monetary gold and SDRs in two asset classes, as these are quite dissimilar categories. Listing these separately would make the SNA consistent with the long-standing practice of separate enumeration in the BOP Manual. Finally, it was recommended that no split should be shown because both instruments are special financial assets of the central bank exclusively.

A clear majority would also like to record both at the same level in the classification. This would help to reconcile with the balance of payments and the international investment position. The recording in two different asset categories was also mentioned. Finally, the answers to question 4.3 were not easy to interpret. It seems to be as also indicated in one questionnaire that the intention of the question was unclear as the split described in questions 4.1 and 4.2 should be a standard item.

3. Loans and deposits

The following questions were raised on the distinction between loans and deposits:

4. *Would you wish the SNA to adopt the conventions in the 1995 ESA as articulated in para 5.75 that if one party is a depository institution, an asset position of a depository institution should be classified as a loan and a liability position be classified as a deposit?*

There was a broad agreement to that the SNA should adopt the conventions in the 1995 ESA as articulated in paragraph 5.75 (generally reflecting the current treatment in money and banking and balance of payments statistics as well as in financial accounts). However, it was mentioned that it only applies if the other party is a non-depository institution. Some respondents were not in favour of this recommendation because the envisaged problems of balancing asset and liabilities. Furthermore, it was mentioned that the paragraph only deals with the classification of short-term financial assets, but not with the classification of long-term financial assets involving a monetary financial institution.

A few considered that the criterion appears to be too general. Therefore, it was proposed to be more specific by saying “that if one party is a depository institution, a financial asset position other than securities, currency, and financial derivatives should be classified as a loan, and a liability position other than securities, currency, and financial derivatives should be classified as a deposit.” An amendment to the sentence is also suggested as “... and a liability position be classified as a deposit or loan in case of funding from a non-monetary institution to a monetary institution.”

5. *If both parties are depository institutions should an asset position of the first depository institution and the corresponding liability position of the second depository institution be classified as a loan, as a deposit, or as a new sub-category “interbank positions”?*
6. *Would you show such a new sub-category “interbank positions”, by convention, as deposits as a separate sub-item under currency and deposits?*

Many respondents preferred to introduce a new sub-category “interbank positions” – generally as a sub-category of deposits (reflecting that only depository institutions issue deposits as liabilities). This would also be in line with a convention also adopted by the ECB’s Working Group on Monetary Union financial accounts.

Others argued not to introduce distinguished positions related to specific institutional units. In this context it was referred to the fact that there is no need for a new instrument as the clarification is obtained by compiling from-whom-to-whom accounts. Specifically, the same theoretical issues for inter-bank transactions arise as those between depository institutions and non-depository institutions regarding which party is taking the initiative in the transaction (1995 ESA, paragraph 5.74). The criterion based on the maturity of the transaction (1995 ESA, paragraph 5.75) used to classify loans and deposits is seen as not ideal as described above. Alternatively, interbank loans and interbank deposits should be separated and the same convention should be followed as described above irrespectively of whether one or both

parties are depository institutions: asset positions should be treated as non-consolidated (interbank) loans and included under loans and liability positions as (interbank) deposits and included under currency and deposits, eventually recorded as memorandum items. Only one respondent favoured to show interbank positions as a sub-item under loans.

7. *Are there are other documents spelling out the basis for distinguishing loans from deposits which you think could be referred to?*

Three documents were mentioned in this context: (i) “The distinction between deposits and loans in euro area statistics” prepared by the ECB for discussion by the ESCB’s Statistics Committee in 2004; (ii) “International conversions of the capital measurement and capital standards – a revised framework, issued by the Basel committee on Banking Supervision during 2005”; and (iii) P. Sola and C. Sanchez-Munoz (2004): “The Borderline Between Deposits and Loans in Macroeconomic Statistics”, IMF Balance of Payments Technical Experts Group background paper number 30, pp 1-7;

4. Investment fund shares

The following questions were raised on a further split of investment fund shares:

8. *Would it be desirable to specify additional supplementary items to identify bond, equity, real estate, mixed fund and hedge fund shares?*

The answers to this question were quite heterogeneous. It was indicated that the proposed breakdown of investment fund shares/units into money market funds/units and other investment funds/unit is seen as a standard requirement. Many of the respondents also found the additional supplementary information as very useful for analysts. Therefore, these additional supplementary items should be specified.

However, the majority of the respondents considered the proposed sub-division of the investment fund shares/units as too detailed and out of the scope of the SNA. It was also mentioned that no harmonised definitions and standardised classifications are available at present and that there is a lot of innovation ongoing in the funds industry. Since the boundary among each item is not clear, burdens for specification are so heavy that most of the assets would be classified as mixed funds. In this context, the introduction of definitions in the new SNA could contradict the existing national definition. It was also mentioned by the Oesterreichische Nationalbank that in most of the countries there exist no law and no special provision how to classify investment funds according to their investment strategy. Hence, for statistical purposes the fund industry has reached an agreement how to classify funds. Perhaps the European Fund Categorization (EFCF) could solve this problem. This organisation is in the process of developing a pan-European classification of investment funds broken down by investment policy for their member-institutions. Finally, it was argued that a sectoring proposal to form ‘investment funds’ as a separate sub-sector would be sufficient and an additional breakdown of the instrument redundant.

Otherwise, it was stated that there is a need for clear definitions of all types of funds in the new SNA to make data internationally consistent and comparable. In this context, the IMF indicated to be not comfortable with the ECB's proposal for the definition of "investment funds" as it would cover any financial intermediary – or even any enterprise. So, separating "hedge funds" from other types of "funds" would be even more problematic. According to the IMF, the assets are seen as relevant that are held by the fund, not whether it is a fixed income, equity, real estate, or any other type of fund.

9. *Would you be able to obtain information at this degree of detail?*

The answers to this question are equally distributed. Data are available with a sufficient detail of breakdown in a number of countries, specifically for investment fund shares/units issued by residents. In this context the existing security-by-security-systems in various countries are seen as the most reliable source of information for this type of funds data. Otherwise, the most difficult part of collecting such data refers to cross-border transactions among and between funds.

5. Financial derivatives

The following questions were raised on a further split of financial derivatives by risk category:

10. *Would it be desirable to specify risk categories for forwards and options?*

11. *Would you be able to obtain information at this degree of detail?*

There was a broad majority indicating that it would not be desirable to split forwards and options also by risk category. This task was seen as too detailed and also outside the scope of the SNA. Especially, the extra reporting burden was mentioned and the ability of reporting institutions was questioned to provide data of a sufficient quality.

Virtually no options are seen to collect information at this degree of detail. If envisaged existing reporting systems must have to be substantially modified and the use of substantial resources and an extra burden for respondents have to be taken into account. Moreover, user demands have been insufficient in the UK to justify the continuing collection of data on financial derivatives by instrument and risk categories. It is proposed to drop this requirement.

6. General comments

Various institutions also provided general comments in the context of the consultation. All of them are shown in the attached Annex.

The *Banco de España* made various comments taking also into account the balance of payments perspective. In this context it was mentioned that *"no agreement was reached by the BOPCOM in relation to the supplementary items for investment fund shares/units. Although making this distinction is*

useful, an international definition of mutual funds would be required. In other words, information on the nature of the different types of mutual fund across the world is needed to avoid asymmetries.” It was also indicated that the BOPCOM reaffirmed the market principle for valuing unquoted equity; different methods to approximate this market value have been described in the DITEG outcome paper #1, but no ranking was agreed. In addition, three methods were not considered to provide good approximations of market value: a) use of stock price indices to revalue cumulative flows, (b) historic or acquisition cost, and (c) summing transactions.” Finally, the comments referred to the third recommendation on insurance technical reserves “instead of attributing ownership of some assets of insurance corporations and pension funds to the policy holders or beneficiaries, these assets should remain in the ownership of the insurance corporations and pension funds but with appropriate liabilities shown towards the policy holders and beneficiaries. This permits correct recording in the case where the liabilities do not exactly match the assets available to meet the liabilities.” It is mentioned that this recommendation appears to “differ from that made in the annotated outline of the future BMP (Chapter 3, Accounting principle, paragraph 3.16.....”Property income earned on technical reserves held by insurances corporations.... Because the policy holders own the technical reserves, the income earned from the investment of these reserves should be shown as received by the policy holders.”

The *Banque de France* refers to a terminology issue on pension entitlements: “We strongly approve the change of “net equity of households in pension funds” in “pension entitlement”. In France, there are no institutions such as pension funds: insurance companies are entitled by law to provide for pension contracts. Thus using the words “net equity of households in pension funds” is a lie. However, we want to separate “pension entitlement” from “life insurance provisions” on the liability side of insurance companies because it is a very meaningful split. If not in SNA, the words will have to be introduced on a national ground.”

Some additional comments were made by the *Bank of England*. They “consider the use of the term “currency” to be ambiguous at present. As set out in F.2, “Currency and Deposits” it carries the meaning notes and coin in circulation. We regard this as correct usage. However, the term “foreign currency” is variously taken to mean notes and coin denominated in the units of another economic territory, or bank deposits so denominated. Deposits are a claim against a third party to receive currency, but they are not currency in their own right. The SNA instrument classification should attempt to clarify this point. (ii) In Section 2.5 of the document reference is made to “quoted shares” and “unquoted shares”. Is “quoted” the standard international terminology or is “listed” in wider usage? (iii) Again in 2.5, and also footnote 6, we remain concerned that reporters will in practice opt to report at historical cost which IFRS permits as an alternative to fair value.”

Comments of the *IMF* referred to the “concerns about the need to determine the appropriate classification of clearing houses for repurchase agreements (such as Repoclear in London). This issue was not raised in the SNA revision. Such clearing houses are the counterparty for all the transactions conducted through them (unlike stock exchanges, which merely provide the means through which third

parties can buy and sell securities). As most of the counterparties to these clearing houses will be banks, there will be an explosion of lending / borrowing by banks to/from OFIs if this issue isn't clearly thought through. This becomes an especially important issue when the two end parties are nonresidents of the economy of the clearing house, yet may be residents of the same economy. It is felt that it is incumbent on the IMF to propose an interim solution to the problem of classification of clearing houses for repurchase agreements which act as principal to all transactions conducted through them. The IMF considers that an interim solution is to treat them as depository corporations, even though they do not meet the definition, as (i) banks are the primary users of these institutions, and their transactions will tend to net out in the aggregate, and (ii) if these clearing houses were not included in depository corporations, the resulting distortions to monetary aggregates might undermine their usefulness."

The Bank of Russia provided a comment on the identification of "employee stock options under financial derivatives. Given extending the ways that employers use at present to remunerate the staff we'd like to pay your attention that IFRS 2 notes not only employee stock option but numbers of similar instruments joint them under title "share-based payments". In our opinion it would be helpful to examine all them too."

Referring to the Annex of the questionnaire, the BIS commented that it "is not clear that the use of an interbank interest rate means there is no bank FISIM. Although the interest rate applied is the same for interbank deposits and loans, the outstanding value of net lending (loans less deposits) is likely to be small, but non-zero."

Two comments were made by the U.S. Bureau of Economic Analysis on the AEG recommendation on shares and other equity and on financial derivatives: "We generally agree with the recommendations of the AEG. However, the AEG agreed to include a breakdown of shares into quoted shares, unquoted shares, and other equity, with the last item covering the net equity in quasi-corporations and partnerships where there are no shares. We would prefer if there were just 2 categories under this item – quoted shares and other equity, and unquoted shares and other equity. Unincorporated enterprises like partnerships and trusts would be included in the appropriate category depending on circumstances. Equity in some types of unincorporated enterprises may be listed on public exchanges; for example real estate equity trusts (REITs), limited partnership interests, some types of unincorporated mutual funds, and other types of unincorporated enterprises are often listed on public exchanges and trade daily. These should be included in the category for quoted shares and other equity. ... We generally agree with the recommendations of the AEG. However, we have concerns about the recommendation to separately identify financial derivatives that are used to provide a guarantee to a third party (e.g., credit derivatives). Most countries do not have even basic data available on derivatives, and it is premature to recommend that the financial derivatives category be further subdivided. At most, this should be supplementary information and not a standard component."

The *Deutsche Bundesbank* recommended to clarify the delineation between precious and non-precious metal accounts in the context of the AEG agreement on “(i) to classify unallocated gold accounts and other unallocated precious metal accounts as financial assets/liabilities; (ii) not to classify other forms of unallocated commodity accounts, if such exist, as financial assets/liabilities; and (iii) if any accounts are classified as financial assets/liabilities, to classify them as deposits (as foreign currency deposits without a need of any specific deposit class)” as outlined on page 24 of the Short Report.¹

7. Conclusions

Carrying out a world-wide consultation on the classification and terminology of financial assets and liabilities in the 1993 SNA Rev 1 was a quite successful exercise taking into account the limited period of time. Concerning the answers to the eleven questions raised in Section 4 of the questionnaire rather detailed answers were given. There was a clear majority of the respondents in favour to *show separately monetary gold and SDRs in one asset category*. Various arguments were brought forward for this treatment.

Concerning the questions on the distinction between deposits and loans, there was also a broad agreement to adopt the convention of the “1995 ESA as articulated in paragraph 5.75 that if one party is a depository institution, an asset position of a depository institution should be classified as a loan and a liability position be classified as a deposit” which only applies to short term deposits and to cases if the other party is a non-depository institution. In this context; it should be clarified whether the proposal refers only for short-term deposits or also for long term deposits. Many respondents were in favour to introduce a new sub-category “interbank positions” – generally as a sub-category of deposits (reflecting that only depository institutions issue deposits as liabilities). Others argued not to introduce distinguished positions related to specific institutional units.

The answers to the question “*Would it be desirable to specify additional supplementary items to identify bond, equity, real estate, mixed, and hedge fund shares?*” were quite heterogeneous. It was indicated that the proposed breakdown of investment fund shares/units into money market funds/units and other investment funds/unit is seen as a standard requirement. Many of the respondents also found the additional supplementary information as very useful for analysts. Therefore, these additional supplementary items should be specified. Therefore, it is recommended to mention in the text of the SNA the various types of investment funds (bond, equity, real estate, mixed, and hedge fund shares) without showing them in the standard classification or giving for them a precise definition, which is not available at present because a lot of innovation is ongoing in the funds industry.

Finally, there was a broad majority indicating that it would not be desirable to split forwards and options also by risk category. This task was seen as too detailed and also outside the scope of the SNA.

¹ *Financial instruments – non-monetary gold (SNA/M1.06/30)*

Especially, the extra reporting burden was mentioned to collect such data and the ability of reporting institutions was questioned to provide the data of a sufficient quality.

The proposed classification of financial assets and liabilities in the 1993 SNA Rev 1 is shown in Table 1. It takes into account the proposed split of monetary gold and SDRs and the majority view not to further split investment fund shares/units (by type of underlying asset) and financial derivatives (by risk category). Provisions in the insurance business are split into four subcategories as indicated.

Table 1: Proposed modified classification of financial assets and liabilities in the 1993 SNA Rev 1

| Financial asset (transaction) | SNA code (transaction) |
|---|------------------------|
| Monetary gold and special drawing rights (SDRs) | F.1 |
| Monetary gold | F.11 |
| Special drawing rights | F.12 |
| Currency and deposits | F.2 |
| Currency | F.21 |
| Transferable deposits* | F.22 |
| Other deposits | F.29 |
| Debt securities | F.3 |
| Short-term | F.31 |
| Long-term | F.32 |
| Loans | F.4 |
| Short-term | F.41 |
| Long-term | F.42 |
| Equity and investment fund shares | F.5 |
| Equity | F.51 |
| Quoted shares | F.511 |
| Unquoted shares | F.512 |
| Other equity | F.513 |
| Investment fund shares/units | F.52 |
| Money market fund shares/units | F.521 |
| Other investment fund shares/units | F.522 |
| Provisions for insurance, pensions and standardised guarantees | F.6 |
| Non-life insurance technical provisions | F.21 |
| Life insurance technical provisions | F.22 |
| Pension entitlements | F.63 |
| Provisions for calls under standardised guarantees | F.64 |
| Financial derivatives and employee stock options | F.7 |
| Financial derivatives | F.71 |
| Options | F.711 |
| Forwards** | F.712 |
| Employee stock options | F.72 |
| Other accounts receivable / payable | F.8 |
| Trade credit and advances | F.81 |
| Other | F.89 |
| Memorandum item: Direct foreign investment | |
| Equity | |
| Loans | |
| Other | |

* Interbank positions as a subcategory of transferable deposits.

** Credit default swaps to cover for guarantees to be indicated within this item.

***Questionnaire
on the classification and terminology of
financial assets and liabilities in the 1993 SNA Rev 1***

This document describes the current position on the classification and terminology of financial assets and liabilities in the 1993 SNA and the changes proposed. Section 4 contains some questions concerning details which are still to be finalised. Please send your responses to these questions and any general comments you wish to make to

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by 11th August 2006

1. Current classification and terminology

The current classification of financial assets and liabilities in the 1993 SNA distinguishes eight financial asset and liability categories. They are shown in Table 1 (Table 11.2 of the 1993 SNA). Most of the categories are further split into subcategories. The recommended breakdowns for currency and deposits, securities other than shares, and loans are optional. (It is proposed to use the term supplementary in place of optional in the update in contrast to standard items. Both supplementary items and memorandum items are shown in italics in table 1).

Table 1: Classification of financial assets and liabilities in the 1993 SNA

| Financial asset (transaction) | SNA code (transaction) |
|--|-------------------------------|
| Monetary gold and special drawing rights (SDRs) | F.1 |
| Currency and deposits | F.2 |
| <i>Currency</i> | <i>F.21</i> |
| <i>Transferable deposits</i> | <i>F.22</i> |
| <i>Other deposits</i> | <i>F.29</i> |
| Securities other than shares | F.3 |
| <i>Short-term</i> | <i>F.31</i> |
| <i>Long-term</i> | <i>F.32</i> |
| Loans | F.4 |
| <i>Short-term</i> | <i>F.41</i> |
| <i>Long-term</i> | <i>F.42</i> |
| Shares and other equity | F.5 |
| Insurance technical reserves | F.6 |
| Net equity of households in life insurance reserves and in pension funds | F.61 |
| Net equity of households in life insurance reserves | F.611 |
| Net equity of households in pension funds | F.612 |
| Prepayment of premiums and reserves against outstanding claims | F.62 |
| Financial derivatives | F.7 |
| Other accounts receivable / payable | F.8 |
| Trade credit and advances | F.81 |
| Other | F.89 |
| <i>Memorandum item:</i> | |
| <i>Direct foreign investment</i> | |
| <i>Equity</i> | |
| <i>Loans</i> | |
| <i>Other</i> | |

The current classification of financial assets and liabilities is one of the issues to be dealt with during the current SNA update project (item 44). In this context, a note on the *Classification and the terminology of financial assets and liabilities in the updated SNA (SNA/MI.06/21)* was presented to the January/February 2006 Advisory Expert Group (AEG) meeting in Frankfurt following the suggestion put forward in the July 2005 AEG meeting to “write a paper exploring possible options for changes in the classification of financial instruments more generally.” This paper benefited from discussions in IMF, OECD and EU statistical meetings.²

² See also the United Nations Statistics Division website: <http://unstats.un.org/unsd/sna1993>.

2. Proposals for change in the content and terminology of financial assets and liabilities

The paper contained numerous proposals for changes of the current classification and terminology of financial assets and liabilities. Most of the proposals were accepted by the AEG.³ The consequences of the recommendations are spelt out below.

2.1 Monetary gold and SDRs

The two items, monetary gold and SDRs are grouped together because in the 1993 SNA they are the only financial assets without matching liabilities. It is now proposed that liabilities should be shown for SDRs and assets and liabilities should be shown on a gross basis.

The AEG agreed (i) to recognise SDR allocations as gross liabilities; (ii) to classify the allocations and cancellations of SDRs as transactions; and (iii) to continue to treat SDRs as an instrument, showing the assets and liabilities separately (page 38 of the Short Report, 4th AEG meeting (p. 38, SR4)).⁴

As a result the question arises about whether the two items should continue to be grouped in a single asset class? If not, should they appear as two separate items or as two categories under a single item?

2.2 Currency and deposits

No change in terminology is proposed for this category but a change in coverage is proposed.

The AEG agreed (i) to classify unallocated gold accounts and other unallocated metal accounts as financial assets/liabilities; (ii) not to classify other forms of unallocated commodity accounts, if such exist, as financial assets/liabilities; and (iii) if any accounts are classified as financial assets/liabilities, to classify them as deposits (as foreign currency deposits without a need of any specific deposit class) (p.24, SR4).⁵

2.3 Securities other than shares

The AEG recommended that the name of this category should be changed to reflect more appropriately the content.

The AEG agreed to introduce the term debt securities to replace securities other than shares (p.42, SR4).

2.4 Loans

Given the difficulty of distinguishing loans from deposits, especially when the transactions involve two financial intermediaries, the question was raised whether the two categories should be merged into one. However, while the AEG recognised the difficulty of making the distinction in this case, they felt there was a need for the distinction both for policy analysis and for the practical reason of input into the calculation of FISIM.

The AEG agreed that, by convention, FISIM would be restricted to (i) financial corporations and (ii) loans and deposits (p.27, SR4).

As a result no change is proposed to this category. However, the AEG did note that current international standards do not provide sufficiently clear criteria to make a distinction between loans and deposits.

³ See also corresponding papers mentioned as references.

⁴ *Liability aspects of SDRs* (SNA/M1.06/22)

⁵ *Financial instruments – non-monetary gold* (SNA/M1.06/30)

At the AEG meeting in July 2005, the question had been raised about whether, in view of the difficulty of making the distinction between a loan and a deposit, especially when both parties involved were depositary corporations, the distinction should be dropped. The AEG did not accept this proposal but added that

the current international standards do not provide sufficiently clear criteria to make a distinction between loans and deposits. Therefore there should be further consultation with experts to formulate improved operational guidelines to be set out in the updated SNA.

It has not been easy to pursue this mandate. One option is to adopt the approach described in paragraphs 5.74 and 5.75 of the 1995 ESA, below.

5.74 The distinction between transactions in loans (F.4) and transactions in deposits (F.22, F.29) may often be based on the criterion who is taking the initiative for the transaction. In cases where the initiative is taken by a borrower, the transaction is to classify in the category loans. In cases where the initiative is taken by a lender, the transaction is to classify in one of the deposit sub-categories. However, the criterion of who is taking the initiative is often a matter of judgement.

5.75 By convention, short-term loans granted to monetary financial institutions, resident or non-resident, are normally classified in one of the deposit sub-categories (AF.22, AF.29), and short-term deposits accepted by institutional units other than monetary financial institutions, resident or non-resident, are normally classified in sub-category short-term loans (AF.41). Therefore, deposits are liabilities predominantly of resident and non-resident monetary financial institutions (see paragraphs [5.44](#) and [5.49](#)), while monetary financial institutions normally have no short-term loan liabilities in the system.

As stated in para 5.74, the criterion of who initiates the transaction is not always easy to apply and because some experts are uncomfortable with the proposed convention in para 5.75, further guidance on how to make the distinction was sought. As part of the preparation of a ***Compilation Guide on Monetary and Financial Statistics***, the IMF proposes a discussion of the distinction between deposits and loans in an annex to that guide. However, this too admits to the problems of determining which asset is appropriate in the case of inter-bank transactions.

Discussion therefore returned to the option of not distinguishing deposits and loans only in the case of inter-bank positions. Instead a different convention would be adopted, for example that all positions are shown as positive or negative deposits. Most often, these would be consolidated to show only any residual position between resident banks. A short note on this new proposal is attached.

On the treatment of traded loans the AEG decided that the current SNA position should be maintained.

The AEG agreed that a loan should be reclassified as a security only if there is evidence of a market and there are quotations in the market (p.84 of the Report, 3rd AEG meeting (p. 38, R3).

2.5 Shares and other equity

This item will in future include investment fund shares/units and will be renamed.

The AEG also agreed to include a breakdown of shares into quoted shares, unquoted shares and other equity. The last item covers the net equity of proprietors in quasi-corporations and in such units as partnerships where there are no shares.

The AEG agreed to replace the term “shares and other equity” by “equity” and split it further into the sub-categories “quoted shares”, “unquoted shares” and “other equity” (p.42, SR4).

The AEG agreed that investment fund shares/units should be separately identified as “investment fund shares” under the heading “equity and investment fund shares”; the sub-categories will be as indicated in column 3 (p.42, SR4).⁶

The AEG agreed that various types of investment fund shares/units (e.g. money market, bond, equity, real estate, mixed fund, and perhaps hedge fund shares/units) should be supplementary items. Money market fund shares might be a standard item (p.42, DSR4).

In addition, recommendations are made for methods which are suitable for estimating the value of unquoted shares.

The AEG agreed on the principle of flexibility in the approaches to valuing unquoted equity. It also agreed that transaction prices are the preferred means of valuing unquoted equity. The AEG did not rank the other alternative methods proposed for valuing unquoted equity when [recent⁷] transaction prices are not available (p.30, SR4).

2.6 Insurance technical reserves

Three recommendations affect this item. The first stems from the recommendations on the measurement of insurance and leads to replacing the expression “reserves” by “provisions” because it is recognised that the amounts which need to be set aside reflect expectations about future losses. The second recommendation is the proposal that standardised guarantees should be treated in a manner similar to insurance. Consequently this item should also allow for provisions for the expected calls to be made on these guarantees.⁸

The AEG agreed to broaden the category insurance technical reserves by introducing a sub-category ‘reserves for calls on standardised guarantees’ (p.42, SR4).

The AEG agreed that the category of insurance technical reserves, now to be called “insurance technical provisions,” should be extended to be “provisions for insurance claims and calls under standardised guarantees” with an optional breakdown to distinguish insurance reserves from provisions for calls on standardised guarantees (p.64, SR4).

The third recommendation is that instead of attributing ownership of some assets of insurance corporations and pension funds to the policy holders or beneficiaries, these assets should remain in the ownership of the insurance corporations and pension funds but with appropriate liabilities shown towards the policy holders and beneficiaries. This permits correct recording in the case where the liabilities do not exactly match the assets available to meet the liabilities.

2.7 Financial derivatives

The inclusion of financial derivatives is the only substantive change to have been officially adopted since the 1993 SNA was published. As an elaboration of that extension, it is recommended to break the asset category of financial derivatives into two and to identify those financial derivatives (usually credit default swaps) which are used to provide a guarantee to a third party. In addition a higher level aggregate of financial derivatives and employee stock options is proposed.

The AEG agreed on the split between options and forwards (and employee stock options). A split by risk categories would be too detailed for most countries and should be supplementary. (p.42, SR4).

⁶ Equity (SNA/M1.06/23)

⁷ The word “recent” has been added to the AEG conclusion as stated to underline the accepted position that historical costs are not acceptable.

⁸ Granting and activation of guarantees in an updated SNA (SNA/M1.06/18)

The AEG agreed to specify guarantees [covered by] financial derivatives as a sub-category of financial derivatives (p.62, SR4).⁹

The AEG accepted ... that an instrument category will be introduced entitled “financial derivatives and employee stock options,” with the sub-categories of (1) financial derivatives and (2) employee stock options (page 14 of the conclusions and recommendations of the first AEG meeting).

It is proposed that both options and forwards might be further disaggregated according to risk categories on a supplementary basis.

2.8 Other accounts receivable/payable

No changes are proposed to either the content or terminology of this category.

3. Proposed classification and terminology

Table 2 shows how Table 1 would be modified if all the recommendations described above are adopted. No new coding structure has been proposed for new or modified categories to avoid confusion with the existing coding structure.

Table 2: Proposed classification of financial assets and liabilities in the 1993 SNA Rev 1

| Financial asset (transaction) | SNA code (transaction) |
|--|------------------------|
| Monetary gold and special drawing rights (SDRs) * | F.1 |
| Currency and deposits | F.2 |
| Currency | F.21 |
| Transferable deposits | F.22 |
| Other deposits | F.29 |
| Debt securities | F.3 |
| Short-term | F.31 |
| Long-term | F.32 |
| Loans | F.4 |
| Short-term | F.41 |
| Long-term | F.42 |
| Equity and investment fund shares | F.5 |
| Equity | |
| Quoted shares | |
| Unquoted shares | |
| Other equity | |
| Investment fund shares/units | |
| Money market fund shares/units | |
| Other investment shares/units | |
| Provisions for insurance claims and calls under standardised guarantees | F.6 |
| Provisions for insurance claims | |
| Non-life insurance | |
| Life insurance | |
| Pension entitlements | |
| Provisions for calls under standardised guarantees | |
| Financial derivatives and employee stock options | F.7 |
| Financial derivatives | |
| Options | |
| Forwards** | |
| Employee stock options | |
| Other accounts receivable / payable | F.8 |
| Trade credit and advances | F.81 |
| Other | F.89 |

⁹ Granting and activation of guarantees in an updated SNA (SNA/M1.06/18)

| | |
|--|--|
| <i>Memorandum item:</i> <i>Direct foreign investment</i> <i>Equity</i> <i>Loans</i> <i>Other</i> | |
|--|--|

* *The possible disaggregation of this item is still open.*

** *Credit default swaps to cover for guarantees to be indicated within this item.*

3.1 Measures of money and debt

The AEG agreed to include information on “linking measures of money to the balance sheets and the financial accounts” and on “debt”. The Editor will consider the exact format of this sort of information throughout the text (p.42, SR4).

4. Questions yet to be resolved

The recommendations described above are still proposals. If there are comments on either the changes of substance or of terminology proposed, these should be addressed to UNSD by July 23rd. In addition there are some specific questions on which guidance from experts in financial statistics is requested. These questions follow:

4.1 Monetary gold and SDRs

1. Given that SDRs now will have an associated liability, should the two items be shown separately?
2. If yes, should they both be at the same level in the classification?
3. If no, should the split of the single item into monetary gold and SDRs be standard or supplementary?

4.2 Loans and deposits

12. Would you wish the SNA to adopt the conventions in the 1995 ESA as articulated in para 5.75 that if one party is a depository institution, an asset position of a depository institution should be classified as a loan and a liability position be classified as a deposit?
13. If both parties are depository institutions should an asset position of the first depository institution and the corresponding liability position of the second depository institution be classified as a loan, as a deposit, or as a new sub-category “interbank positions”?
14. Would you show such a new sub-category “interbank positions”, by convention, as deposits as a separate sub-item under currency and deposits?
15. Are there are other documents spelling out the basis for distinguishing loans from deposits which you think could be referred to?

4.3 Investment fund shares

16. Would it be desirable to specify additional supplementary items to identify bond, equity, real estate, mixed fund and hedge fund shares?
17. Would you be able to obtain information at this degree of detail?

4.4 Financial derivatives

18. Would it be desirable to specify risk categories for forwards and options?
19. Would you be able to obtain information at this degree of detail?

Annex: Distinguishing loans and deposits

A key reason to distinguish loans and deposits is that the definition of FISIM depends on the difference between the observed interest rate payable by depositary institutions and a reference rate. The reference rate is typically higher than the rate paid on deposits and lower than the rate paid on loans. To calculate FISIM, it is therefore necessary to have the observed interest payable on loans and deposits separately and separate figures for the stock of loans and deposits.

One proposal for the reference rate is the interbank rate. If chosen, this means that there is no FISIM payable on interbank lending and borrowing and so there is not the same need to distinguish interbank loans and deposits as there is for loans and deposits to non-bank customers.

There will be occasions where there is some FISIM earned on interbank lending and borrowing. Allocating loans and deposits to banks by convention which may lead to misclassification of their true nature may then lead to errors in the calculation of FISIM, even to the appearance of negative figures. It may be that there is a good case for investigating FISIM payable by banks separately from that payable by non-bank customers. Lending and borrowing between resident banks and non-resident banks is an area for special attention since the reference rate for resident banks and for non-resident banks is likely to be different.

The proposal to show interbank positions separately is put forward as a pragmatic solution to allow non-bank FISIM (assumed to be the majority of FISIM) to be calculated readily while providing information to permit closer investigation of the trickier interbank element.

Annex 2

Table: Respondents to the questionnaire on the classification and terminology of financial assets and liabilities in the 1993 SNA Rev 1

| | | |
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| International organisations (4) | IMF, OECD, UN Statistics Division, Bank for International Settlements | |
| National or supranational institutions (49) | Europe (39) | Africa (2), America (4), Asia (2), Australia and Oceania (2) |
| Central Banks (32) | European Central Bank Banque Nationale de Belgique Česká národní banka Danmarks Nationalbank Deutsche Bundesbank Eesti Pank Bank of England Banco de España Banque de France Bank of Greece Banca d'Italia Latvijas Banka Lietuvos bankas Magyar Nemzeti Bank De Nederlandsche Bank NV Oesterreichische Nationalbank Narodowy Bank Polski Banco de Portugal Národná banka Slovenska Suomen Pankki Sveriges Riksbank Bulgarian National Bank Croatian National Bank Norges Bank (coordinated with Statistics Norway) Swiss National Bank Central Bank of Turkey Bank of Russia | Reserve Bank of South Africa Bank of Uganda U.S. Federal Reserve Board Banco Central de Costa Rica Saudi Arabian Monetary Agency |
| National Statistical Institutes (15) | CBS INE Portugal (same as NCB) Statistics Finland Czech Statistical Office Statistics Denmark Central Statistical Bureau of Latvia Statistics Lithuania National Statistics Office of Malta Central Statistical Office of Poland Statistical Office of the Slovak Republic ONS | Australian Bureau of Statistics Statistics Canada Statistics New Zealand (coordinated with Reserve Bank of New Zealand) U.S. Bureau of Economic Analysis |
| Others (2) | Ufficio Italiano dei Cambi | Cabinet Office Japan |

Annex 3

a) Comments on questions 4.1 to 4.4

| Institution | Question 4.1 Monetary gold and SDRs | Question 4.2 Loans and deposits | Question 4.3 Investment fund shares | Question 4.4 Financial derivatives |
|-------------|--|---|---|---|
| ABS | <p>1. Yes 2. Yes, the same level. 3. N/A</p> | <p>1. The ABS believes that an instrument should be defined in terms of its own inherent characteristics and not in terms of the sector of the asset or liability holder. We believe that loans and deposits have different characteristics and cannot be defined in terms of the parties to the assets and liabilities. In Australia's IIP, depository institutions can have both deposit liabilities and loan liabilities. The loan liabilities are further identified by loans from (related) non-resident financial intermediaries and other lenders. The classification is done by the enterprises supplying the data. The sector 'depository institutions' is defined by its (licensed) ability to take deposits (have deposit liabilities) but this does not necessarily mean every liability of the sector is a deposit. We note that the draft BPM6 attempts to define loans and deposits in terms of their own characteristics.</p> <p>1. However, our experience in compiling the domestic financial accounts is that loans and deposits are reported asymmetrically by counterparties, and something has to be done to bridge the asymmetries. A logical, but not ideal, way to bridge the gap is to have a convention such as that postulated by the ECB. We apply this convention because there is no internationally established principle which clearly distinguishes a loan from a deposit.</p> <p>We have some other concerns with 1995 ESA approach. If the classification of a loan/deposit depends on a set of rules about counterparties,</p> | <p>1. The ABS does not agree with having "investment fund shares" as a separate instrument category. This proposal confuses sector classification with instrument classification. There is a sectoring proposal to form "Investment funds" as a separate subsector - we support this approach. If the sectoring proposal is accepted then the instrument proposal is redundant.</p> <p>The ABS believes the correct instrument classification is equity, with the place to discriminate between type of investment fund in the sector classification, not the instrument classification. Overall, we support the new "Investment funds" sectoring proposal and reject the "investment fund shares" financial instrument classification. In the absence of financial accounts by sector, the cross classification could be used as a pseudo-instrument e.g. "equity/quoted/ investment funds".</p> <p>2. The liability side, total shares or units issued by type of Australian investment fund is available, with the exception of hedge funds. However on the assets side, ABS will require significant work to obtain Rest of World holdings of</p> | <p>1. Yes it would be desirable from an analytical viewpoint, as our users would like to get an insight into the risk exposure posed by derivatives to various sectors within the economy.</p> <p>2. It is unlikely that ABS would be able to obtain this type of detail as the ABS has tried to obtain similar information in the past and the respondent burden far exceeded the quality of data available.</p> |

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| | | <p>then things like margins on derivatives could be either loans or deposits depending on the rules, and things like loans by repurchase agreement could be deposits by those same rules. If the convention is adopted, some further redrafting of the fine print in SNA and BPM would be required.</p> <p>Accordingly, we are of the view that loans and deposits need to be determined on the basis of the characteristics of the instruments, and not on the basis of a set of rules about counterparties.</p> <p>2. See answer to 4.2.1 for the ABS position. There is no need for a new instrument as the clarification is obtained by publishing a counterparty sector view. That is, the unconsolidated market tables will show deposits by depository institutions with other depository institutions and interbank positions consolidate out in the formal sector tables.</p> <p>3. There is no need for a new subcategory (see above). AEG agreed to separate currency from deposits.</p> <p>4. As mentioned above, we believe that the discussion in the draft BPM6, using characteristics based on who has the ability to extinguish the instrument, creditor or debtor, shows promise. We think that when the creditor has the ability to extinguish the instrument, then it is likely that it is a deposit. When the debtor has the ability to distinguish the instrument, or if neither party can extinguish the instrument prior to term, then it is a loan.</p> | <p>Australian investment fund shares by type of fund. This in turn would prevent obtaining of these data splits for households, as these data would be derived residually.</p> | |
| Banca d'Italia | <p>1. No, such a split would be significant exactly in the opposite case (i.e. within the old rules). Conditional on the new rules being adopted (with an associated liability for SDRs), the split seems to be</p> | <p>1. Yes, we agree with the treatment in ESA95 § 5.75 2. Deposit 3. In case this new sub-category is created, our (second best) preferred solution is the separate sub-item in currency and deposits.</p> | <p>1. No, not in the context of National Accounts 2. Yes, in principle</p> | <p>1. Not in the context of national accounts. In our view, the main benefit from the new proposals is just separating financial derivatives from debt securities. Further detailed</p> |

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| | <p>mainly useless. 2. N.A 3. N.A</p> | <p>4. No, to the best of our knowledge</p> | | <p>breakdowns, like risk categories for forwards and options, are neither feasible nor significantly useful in the context of national accounts. 2. Not on a systematic basis and for all sectors.</p> |
| <p>Banco Central de Costa Rica</p> | <p>1. We agree on showing the two items separately 2. Yes</p> | <p>1. We agree with the proposal 2. We prefer the proposal to create a new sub-category to show interbank positions 3. We understand that the inclusion of the new sub-category “interbank position” will be shown as a separate sub-item under currency and deposits by convention and we agree to this proposal, although also by convention one of the person we asked to fill out this questionnaire is of the opinion that the sub-item should be shown as part of loans a not of currency and deposits 4. No</p> | <p>1. Yes, we find it useful. 2. We already have some useful information on some types of investment funds, but we are not sure to gather all relevant information on other types of funds, particularly real estate funds and mixed funds.</p> | <p>1. We can agree on the desirability of this information although up to now there is not a market for financial derivatives in Costa Rica. 2. See answer above</p> |
| <p>Banco de España</p> | <p>1. yes 2. yes 3. Both solutions are acceptable</p> | <p>1. Although, the ESA 95 provides the most concrete conceptual guideline to distinguish between deposits/loans among the existing statistical standards, further guidance is still needed. For instance, following, current MUFA and BOP conventions, funds lent by MFIs to non-banks can be regarded as loans (on the assets side) and funds placed with banks can be considered as deposits (liabilities). Interbank positions will be identified separately. 2. As a new sub-category “interbank positions” 3. Yes 4. STC/SDC/2004/0002. “The distinction between deposits and loans in euro area statistics” prepared by the ECB for discussion by the STC</p> | <p>1. It would be useful, but supplementary due to difficulties collecting the information. 2. For the time being, no. However, in principle, this information will be available in the CSDB, although its quality has still to be checked.</p> | <p>1. No. The utility of this new breakdown for users is not clear. 2. No</p> |

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| Banco de Portugal | 1. Yes 2. Yes, as a standard component. 3. - | 1. Yes 2. Either loans or deposits according to the present rules described in paragraphs 5.74 and 5.75 of the 1995 ESA. 3. No 4. Yes, there is a document named "The distinction between deposits and loans in euro area statistics" approved by the Statistics Committee in December 2004 (see annex). | 1. Yes 2. Yes | 1. Yes 2. Not for the moment. A new collection system would probably have to be envisaged to obtain this detail, possibly on the basis of MFI, OFI and NFC direct report to National Central Banks. |
| INE, Portugal | In Portugal the compilation of financial accounts is under the responsibility of Banco of Portugal. Nevertheless, the National Statistic Institute works in close cooperation with Banco of Portugal and we followed and agreed with their answers and we don't have more comments on it. | | | |
| Bank of England | 1. yes 2. yes 3. The intention of the question is unclear. We consider that the split confirmed in 1 and 2 should be a standard item | 1. yes 2. As a new sub-category "interbank positions" 3. Yes. Although, if a wider range of treatments were offered, we have a slight preference for a separate instrument class for interbank positions 4. - | 1. No 2. Unlikely | 1. No 2. The Bank of England currently collects data on derivative positions split both by instrument type and risk category. However, user demand for these breakdowns has been insufficient to justify their collection. We are accordingly preparing to drop this requirement |
| Eesti Pank | 1. No comments 2. No comments 3. No comments | The Estonian banking market is very concentrated; mainly foreign-owned and fully privatised banks and branches of foreign banks exist. Foreign ownership enfolds 99% from banks equity. Mother companies have an important role in financing; there is very little so-called local "interbank market". For instance 92% from total interbank (both resident and non-resident) resources were from non-residents in 2005. So there is no reason to set up a new "interbank" category describing only resident activity. But, as all foreign transactions are captured under the universal "rest of the world sector" in ESA 95, there is probably no possibility to set up a totally new category describing resident and non-resident interbank activity together. It is really difficult to distinguish between loans and deposits then mother company financing | 1. The proposed sub-division of the investment fund shares/units is too detailed and is out of the scope of the SNA system as the aim of the SNA system is to provide data for macroeconomic analysis. Necessary data for sub-sector analysis can be collected separately and depending on country specific needs. 2. Yes, present reporting allows identifying different type of funds. Holders of investment fund shares can be identified only based on indirect counterparty breakdown. | 1. The proposed sub-division of financial derivatives is too detailed and is out of the scope of the SNA system as the aim of the SNA system is to provide data for macroeconomic analysis. Necessary data for sub-sector analysis can be collected separately and depending on country specific needs. 2. No. |

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| | | <p>is concerned. For instance in Estonia, 60% of total “inter-bank” short-term resources were non-resident deposits and 32% loans. There was some interest differential between those categories (2,15% for non-resident loans and 2,25% for deposits), but this difference is not so remarkable. Bearing in mind the above-mentioned reasons, we support classification of interbank loans and deposits under the same instrument. It should be beard in mind that new reporting conventions should apply to all methodological manuals. Currently, the Estonian balances of payment compilers classify loans and deposits from foreign banks as they are classified in the books of the banks. This already generates problems of comparison of MUFA and BOP statistics.</p> | | |
| Suomen Pankki | <p>1. Yes 2. Yes. Monetary gold as F.11 and SDRs as F.12.</p> | <p>1. Yes, and also in relation to long-term contracts. This solution would be line with the MFI balance sheet regulation of the ECB. 2. As an "interbank position". 3. Under deposits, as most interbank positions seem to share the characteristics of deposits. 4. No.</p> | <p>1. Yes, but only as a supplementary item. Users seem to have a keen interest in such data. However, experience in the preparation of ECB's OFI regulation has shown that finding a workable international definitions is extremely difficult. Therefore, there should be the flexibility to use national definitions. 2. Data based on national definitions exists.</p> | <p>1. In principle, yes, but we have doubts on data availability, so the requirement should be only supplementary. 2. See above.</p> |
| Bank of Greece | <p>1. Yes, we believe they should be shown separately. 2. They should both be at the same level in the classification.</p> | <p>1. Yes, we are in favour of classifying asset positions of a depository institution as loans and liability positions as deposits. 2. The same convention should be adopted irrespectively of whether one or both parties are depository institutions: asset positions of a depository institution should be classified as loans and liability positions as deposits. Thus if both parties are depository institutions the transaction would be classified as a loan by</p> | <p>1. It would indeed be desirable. 2. Yes</p> | <p>1. Yes, provided a fact-finding exercise is first carried out in order to asses the significance of the various sub-categories and the ability of reporting institutions to provide data of an acceptable quality. 2. Probably not.</p> |

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| | | <p>the first one and as a deposit by the second. We are not in favour of introducing the new sub-category “interbank positions” (or, perhaps, “inter-depository-institution positions”?)</p> <p>3. We are against the idea of introducing this sub-category. If it were introduced we would show it as a separate item under currency and deposits.</p> <p>4. We are not aware of any other documents.</p> | | |
| Bank of Uganda | <p>1. Yes</p> <p>2. Yes</p> | <p>1. Preference is to have all loans and deposits reported separately, for all units; financial institutions and others.</p> <p>2. (see 1 above) – The use of “interbank could be misleading. Perhaps should be replaced by “inter-depository corporation”.</p> <p>3. Yes, as long as it is clear that it is for the interbank – interdepository corporation position.</p> | <p>1. Yes</p> <p>2. It should be readily available once we know what we want, and the financial institutions are also aware</p> | <p>1. While it would be desirable, there must be agreement on the definition of the risk categories for all parties concerned.</p> <p>2. It should be readily available once we know what we want from the financial institutions.</p> |
| Latvijas Banka | <p>1. Yes, the two items should be shown separately. This is also in line with the IMF "International Reserves and Foreign Currency Liquidity Guidelines For a Data Template" (Box 1.2 , page 15).</p> <p>2. Yes, the two items should be at the same level. This is also in line with the IMF "International Reserves and Foreign Currency Liquidity Guidelines For A Data Template" (Box 1.2 , page 15).</p> | <p>1. Paragraph 5.75 of ESA 1995 deals with the classification of short-term instruments where one of the parties to the transaction is a monetary financial institution, and lays down that, by convention, deposits are liabilities predominantly of resident and non-resident monetary financial institutions, and that monetary financial institutions normally have no short-term loan liabilities in the system. No explicit statements have been made regarding the classification of long-term transactions involving a monetary financial institution. We would appreciate if the amended SNA would do so.</p> <p>We, therefore, support the convention that if one party to transaction is a monetary financial institution, an asset position of a monetary financial institution should be classified as a loan and a liability position be classified as a deposit.</p> <p>2. We see the introduction of "Interbank positions" as another solution to</p> | <p>1. Classification in accordance with the above mentioned investment fund types might not result in uniform interpretation and hence uniform and consistent data, since harmonised definitions are not available. On the other hand, the introduction of definitions in the new SNA could contradict the existing national definitions.</p> <p>2. In view of the small population of investment funds in Latvia, we think that the requirement for information of such detail is not cost effective. Otherwise, there are no problems in obtaining such information.</p> | <p>1. We doubt whether such requirement would be cost effective.</p> <p>2. To give a substantiated answer, the reporting agents should be addressed.</p> |

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| | | <p>the problem of classifying monetary financial institutions' deposit/loan transactions. Moreover, in Latvian monetary financial institutions' statistics those positions are already collected separately from loans/deposits transactions of other sectors. On the asset side, the position is called "Claims on monetary financial institutions, excluding the Bank of Latvia", while on the liabilities side, it is "Liabilities to monetary financial institutions, excluding the Bank of Latvia".</p> <p>3. By convention, the new category "Interbank positions" might be shown as a sub-category under "Currency and deposits", since according to the ESA 1995 principle as laid down in Paragraph 5.75 they are to be considered as deposit transactions, rather than loan transactions. Another option would be to show the new category "Interbank positions" as a new category.</p> <p>4. We have no suggestions regarding other documents spelling out the basis for distinguishing loans from deposits.</p> | | |
| Lietuvos bankas | <p>1. Yes. 2. Yes.</p> | <p>1. Yes, we would wish the SNA to adopt the convention of the ESA 95 described in paragraph 5.75. 2. We would not support the idea of creation of a new sub-category "interbank positions" that is relevant for only one sub-sector. 4. We are not aware.</p> | <p>1. No 2. No</p> | <p>1. No 2. No</p> |

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| <p>Bank of Russia</p> | <p>1. Monetary gold and SDRs should be shown separately given that the monetary gold will be the only financial instrument which hasn't corresponding liabilities. 2. In our opinion they should be at the same and the highest level.</p> | <p>We share the opinion that, when one party is a depository corporation, all asset positions could be classified as loans and all liabilities as deposits. But this approach should be added with the treatment of central banks' transactions. In our point of view the accounts of resident banks with the central bank are to be treated as deposits of depository corporations and opposite the central banks' funds in the resident banks are loans. On the other hand the international reserves allocation could be treated as deposits but the part of reserves are the fund under REPO operations, which are agreed to be loans. In general our point of view is to classify the operations according to characteristics of underlying relationships. Because the operations conducted by credit institutions are rather complicated for classification we suggest reflecting them on conventional base. We do not support the implementation of the new sub-item "Interbank position" which is not in compliance with the general criterion underlying the SNA classification (i. 11.53 SNA93) and total structure of the classification.</p> | <p>1. It would be desirable to have supplementary data on different types of investment funds to analyze the development of financial markets. But we suppose that there are a few countries that have an advanced collection data system and could provide the information with such kind of classification. We consider this proposal to be untimely. 2. No, this information for Russian Federation is not available now.</p> | <p>1. No, it wouldn't. In our opinion the risk categories is not the category of macroeconomic statistics in the framework of SNA. This problem could be developed, for instance, in framework of program "Financial stability indicators". On this point when revising the classification of financial assets it's very important to lead unique criterion to be stated. The risk category isn't relevant not only the derivatives. But the proposal refers only to the split of derivatives. 2. No, the CBR has begun collecting the data on derivatives recently and now obtains the general volume. One more comment on identification of employee stock options under financial derivatives. Given extending the ways that employers use at present to remunerate the staff we'd like to pay your attention that IFRS 2 notes not only employee stock option but numbers of similar instruments joint them under title "share-based payments". In our opinion it would be helpful to examine all them too.</p> |
| <p>Banque de France</p> | <p>1. Yes: it will be clearer. 2. Yes: they are both assets of monetary authorities</p> | <p>1. In principle, we agree to introduce this ESA95 convention in SNA. However, both para 5.75 and para 5.74 should be introduced</p> | <p>1. This would be highly desirable in order to identify more accurately the type of financial</p> | <p>1. It is not in our view a priority breakdown. 2. We would not be able to</p> |

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| | | <p>altogether because the convention of par 5.75 does not solve the case of long term loans, for which some criteria should be found.</p> <p>Long term loans received by depository institutions should be more precisely defined: do they cover only subordinated loans and shareholder deposits to be included in capital sooner or later or also other kinds of long term loans?</p> <p>2. We strongly favour a classification as interbank position for two reasons: the distinction between loans and deposits is especially difficult to implement in interbank position. The definition differs in different sources (the bank that lends, the bank that borrows, balance of payment statistics...), which create some artificial discrepancies. These discrepancies reduce when interbank loans and deposit are mixed.</p> <p>The item “interbank position” would create the base for the calculation of the reference rates. If this solution is accepted, we should care that: they involve only the institutions included in the sectors producing FISIM and all of them. Under ESA95, they are at the moment” other MFIs” (S122) and “other financial institutions” (S123), except mutual funds. In the new proposed classification of financial corporations, they would be MFIs except central banks and money market funds (S1212.2) and miscellaneous financial institutions (S124). In principle, such entities should be defined in the same way either resident or non resident. However, due to the BOP definitions, the non resident entities producing FISIM may include only MFIs except central banks. They are clearly defined especially regarding long term positions: should they not exclude subordinated loans and deposits from share holders?</p> | <p>risk incurred by the different sectors on their portfolios.</p> <p>2. This degree of detail will be compiled precisely for bonds, equity and mixed resident funds thanks to the information provided by custodians. Less information will be available for real estate funds, hedge funds and non resident funds. As a consequence we would favour 1) to gather mixed and hedge funds shares 2) to introduce a category other funds.</p> | <p>provide this split because the two main sources for the compilation of the derivatives operations (resident credit institutions’ profit and loss account and balance of payment) do not provide this degree of detail. No improvement is foreseen in that direction in the near future.</p> |
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| <p>BIS</p> | <p>The components of “monetary gold and special drawing rights (SDRs)” should be shown separately for the reasons outlined below.</p> <p>SDR gross liabilities and assets will be now shown separately, and so it appears appropriate to separately identify SDRs and monetary gold. Another consideration is the economic or policy value of collecting data on these items separately. Both items are included in central banks’ official reserve assets, but there are reasons to analyse their trends separately rather than together. It would permit to better identify the source of fluctuations in exchange rates and commodity prices. For example, if there is a large value monetary gold transaction it is likely to have a noticeable effect on the market price of gold (and related commodities) and foreign exchange markets. Similarly, if there is a large value SDR transaction, which is subsequently converted into foreign exchange, it will have a large effect on exchange rates. The cost to agencies to collect these data should also be very low as most central banks already report these data</p> <p>2. Both items are part of central banks’ official reserve assets. It would be sensible to have a presentation similar to that listed below.</p> <p>Monetary gold and special drawing rights (SDRs) F.1 Monetary gold F1.1</p> | <p>1. The above criterion appears too general. A more specific criterion is “that if one party is a depository institution, a financial asset position other than securities, currency, and financial derivatives should be classified as a loan, and a financial liability position other than securities, currency, and financial derivatives should be classified as a deposit”. On a theoretical level, the discussion about a criterion based on the party that initiates the transaction could also be questioned. It is possible that where the initiative is taken by the lender, that this could be a loan, rather than a deposit as suggested in 2.4. This situation could arise where there is intense competitive pressure for loans, and lenders are actively seeking out borrowers. Conversely, it is possible that where the initiative is taken by the borrower, that this could be a deposit. Even in the case where the interest rate paid on deposits is near zero, borrowers could place deposits with depository institutions due to, for example, short-term price volatility in assets markets.</p> <p>Even when the criterion in point one (above) is used, there are also difficulties measuring loans and deposits stemming from financial innovation. For example, there are now financial products in some advanced industrialised countries that allow those with mortgages to merge their deposits into one account, making the distinction between loans and deposits very difficult. The main feature of these “offset” accounts is the calculation of loan interest based on the net balance of the outstanding loan and the “offsetting” deposit. For borrowers with an offset account, deposits into the account reduce loan interest just as effectively as additional repayments. The attraction of offset accounts is that these</p> | <p>1. Yes, ideally this information would allow analysis into the financial behaviour of these institutions, and how their transactions reflect macro economic and financial market developments.</p> <p>2. This information is unavailable. From a practical stance, there will be problems for agencies collecting these data due to cross-border transactions among and between funds.</p> | <p>1. Yes, it would be desirable to have a breakdown of risk categories (such as interest rates, exchange rates, equity etc) for forwards and options. From an economic view point, this information would be useful to gain insights into the relative importance of speculative behaviour and fundamentals as driving forces behind movements in prices of market-traded financial instruments.</p> <p>2. This information is unavailable. From a practical stance, there will be problems for agencies collecting these data due to cross-border transactions among and between funds.</p> |
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| | <p>Special drawing rights (SDRs) F1.2 3. See 4.1.1 and 4.1.2 above</p> | <p>deposits/repayments are as accessible as regular deposits.</p> <p>2. The same theoretical issues for inter-bank transactions arise as those between depository institutions and non-depository institutions (discussed in 4.2.1 above) regarding which party is taking the initiative in the transaction. A criterion based on the maturity of the transaction (paragraph 5.75 ESA 1995) used to classify loans and deposits is not ideal. The focus on short-term loans and deposits is not clear, as opposed to long-term loan and deposits. The proposal of positive and negative deposits is at odds with a criterion that suggests that assets positions are classified as loans, and liabilities positions are classified as deposits. It also implies intra-sector consolidation. An alternative proposal is to separate interbank loans and deposits. Hence, these positions would be unconsolidated.</p> <p>3. As proposed in 4.2.2, interbank loans would be included as separate items under “loans”, and interbank deposits would be included as a separate item under “currency and deposits”.</p> <p>4. Sola, P and C Sanchez-Munoz (2004): “The Borderline Between Deposits and Loans in Macroeconomic Statistics”, IMF Balance of Payments Technical Experts Group background paper number 30, pp 1-7</p> | | |
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| Bulgaria National Bank | <p>We think that it is better for the two instrument categories to be separate due to the following reasons:</p> <ul style="list-style-type: none"> • The two items have different liquidity; • Due to the different weighting of the two instruments across countries, for the analysts would be useful to know each of the two instruments' relative share (portion), e.g. for Bulgaria, monetary gold have X% of the item; <p>2. If yes, should they both be at the same level in the classification?</p> <ul style="list-style-type: none"> • Yes, they should be at the same classification level. <p>3. If no, should the split of the single item into monetary gold and SDRs be standard or supplementary?</p> | <p>Along with the accepted convention in ESA '95, the Bulgarian National Bank collects from depositary institutions separate information on loans and deposits on the assets side and on the liabilities side, which are aggregated after for monetary survey purposes.</p> <p>The reasons for distinguishing loans from deposits are the following: The experience in Bulgaria shows that the contracts on the interbank money market are different in their economic character, which imply the differentiation between the two instruments – deposits and loans;</p> <p>Deposit agreements aim to regulate liquidity, and interest rates for this item determine the levels of the reference interest rates; loan agreements are with higher interest rates, are used for refinancing and/or specific purposes, have longer maturities and have different procedure for granting/receiving a loan. In most cases loans are secured with different assets; A distinctive characteristic between the two instruments is that in most cases loan agreements are bound with contracts between the two parties, whereas the deposit deals are concluded mainly in electronic environment and there are no agreements signed.</p> <p>2. They should be classified as a loan and respectively as a deposit.</p> <p>3. No. See the comment on the previous question</p> | <p>1. Up till now an unambiguous criterion for a detailed breakdown by type of investment of sector S.123, sub-sector Investment funds is not available. There is a rule for classifying investment fund by type in the Guideline of the European Central Bank of 15 February 2005 (ECB/2005/4), Annex V, item 3.2.(a), but it is not unconditional, moreover on a sustainable basis.</p> <p>With regard to this it is appropriate to elaborate an explicitly stated criterion (or approach) which provides for an unconditional classification of the investment funds by type of investment. Moreover, this criterion should consider classification over the long run.</p> <p>2. As soon as the above-mentioned unconditional criterion is elaborated it will be possible to obtain information at this degree of detail. Fortunately, the investment funds' statistics in Bulgaria is being developed and is open for innovations.</p> | |
| Magyar Nemzeti Bank | <p>1. We think that it is not necessary to show in separate assets categories the two items. They can remain under the AF1 category because both instruments (monetary gold and SDRs) are the special financial assets of the central bank</p> | <p>1. With some reservations, we support the ESA text. The ESA convention can be applied to the standard products of the depositary institutions. But if we look at some non-standard instruments in the liability side of the depositary corporations we can say that they are loans rather than deposits. We think about</p> | <p>1. We think that investment fund shares have own characteristics that are very different from other financial assets therefore investment fund shares should be a separate instrument category. The further breakdown of</p> | <p>1. It seems not necessary. The financial derivatives do not play very significant role in Hungary.</p> <p>2. Of course, we can prescribe a more detailed data collection on financial derivatives in the</p> |

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| | <p>exclusively. 3. We think that the split should be standard.</p> | <p>repo transactions that should be considered loans in assets side as well as in liability side. The same is true for leasing transactions that should be treated as loans in either side of the balance sheet of banks. Financial links with the owners (except for equities and standard deposits) should be treated as loans as well. And, of course, there can be other accounts receivable/payable (commercial credit) with non-bank partners in the balance sheets of the depository institutions. 2. It depends. If the "interbank financial asset" is used for payment we think it is a transferable deposit. Repo and leasing transactions should be treated as loans. Other interbank assets (other than debt securities, financial derivatives and equities) can be treated as deposits. 3. We would not show "interbank positions" sub-category under the currency and deposit, it is not necessary. 4. We do not know such documents.</p> | <p>investment fund shares would be very useful for the users of the statistics. At least money market, bond, equity and other fund shares should be distinguished. 2. Yes</p> | <p>future but, for the time being, we have no information that the users need more detailed data on derivatives.</p> |
| Central Bank of Turkey | <p>The two items monetary gold and SDRs can be shown separately as two categories under a single item</p> | <p>We agree with the recommendation of the AEG that SNA should adopt the conventions in the ESA 95 as articulated in para 5.75 If both parties are depository institutions, asset and liability positions of both should be classified as a new sub-category "interbank positions"</p> | | |
| Central Statistical Office of Poland | <p>1. Yes. Monetary gold and SDRs should be shown separately, under the SNA code AF.1, like it is distinguished in ESA 95. 2. Yes. They should be at the same level of classification as AF.11 and AF.12.</p> | <p>1. Yes. ESA 95 conventions should be adopted by the SNA. 2. In our opinion there is no sense to show a new sub-category "interbank positions". Classification of financial assets and liabilities should be as much general as possible and therefore there should not be distinguished positions regarding specific institutions. The asset and the corresponding liability position should be classified as a loan or as a deposit, depending on the nature of the transaction.</p> | <p>1. For some users it might be desirable to show investment fund shares in more detailed breakdown as additional supplementary items. 2. At the moment we would not be able to obtain information at this degree of detail.</p> | <p>1. No 2. No</p> |

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| | | <p>There is a need to formulate clear and detailed criteria for making distinction between loans and deposits in the revised SNA, as those described in ESA 95 seems not to be sufficient.</p> <p>3. No. See above.</p> <p>4. We do not know such documents.</p> | | |
| Central Statistical Bureau of Latvia | <p>1. Yes, they should.</p> <p>2. Yes, they should.</p> | <p>1. Probably yes, we use it in compilation of financial accounts.</p> <p>2. It should be classified as a deposit or as a new “interbank position”.</p> <p>3. If the proposal to show separately “interbank positions” will be adopted, we could show it.</p> | <p>1. No, from our point of view such classification would be too detailed for the time being.</p> <p>2. No.</p> | <p>1. No, the classification would be too detailed for the time being.</p> <p>2. No</p> |
| Croatian National Bank | <p>1. We think that monetary gold and SDRs should not be shown separately.</p> <p>2. Split of the single item into monetary gold and SDRs should be standard, as it is in existing ESA95 Manual.</p> | <p>1. Yes, we would like that SNA will be adapted to the ESA95 conventions.</p> <p>2. We do not have an opinion on that issue, as those item are netted out.</p> <p>3. Yes, we would show such a new sub-category "interbank positions" as deposits, separate sub-item under currency and deposits.</p> <p>4. We do not have any knowledge about existence of any other documents spelling out the basis for distinguishing loans from deposits.</p> | <p>1. We do not think it is desirable to specify additional supplementary items to identify investment fund categories (such as bond, equity, real estate, mixed fund and hedge fund shares).</p> <p>2. We would probably not be able to obtain information about investment fund categories in practice. Classification of fund according to mentioned categories is a hard task, especially taken into account that data collection from investment funds is not completely developed in our country.</p> | <p>1. Yes, it would be desirable to specify risk categories, and we think it would be more desirable than distinction between forwards and options.</p> <p>2. We would be able to obtain information on currency, interest rate nad equity derivatives from banks, but we are not able to obtain information on types of derivatives (forwards or options).</p> |

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| <p>Ceská národní banka</p> | <p>1. The items “Monetary gold” and “SDRs” can be recorded separately (according to the 1995 ESA in two categories: monetary gold AF.11, F.11 and SDRs AF.12, F.12) and aggregated into one item – AF.1, F.1. 2. Yes – Monetary gold and SDRs can be recorded at the same level in the classification.</p> | <p>1. In our opinion, SNA should adopt the convention according to the ESA1995 as articulated in para 5.75. In compliance with legal measures, an agreement between a bank and a legal or a natural person determines whether the given amount is treated as a deposit or as a loan. 2. If both parties are depository institutions, it would be better to introduce a sub-category “interbank deposits” and “interbank loans” and these items record as “memorandum items”. 3. Question 4: We do not know any other than legal documents distinguishing deposits or loans. In the Czech Republic, separating of loans and deposits between a bank and bank customers is based on the legal documents, e.g. Commercial Code, Civil Code or the Act on banks etc., which regulate legal relations, contractual liabilities.</p> | <p>1. We assume that it is desirable to specify investment funds separately – i.e. to adopt the convention in the 1995 ESA; but such unit has to be an institutional unit. In the Czech Republic - investment funds and investment corporations were established in compliance with a special Act. Investment corporations manage several funds, which are not institutional units and data for them are collected and recorded for the investment corporation as a whole, i.e. the investment corporation can be shown as a “mixed fund”. 2. Information for investment funds and investment corporations is available. Splitting of these units by bond, equity, real estate etc. is not presently available. It would require additional survey, expenditure and capacity.</p> | <p>1. We agree with introducing of financial derivatives in the separate item – AF.7, F.7 2. We have no information on categories of financial derivatives. The banking supervisory authority does not provide the information. Besides, financial derivatives (as financial instruments) were introduced in the accounting systems of institutional units in the end of ninetieth and they are shown only as a part of “other receivables and other payables” in a balance sheet.</p> |
| <p>Czech Statistical Office</p> | <p>1. The items “Monetary gold” and “SDRs” can be recorded separately (according to the 1995 ESA in two categories: monetary gold AF.11, F.11 and SDRs AF.12, F.12) and aggregated into one item – AF.1, F.1. 2. 2. Yes – Monetary gold and SDRs can be recorded at the same level in the classification</p> | <p>1. SNA should adopt the convention according to the ESA1995 as articulated in para 5.75. In compliance with legal measures, an agreement between a bank and a legal or a natural person determines whether the given amount is treated as a deposit or as a loan 2. If both parties are depository institutions, it would be better to introduce a sub-category “interbank deposits” and “interbank loans” and these items record as “memorandum items” 3. We do not know any other than legal documents distinguishing deposits or loans. In the Czech Republic is separating of loans and deposits between a bank and bank customers based on the legal documents, e.g.</p> | <p>1. We assume that it is desirable to specify investment funds separately – i.e. to adopt the convention in the 1995 ESA; but such unit has to be an institutional unit. In the Czech Republic - investment funds and investment corporations were established in compliance with a special Act. Investment corporations manage several funds, which are not institutional units and data for them are collected and recorded for the investment corporation as a whole, i.e. the investment corporation can be shown as</p> | <p>1. We agree with introducing of financial derivatives in the separate item – AF.7, F.7 2. We have no information on categories of financial derivatives. The banking supervisory authority does not provide the information. Besides, financial derivatives (as financial instruments) were introduced in the accounting systems of institutional units in the end of ninetieth and they are shown only as a part of “other receivables and other payables” in a balance sheet.</p> |

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| | | Commercial Code, Civil Code or the Act on banks etc., which regulate legal relations, contractual liabilities. Inter-bank loans and deposits (reputedly) are not, according to the CNB, legally regulated; it depends on “common law” | “mixed fund” 2. Information for investment funds and investment corporations is available. Splitting of these units by bond, equity, real estate etc. is not presently available. It would require additional survey, expenditure and capacity. | |
| Danmarks Nationalbank | 1. Yes.2 Preferably F.1 and F.2 given the different treatment concerning the liability side.+B36 | 1 Yes (for short-term).2 Deposit (for short-term). A full sector allocation of FISIM is anyway needed in National Accounts, therefore "inter bank positions" are neither more, nor less essential to be specified in unconsolidated Financial Accounts compared to other whom-to-whom information. The whom-to-whom dimension should in general not influence the instrument classification.3 -4 No. | 1 Yes, the use of Financial Accounts would benefit from further details on investment fund shares.2 Yes. | 1. Yes, the use of Financial Accounts would benefit from further details on financial derivatives.2 Currently, no. Further details would require new data sources, which may not stand for a cost benefit analysis. |
| Danmarks Statistik | 1. Yes. Following the proposal that liabilities should be shown for SDRs, with assets and liabilities shown on a gross basis, we find it appropriate to show SDRs separately from monetary gold, for which there are no counterpart liability in the system. 2. Monetary gold and SDRs should be put at the same level in the classification. 3. - | 1. We support the adaptation of the 1995 ESA convention. 2. The position should be classified as a deposit with the optional possibility to create a new sub-category of “interbank positions”. 3. A sub-category of “interbank positions” would be used. 4. - | 1. Additional supplementary items would come at a cost of higher complexity to the system, and should therefore be optional. 2. Information would be available on bond and equity, but insufficient information would be available for real estate to make specifications at this degree of detail. | 1. The breakdown of derivatives into different risk categories seems to be too detailed. The information seems of little use unless all financial instruments have a more detailed split into risk categories than those currently proposed. It is recognised that there can be substantial differences between the various kinds of derivatives regarding their risk nature, but this is also the case for other financial instruments – for instance debt securities, where there are substantial differences between the risk nature of government issued bonds and high yield corporate bonds. Splitting of derivatives into risk categories |

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| | | | <p>alone does not seem to make a risk analysis of an institutional sector very comprehensive. The split of derivatives into options and forwards is again only of use if you have more information. There seems to be substantial differences between various kinds of options (European vs. American, put vs. call, options on interest rates vs. options on equity etc.). There can be differences between the risk of an option and a forward, but then again the two instruments (or combination of options vs. a forward) may be much alike both in payment structure and risk nature. The conclusion is that the outcome of the work does not seem to be adequate compared to the amount of work needed to make these splits. It is though agreed that employee stock options should be shown as a subcategory of financial derivatives.</p> <p>2. Collection and treatment of information at this degree of detail would be possible. However, it would require the use of substantial resources, collection of new information and an extra burden for respondents.</p> |
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| <p>De Nederlandsche Bank</p> | <p>1) Yes, monetary gold and SDRs should be shown separately as the latter now also constitutes a liability. Additionally, this will promote consistency with the balance of payments (international accounts statistics) 2) It seems logical to put them at the same level. 3) -</p> | <p>1) Yes, the separation of loans from deposits by sector of the debtor (par. 5.75) is very much preferred over the criterion of initiative (stated in par. 5.74). 2) Assuming that it follows from the practical recommendation of par 5.75 that in case of a short-term loan from a MFI to another MFI both MFIs book it as a deposit there is no need for a new sub-category. These positions could simply be included with deposits. Interbank deposits can be identified on the asset side of the MFIs' balance sheet. 3) See 2. 4) -</p> | <p>1) Yes, this additional information would be (very) informative as it reveals the type of risk investors are taking. It is however relatively costly to collect. Further, it requires operational criteria to define the various types of investment fund shares. 2) Yes, with our security-by-security system we would in principle be able to distinguish these categories. It does, however, initially require lists of the various types of investment fund shares to make the required breakdown. The scope of this effort depends on the availability of such lists.</p> | <p>1) Data on financial derivatives would be much more useful if split by risk category (e.g. equity, interest rate, exchange rate). This would however not be sufficient. To allow for a correct interpretation of the data, it would also be necessary to know the direction of the hedge made using the instrument (in other words, is the position taken a long or a short one), which might be quite costly to collect. Users have to express themselves whether they think it is worthwhile to get a split by risk category or even further by direction of the hedge keeping in mind the costs involved. 2) Not at the moment.</p> |
| <p>Deutsche Bundesbank</p> | <p>After the introduction of a liability as counterpart to the SDRs it does not make sense to put monetary gold and SDRs undistinguishable together. In addition, in the SNA-table 5.2 of the draft BPM6 monetary gold and SDRs are already shown as separate financial instruments and even classified under different instrument categories (monetary gold as other instruments, SDRs so far as debt instruments). 1. Yes2. Yes3. Not applicable.</p> | <p>1. Yes, vis-à-vis non-banks.2. As a follow-up of the ROSC-Mission to Germany last year we have changed our national publication regarding loans and deposits. In this context interbank-positions have been classified as a loan. But from our point of view we do not have any objections to create a new sub-category “interbank positions”.3. See above.4. As far as IFs are concerned the forthcoming regulation of IFs is expected to introduce the terms “deposits and loans taken” and “deposits and loans granted” which might be useful.</p> | <p>1. No, not relevant for BoP. Moreover there are no clear criteria or harmonized legal rules to distinguish hedge funds and other investment fund categories. 2. Partially: yes, for stocks and flows for IF as issuer of investment fund shares, after the introduction of a sec-by-sec data collection for IF; no, for MFIs’ counterpart information about different types of investment fund shares.</p> | <p>As already discussed in section 2.7, in analytical terms it might be helpful to separate credit default swaps since they provide a guarantee to a third party and hence differ substantially from other derivatives. However, given the upcoming trend of a growing use of hedge accounting, for example under the IAS framework, refinements as proposed might have implications on the instrument classification.1. No, not relevant for BoP and financial accounts.2.</p> |

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| | | | | Generally not. |
| Economic and Social Research Institute Cabinet Office Japan | <ol style="list-style-type: none"> 1. Yes 2. Yes | <ol style="list-style-type: none"> 1. No. On the credit side, deposits and lendings (=loans as an asset position) should be shown separately. On the debit side, also, deposits and borrowings(=loans as a liability position) should be shown separately. 2. If the asset position of the first depository institution is classified as a loan, the corresponding liability position of the second depository institution should be classified as a loan. 3. It should be shown as a sub-item under loans. 4. No | <ol style="list-style-type: none"> 1. Since the boundary among each item is not clear, burdens for specification are so heavy that and most of the assets would be classified as mixed fund. So it is not feasible. 2. Impossible. | <ol style="list-style-type: none"> 1. Yes 2. We publish the balance data for the end of fiscal year. However, we don't collect data about the amount of transaction. We treat all the change of balance as the amount of reconciliation. |
| European Central Bank | <ol style="list-style-type: none"> 1. Yes 2. Yes, as F.11 and F.12 | <ol style="list-style-type: none"> 1. Yes, vis-à-vis non-depository institutions; issue how to deal with long-term instruments has still to be resolved. 2. Interbank positions 3. Deposits 4. ESCB's STC document | <ol style="list-style-type: none"> 1. Yes: MMFs and others as standard and further breakdown as supplementary in the absence of a harmonised approach. However, there might be options for improvements arising from the work of the European Fund Categorization (EFCF) 2. CSDB, subject to availability of harmonised categories. | <ol style="list-style-type: none"> 1. Split depending on costs-benefits. 2. No |
| U.S. Federal Reserve Board | <ol style="list-style-type: none"> 1. Either way would be ok. We would be able to show the items separately. My preference might be to keep it as one group with the two items shown separately underneath and that they be standard items 2. Yes 3. Standard | <ol style="list-style-type: none"> 1. No 2. Interbank positions 3. I guess it would make the most sense to put it under deposits, rather than loans. 4. I am not aware of any | <ol style="list-style-type: none"> 1. It would probably be desirable. However, we do not collect information by fund type but rather by type of asset 2. No. We would only be able to report whether the shares are invested in bonds, equity, or real estate. Mixed funds would be split by the assets in the funds, and we do not have information on hedge fund shares. | <ol style="list-style-type: none"> 1. Yes, probably so. 2. No, we do not collect information on derivatives. |

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| <p>IMF</p> | <p>1. yes 2. For reconciliation with the balance of payments and IIP, it makes no difference, provided they are shown separately. For national accounting purposes, we can see why there might be a preference to keep the number of broad classifications to a minimum, given that these amounts are likely to be relatively small</p> | <p>1. We have no problem with this proposal 2. We do not feel that there is any need for this additional item: in a flow of funds framework, the from whom/to whom relationships are clear, especially those between banks 3. See comment above (4.2.2) However, we would like to comment on the text on p. 4 “Instead a different convention would be adopted, for example that all positions are shown as positive or negative deposits.” We feel that, as a general principle, assets and liabilities should not be netted: assets are assets, and liabilities are liabilities. The SNA is very clear on this principle, which we strongly endorse 4. Not that we are aware of Our response to question #4.2.1, the IMF does not support an asymmetrical treatment of some transactions/positions, wherein some would be treated as deposits, and some as loans, merely because they are assets or liabilities of banks.</p> | <p>1. No. Moreover, we are not comfortable with the ECB’s proposal for the definition of “investment funds” as it would cover any financial intermediary – or even any enterprise. So, separating “hedge funds” from other types of “funds” would be even more problematic We don’t understand this proposal: what seems relevant to us is the assets that are held by the fund, not whether it is a fixed income, equity, real estate, or any other type of fund. And the asset holdings of these funds are a standard part of the current system. If more information on types of funds is required, that can be done as part of an industry analysis, but we do not see that there is any point in adding it to the central framework of the SNA 2. Not relevant information for the core of the SNA</p> | <p>1. The IMF Committee on Balance of Payments Statistics didn’t see that it was worthwhile. We are not persuaded that the core of the SNA is the appropriate place for all this additional information but the information could be developed as part of other macroeconomic statistics, such as monetary and financial statistics. In this regard, we do not see that there is a need to identify separately credit default swaps (otherwise known as credit derivatives, or guarantees with financial derivative characteristics) from other financial derivatives. This seems to be dealing with an issue that is the “flavor of the month” in a document that is to have a 10 to 15 year life, during which time issues will rise and fall in importance, especially those in financial markets, where innovation is a constant. The role of the SNA is to set general principles, and a core system that has a clear shelf life of at least that timeframe, and not to be diverted with current, possibly short-term, issues.</p> |
| <p>Banque Nationale de Belgique</p> | <p>Yes Yes, because both instruments have the common feature to be exclusively assets of the Central</p> | <p>1. YES, only if the other party is a non-depository institution. When the other party is a depository institution, it is an impracticable convention for systems of financial accounts</p> | <p>1. YES. D37 We find that proposal more easy to implement in practice than the solution adopted until now by the ECB in</p> | <p>1. We fear that this information will not be available. 2. Probably not.</p> |

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| | Bank. | <p>which identify the counterpart sectors. Indeed, in that case, the same instrument has to be used for the asset side and the liability side.</p> <p>2. As a deposit (convention adopted in the WG MUFA).</p> <p>3. NO. As there is a tendency to recognize counterpart information in the systems of financial accounts, we find that in the long-run this requirement will not be necessary.</p> | <p>its monthly bulletin, which identify the various types of funds according to a breakdown of the sub-sector (Investment funds) and not according to a breakdown of the financial instrument (Investment fund shares). A breakdown by instrument requires less information to be collected than a breakdown by sector for a similar result (to analyse the market shares of the various types of investment funds).</p> <p>From a practical point of view, such a breakdown will be harder to achieve for the asset side (i.e. for the holders) than for the liability side.</p> <p>2. Yes</p> | |
| Narodowy Bank Polski | <p>1. Monetary gold and SDRs should be presented separately as only SDRs will have an associated liability.</p> <p>2. Monetary gold and SDRs should be presented at the same level in the classification. We prefer to treat them as two separate instrument categories, i.e. at the highest level of classification, and not as sub-items of “monetary gold and SDRs”, because only SDRs will have a counterpart liability.</p> <p>3. N.a.</p> | <p>1. It is difficult for us to accept that the SNA will adopt the conventions articulated in para 5.75 in the ESA95. The reasoning to incorporate a convention that refers to short-term operations only is not clear to us. The proposed approach in which if one party is a depository institution, an asset position of a depository institution should be classified as a loan and a liability position should be classified as a deposit could be accepted if it covers all deposits and loans.</p> <p>2. We prefer to include a new sub-category “interbank position”. Please note if the proposed wording is correct as this sub-category could comprise operations between depository corporations, and not banks only.</p> <p>3. We agree that a new sub-category “interbank position” will be presented, by convention, as a sub-item under “currency and deposits”.</p> <p>4. We cannot recommend any other additional</p> | <p>1. We agree with the AEG on presentation of breakdown by types of investment fund shares in supplementary items. It seems that money market shares should be a mandatory item. There is a need for clear definitions for all types of funds in the new SNA to make data internationally consistent and comparable. Please note that the proposed classification in Table 2 includes breakdown into money market funds shares/units and other investment fund shares/units, and not by all types of funds.</p> <p>2. At present detailed data by type of funds are not available. Data for resident investment funds will become available in the future in the format defined by the ECB</p> | <p>1. We have some reservation whether the breakdown by risk categories for forwards and options should be included in the revised SNA in the form of supplementary items, as this information seems to be too detailed. If the breakdown by type of risk is incorporated in the SNA as supplementary items, as the AEG has agreed, clear guidance of classifications into particular risk category will have to be provided to ensure comparability.</p> <p>2. Data available at present do not meet proposed degree of detail. To obtain them, existing reporting systems</p> |

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| | | documents spelling out the basis for distinguishing loans from deposits. We agree with the AEG that there is a need for transparent and fully operational guidelines how to classify operations between two non-depository corporations in case the “interbank position” is introduced. In our opinion criteria included in international manuals (i.a. in the ESA95, para 5.74-5.76) seem to be insufficient. | in its regulation on other financial intermediaries, which is to be finalized soon. | must have been substantially modified. |
| Národná banka Slovenska | 1. Yes 2. Yes | 1. Yes 2. We prefer loan and deposit instead of “interbank positions” 3. Yes | 2. Yes | 2. Yes |
| National Statistics Office, Malta | Note: these answers to these questions below relate to the General Government Sector only. The decision whether to start grouping the two items or not, do not effect Malta, since we do not have any Monetary gold and SDRs within the General Government Sector. | Not applicable for the financial accounts of the General Government sector. | 1. In Malta’s case, such level of detailed data is not available. Also, real estate, mixed funds and hedge fund shares are not applicable to the financial accounts of the General Government Sector. 2. Obtaining such detailed data would be very difficult from our sources. | 1. Financial derivatives are not applicable to the General Government Sector in Malta at the moment. 2. Identifying the source of data will be impossible at this point, since no financial derivatives exist. |
| Norges Bank | 1. No comment Our stock of monetary gold was sold in 2004 | 1. Yes. We prefer that deposits on the liability side should be restricted to depository institutions (MFIs). All “cash inflow” in depository institutions from non-banks should be classified as deposits. 2. Deposit. However, we do have the necessary breakdown in our data to identify interbank positions but would prefer to avoid a change in the official classification 3. - 4. No | 1. No, not as mandatory items 2. Yes for resident fund shares, only partly (financial sector) for non-resident fund shares. | 1. No 2. No |
| The responses have been coordinated with Statistics Norway | | | | |

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| OECD | <p>1. Yes 2. Yes, but they should remain part of F.1 and be at the same level as two sub-items of F.1 (this will allow no change to the numbering).</p> | <p>1. Yes, it seems a sensible recommendation, and there appears to be no better alternative 2. Prefer “interbank positions” 3. Yes, it is best to isolate these transactions</p> | <p>1. This additional supplementary information is very useful for analysts. We recommend therefore that the SNA should specify these additional supplementary items.</p> | <p>1. We are in favour</p> |
| Oesterreichische Nationalbank | <p>1. No 2. - 3. Standard</p> | <p>1. Yes, because this would reflect the actual situation in the banking statistics, which are the main source for both balance of payments statistics and financial accounts statistics in Austria. 2. We would propose to treat this as deposit, reflecting that depository institutions issue deposits on the liability only.</p> | <p>1. Users are highly interested in fund types of investment funds. But there is no standardized pan-European classification. In most of the countries there exists no law and no special provision how to classify investment funds according to their investment strategy. Hence, for statistical purposes the fund industry has reached an agreement how to classify funds. Perhaps the European Fund Categorization (EFCF) could solve this problem. This organisation is in the process of developing a pan-European classification of investment funds broken down by investment policy for their member-institutions. 2. The Austrian investment fund management companies report on a fund-by-fund basis statistical balance sheet data to the OeNB. Hence it is possible to aggregate balance sheet data of funds according to types of funds. Other statistical collection systems (for banks, insurance companies, etc.) do not provide information of holdings of investment funds shares/units broken down by fund types.</p> | <p>1. Given the difficulties to compile correct figures on financial derivatives and heterogeneity of different contracts within these two categories we would suppose to make no split.</p> |
| ONS, UK | <p>1. yes 2. yes</p> | <p>1. Yes 2. Interbank positions. 3. Yes.</p> | <p>1. No (whilst it may well be desirable to have such information, in reality it is</p> | <p>1. No. The current demand from data users to this suggested level of detail is</p> |

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| | | <p>4. No</p> | <p>impractical to collect such information through surveys). 2. No although information on UK equity is available through the UK Share Ownership Report.</p> | <p>perceived to be small; however, if there was the likelihood of an increased analytical interest in such sub-categories, new risk categories could be introduced as supplementary items. A crucial factor would be the ability of national statistical systems to supply reliable data by product and by risk category. 2. No. Within the UK national accounts framework, the Bank of England currently collect information on banks' aggregate business in derivatives: positions data are available, split by both instrument type and risk category. User demand for these breakdowns has been insufficient to justify the continuing collection by instrument and risk categories. It is proposed to drop this requirement. Within the surveys of other financial corporations and non-financial corporations operated by the ONS, data on derivatives are collected to a limited product analysis, or in aggregate at the F.34 instrument level. There is no prospect of expanding the reporting framework in the ONS surveys to include risk categories.</p> |
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| Reserve Bank of South Africa | <p>1. We prefer a single asset class with a clear split between Monetary gold and SDRs and the split should be standard, i.e. as shown on p117 LR4.</p> | <p>1. Yes, however, we would like to suggest an amendment to the sentence reading as follows.....”and a liability position be classified as a deposit/or loan in case of funding from a non-monetary institution to a monetary institution.” 2. As a deposit 3. Yes 4. The issue is attending to in the following document: “International conversions of the capital measurement and capital standards – a revised framework, issued by the Basel committee on Banking Supervision during 2005.”</p> | <p>1. Money market funds should be separately identifiable, and a standard item. In addition, we support the supplementary notion for other items. 2. Yes, as measured from the reporting mechanisms of unit trusts (also known as mutual funds or collective investment schemes).</p> | <p>1. No. In my view it is not desirable to specify risk categories for forwards and options. 2. No. It would be difficult to obtain information at this degree of detail A general item “other” could be helpful here to classify any newly created items, not classified under the existing items or as a newly defined item, yet.</p> |
| Saudi Arabian Monetary Agency | <p>1. Yes 2. Yes</p> | <p>1. Yes. 2. It should be classified as a new sub-category "interbank positions". 3. No. 4. No.</p> | <p>1. Yes. 2. To some extent yes.</p> | <p>1. Yes, with more detail of the type of financial derivative products. 2. It is quite possible.</p> |
| Statistical Office of the Slovak Republic | <p>1. Yes, they should be shown separately 2. Yes, they should be classified at the same level</p> | <p>1. No, in our opinion it would arise the problem with balancing assets and liabilities 2. It should be classified as a new category “interbank positions” 3. Yes, it should be classified as a separate sub-category under deposits 4. We have no such documents, where distinguishing loans from deposits are described</p> | <p>1. We would welcome such specification 2. It would be a problem to obtain such detailed data, because of small range of collective investment in Slovakia</p> | <p>1. We would welcome such specification 2. Yes, based on the banking information</p> |
| Statistics Finland | <p>1. Yes 2. Yes</p> | <p>1. First of all, we would like to bring out that ESA95 para 5.75 is not that straightforward. However, we wish the SNA to adopt ESA95 conventions. 2. We think that classification to loans or deposits should be based on the nature of these positions. Both loans and deposits could be recorded. A new sub-category “interbank positions” would be useful, but it should not be a core variable. It would not fit well to financial asset classification. 3. No, it should be a supplementary item.</p> | <p>1. Yes, it would be useful information. 2. Yes, but only for domestic investment fund shares.</p> | <p>1. No 2. No</p> |

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| Statistics Lithuania | 1. Yes 2. Yes | 1. Yes 2. No | 1. No 2. No | 1. No 2. No |
| Statistics Netherlands | Monetary gold and SDRs: we would propose to show these two items separately, like in the ESA-tables with both items under AF.1. Monetary gold then becomes (AF.11) and SDRs (AF.12) | Loans and deposits: we agree with the ESA convention in para 5,75. Further, we would propose to show positions between MFIs under deposits. A new subcategory "interbank positions" introduces a specific element in a general classification. This kind of information may also be derived from comparison between the consolidated and non-consolidated tables | Investment fund shares: we think that the proposed classification of mutual funds shares into "money market" and "other" is sufficiently detailed. A large part of these shares are held by households. From the assets side of the mutual funds sub-sector (the changes in) the composition of financial instruments held can also be traced | Financial derivatives: additional information on risk categories would be desirable from an analytical point of view but should be weighted against the extra reporting burden. This extra burden may be limited/reduced if it is possible to derive this kind of information from a few reporting units |
| Statistics New Zealand (in corporation with Reserve Bank of New Zealand) | 1,2,3: Not seen as an issue in NZ and we have no preference. | 1. Yes 2. Show interbank positions separately. 3. No firm view on this. If the intention is keep the high level instrument categories at 8, the inclusion as a subset in deposits would seem a satisfactory convention. However, what is to be recorded in these "interbank positions" may need to be closely defined. 4. No | 1. Yes, but as memorandum items only. The distinction between Money Market Funds and Other Funds is a useful distinction that should be retained, but this should be the maximum level that should be "required" 2. Not tested. | 1. No strong opinion, although it is thought that this may be a bit premature as there may not be not sufficient international agreement. 2. No |
| Sveriges Riksbank | 1. No, this classification reflects a situation where financing through SDR was much more important than today. It is a good idea to show Monetary gold and SDR:s as one item. 2. - 3. This split is of little interest for the external users. However it is of interest for international | 1. Yes, we are in favour of the proposal; it is a fairly clean-cut method and it would be beneficial to harmonize the SNA and the ESA. 2. Interbank loans and deposits should be treated as either a new sub-category "interbank positions" or as deposits only. Such positions should not be treated as loans. As to the treatment of these positions as "interbank positions" or as deposits we would favour the new sub-item "interbank positions". | 1. We would favour to make it an option to specify Investment Fund Shares supplementary as an "of which" item. Hedge funds are more volatile in their investment strategy and would therefore, if accurate data would be available, be of interest for users to identify. The problem is however that in Sweden and many other countries | 1. The SNA review concerns statistics that aim at describing saving and balances and not risks or exposures. This difference is especially important for statistics on financial derivatives where these two purposes would imply very different data to be collected. We would propose |

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| | reconciliation and could thus be reported to the IMF for checking consistency in the treatment. That may well be done if this split is made supplementary. | <p>This would keep a better link between deposits and monetary aggregates and would allow for reconciling these positions within the MFI-sector. It would also allow for distinguishing loans and deposits to non-bank customers, which is of importance for measuring FISIM, as pointed out in the attachment. This is, however, a more ambitious approach, and we could accept showing these positions indistinguishably as deposits.</p> <p>3. See above</p> | <p>it is difficult to identify the Hedge funds.</p> <p>2. In Sweden there exists no legal framework for the classification of funds into subcategories. However, in the fund statistics collected today by the Financial Supervisory Authority (FSA) funds classify themselves according to criteria's set by the FSA into bond, equity, mixed and other funds (there exists no real estate funds in Sweden and hedge funds are not defined). On this issue it is important to bear in mind the experience from the OFI steady state approach; that it has proven very difficult to find a harmonized workable definition of fund subcategories for the EU countries.</p> | <p>to stick to a clean SNA-approach without specifying risk categories. Risk-oriented statistics should be dealt with in other statistical domains like BIS-statistics, etc. Furthermore, we have a comment regarding the naming of the subcategories of Financial Derivatives. The categories "Options" and "Forwards" may give a rather narrow impression of the content of these items. Since instruments like swaps (interest, currency, credit default) and Fras, should be included here, it would be more accurate to make a breakdown according to Option-like and Forward-like derivatives.</p> <p>2. It is always a matter of cost for respondents and compilers if the information is deemed important. We would however, propose to abstain from this additional breakdown.</p> |
| Swiss National Bank | | <p>if one party is a depository institution, an asset position of a depository institution should be classified as a loan and a liability position as a deposit</p> <p>if both parties are depository institutions the position should be classified as a new sub-category 'interbank positions' under 'currency and deposits'</p> | <p>Concerning investment fund shares we do not support a breakdown into sub-categories. No standard classification exists at present and there is a lot of innovation in the funds industry. It would be premature to define investment fund types in the SNA</p> | |
| U.S. Bureau of Economic Analysis | Monetary gold and SDRs -- Should monetary gold and SDRs continue to be grouped in a single asset | | | <p>Financial derivatives. We generally agree with the recommendations of the AEG.</p> |

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| | <p>class? If not, should they appear as two separate items or as two categories under a single item?</p> <p>We recommend that monetary gold and SDRs not be grouped in a single asset class, as these are quite dissimilar categories. For the same reason, we recommend that they appear as two separate items, not as two categories under a single item. Listing these separately would make the SNA consistent with the long-standing practice of separate enumeration in the BOP Manual.</p> | | | <p>However, we have concerns about the recommendation to separately identify financial derivatives that are used to provide a guarantee to a third party (e.g., credit derivatives). Most countries do not have even basic data available on derivatives, and it is premature to recommend that the financial derivatives category be further subdivided. At most, this should be supplementary information and not a standard component.</p> <p>1. No. 2. We certainly could not obtain additional detailed information on derivatives in the short term. Even in the longer term, the information could not be obtained without substantial difficulty.</p> |
| Ufficio Italiano dei Cambi | <p>1. Yes 2. No 3. Standards</p> | <p>1. yes 2. Interbank positions 3. Sub item 4. -</p> | <p>1. No 2. No</p> | <p>1. No. 2. No</p> |
| UNSD | <p>1. yes 2. Should be at the same level for reconciliation</p> | <p>1. Agree with the proposal to adopt the ESA 2. A new subcategory of "interbank positions" is attractive if interest payable and receivable on interbank positions are also separately identified for the purpose of approximating a low-risk interest rate in countries where bonds are not yet financial instruments. Otherwise, it is not necessary, especially when flows of funds are available 3. No opinion 4. No opinion</p> | <p>It is not relevant for the core of the SNA but it may be useful for analytical purposes of financial analysts</p> | <p>It is not possible for most national accountants to prepare this and it is not relevant to the core of the SNA</p> |

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| Statistics Canada | <ol style="list-style-type: none"> 1. Not necessarily 2. Probably. 3. Supplementary | <ol style="list-style-type: none"> 1. No 2. The inter-bank positions seem like the best option 3. Possibly 4. No | <ol style="list-style-type: none"> 1. Yes as supplementary items 2. Possibly | <ol style="list-style-type: none"> 1. No 2. No |
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b) General comments

| Institution | Comments |
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| INE Portugal | In Portugal the compilation of financial accounts is under the responsibility of Banco of Portugal. Nevertheless, the National Statistic Institute works in close cooperation with Banco of Portugal and we followed and agreed with their answers and we don't have more comments on it |
| Banco de España | <p>2.1 Comments: Both alternatives are acceptable: that is, either two separate items or two categories under the same item. However, the first option allows consistency between the future BPM5 and 93SNA. In the International reserves and foreign currency liquidity template these two items appear as two separate items.</p> <p>2.4 Comments: The BOPCOM support the AEG proposal. However, in the last meeting it was considered that the use of the party who initiates the arrangement is not an effective criterion.</p> <p>2.5Comments: For BOP purposes, no agreement was reached by the BOPCOM in relation to the supplementary items for investment fund shares/units. Although making this distinction is useful, an international definition of mutual funds would be required. In other words, information on the nature of the different types of mutual fund across the world is needed to avoid asymmetries.</p> <p>Comments: From the BOP perspective, the BOPCOM also reaffirmed the market principle for valuing unquoted equity; different methods to approximate this market value have been described in the DITEG outcome paper #1, but no ranking was agreed. In addition, three methods were not considered to provide good approximations of market value: a) use of stock price indices to revalue cumulative flows, (b) historic or acquisition cost, and (c) summing transactions.</p> <p>2.6Comments: This third recommendation appears to differ from that made in the annotated outline of the future BMP (Chapter 3, Accounting principle, paragraph 3.16."Property income earned on technical reserves held by insurances corporations.... Because the policy holders own the technical reserves, the income earned from the investment of these reserves should be shown as received by the policy holders".</p> |
| Banque de France | Part 3 – table2 : We strongly approve the change of “net equity of households in pension funds” in “pension entitlement”. In France, there are no institutions such as pension funds: insurance companies are entitled by law to provide for pension contracts. Thus using the words “net equity of households in pension funds” is a lie. However, we want to separate “pension entitlement” from “life insurance provisions” on the liability side of insurance companies because it is a very meaningful split. If not in SNA, the words will have to be introduced on a national ground. |
| Bank of England | (i) We consider the use of the term “currency” to be ambiguous at present. As set out in F2, “Currency and Deposits” it carries the meaning notes and coin in circulation. We regard this as correct usage. However, the term “foreign currency” is variously taken to mean notes and coin denominated in the units of another economic territory, or bank deposits so denominated. Deposits are a claim against a third party to receive currency, but they are not currency in their own right. The SNA instrument classification should attempt to clarify this point. (ii) In Section 2.5 of the document reference is made to “quoted shares” and “unquoted shares”. Is “quoted” the standard international terminology or is “listed” in wider usage? (iii) Again in 2.5, and also footnote 6, we remain concerned that reporters will in practice opt to report at historical cost which IFRS permits as an alternative to fair value. |
| Bank of Russia | One more comment on identification of employee stock options under financial derivatives. Given extending the ways that employers use at present to remunerate the staff we'd like to pay your attention that IFRS 2 notes not only employee stock option but numbers of similar instruments joint them under title “share-based payments”. In our opinion it would be helpful to examine all them too. |
| BIS | It is not clear that the use of an interbank interest rate means there is no bank FISIM. Although the interest rate applied is the same for interbank deposits and loans, the outstanding value of net lending (loans less deposits) is likely to be small, but non-zero. |
| Deutsche Bundesbank | <p>The AEG agreed (i) to recognise SDR allocations as gross liabilities; (ii) to classify the allocations and cancellations of SDRs as transactions; and (iii) to continue to treat SDRs as an instrument, showing the assets and liabilities separately (page 38 of the Short Report, 4th AEG meeting (p. 38, SR4)).</p> <p>The AEG agreed (i) to classify unallocated gold accounts and other unallocated precious metal accounts as financial assets/liabilities; (ii) not to classify other forms of unallocated commodity accounts, if such exist, as financial assets/liabilities; and (iii) if any accounts are classified as financial assets/liabilities, to classify them as deposits (as foreign currency deposits without a need of any specific deposit class) (p.24, SR4)</p> <p>The AEG agreed to introduce the term debt securities to replace securities other than shares (p.42, SR4)</p> |

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| IMF | <p>With regard to postscript #1, it is felt that it is incumbent on the IMF to propose an interim solution to the problem of classification of clearing houses for repurchase agreements which act as principal to all transactions conducted through them. The IMF considers that an interim solution is to treat them as depository corporations, even though they do not meet the definition, as (i) banks are the primary users of these institutions, and their transactions will tend to net out in the aggregate, and (ii) if these clearing houses were not included in depository corporations, the resulting distortions to monetary aggregates might undermine their usefulness.</p> <p>In regard to postscript #2, on the adoption of “provisions” instead of “reserves” with regard to insurance and standardized guarantees, on further consideration we withdraw this comment as we do not wish to reopen the AEG’s discussion on this issue as reflected in the minutes of its February 2004 meeting. Those minutes state that the AEG “supported the extension of technical provisions to equalization provisions and other special provisions. The use of the term “provisions” was discussed at some length. The AEG agreed that it can be used in future, but with qualifications to distinguish it from the common term “provisions” used in other business accounts.”</p> |
| Reserve Bank of South Africa | <p>1. General Our answers on questions 4.1 to 4.4 are made against the background of the outline of the proposed classifications (which we support) in the table on page 117 of the “Long draft report” (LR4) of the AEG meeting 30 January to 8 February 2006.</p> |
| Statistics Lithuania | <p>In general Statistics Lithuania supports proposed new classification of financial assets and liabilities in the 1993 SNA Rev 1.</p> |
| U.S. Bureau of Economic Analysis | <p>Issues 2.2 through 2.4: Currency and deposits; securities other than shares; and loans. We agree with the recommendations of the AEG.</p> <p>Issue 2.5: Shares and other equity. We generally agree with the recommendations of the AEG. However, the AEG agreed to include a breakdown of shares into quoted shares, unquoted shares, and other equity, with the last item covering the net equity in quasi-corporations and partnerships where there are no shares. We would prefer if there were just 2 categories under this item – quoted shares and other equity, and unquoted shares and other equity. Unincorporated enterprises like partnerships and trusts would be included in the appropriate category depending on circumstances. Equity in some types of unincorporated enterprises may be listed on public exchanges; for example real estate equity trusts (REITs), limited partnership interests, some types of unincorporated mutual funds, and other types of unincorporated enterprises are often listed on public exchanges and trade daily. These should be included in the category for quoted shares and other equity.</p> <p>Issue 2.6: Insurance technical reserves. We agree with the recommendations of the AEG.</p> <p>Issue 2.8: Other accounts receivable/payable. No changes are proposed to this category. We have no comments.</p> <p>Issues 3.1 through 4.3: No comments.</p> |
| Statistics Canada | <p>2.6 The current term “reserves” was acceptable. We may regret introducing the use of the term “provisions”, as it conjures up other financial accounting meanings. Generally speaking, specific provisions are not charged against national accounts income nor are they typically included in financial transactions ... though they do affect balance sheet positions.</p> <p>2.7 Conceptually the split is fine. Practically, data on derivatives (including counterparties’ data) continue to be very difficult to collect. As a result, many countries may continue the practice of recording derivatives in F.89</p> |