

Country experience: France (Chapter 8)

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8.30. Until 2010, France used an ITRS as a data source for statistics on international trade in services. Under the French ITRS, banks reported all payments between residents and non-residents registered in their books, whether the transaction was on their own account or on the account of their clients.

8.31. Since 1990, data from the central bank has been complemented by direct reporting by firms with annual cross-border transactions greater than €30 million. That system covers approximately 500 firms, which are required to report all transactions, on a monthly basis, and positions, on a quarterly basis, with non-residents conducted through accounts with domestic banks or banks abroad or through intercompany accounts.

8.32. The French ITRS had several advantages. It delivered information in a timely and frequent manner and it was highly detailed, allowing, in principle, for an almost exhaustive knowledge of international services transactions. In addition, the ITRS facilitated data access for compilers and was cost-efficient because data processing and compilation took place at the Directorate General Statistics of Banque de France, and the bank is also the institution that oversees payment systems and operations of resident banks.

8.33. The French ITRS, however, also displayed serious limitations common to other national ITRS, such as misclassifications, stemming from the fact that the largest part of the transactions was classified by intermediaries (banks) on behalf of their clients. Potential remedies would either involve additional resources or increase the risk of substantial data omission.

8.34. In addition, transactions were registered on a cash basis, whereas BPM6 recommends recording on an accrual basis. Furthermore, the system did not capture all transactions that did not have a payment counterpart, such as intragroup transactions, and was able to register transactions made via non-resident banks. As the evolving patterns in international trade show increased settlements through non-resident bank accounts and in intragroup flows, such limitations become progressively prominent.

8.35. Finally, an ITRS is vulnerable to administrative changes imposed for other motives, but that may have negative consequences for collecting and producing statistics. For example, in Europe, the creation of the Single Euro Payments Area (SEPA), that aims to improve the smoothness of cross-border payments and to lower their cost, has resulted in the adjustment of the reporting obligations of banks and an increase in reporting thresholds (up to €50,000 as of 2008).

8.36. In order to assess the magnitude of the limitations of the ITRS, Banque de France organized a parallel run between the "old" ITRS-based system and the new system based on the *Enquête complémentaire sur les échanges internationaux de services* (ECEIS), in order to perform all appropriate testing on the ECEIS survey (see chapter 6, para. 6.56 (b)). The results indicated that the ITRS could be replaced by a direct reporting system. It should be noted, however, that some traces of the old system have been retained in the new system: an ITRS still provides data from all transactions higher than €50,000 that intermediaries complete for their clients vis-à-vis counterparties located outside SEPA. The survey is particularly useful for identifying firms that should be integrated into the direct reporting system.

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