

**STATISTICS**

# ***BPM7: Main Features and Outline***

**DEC 12-14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

# **BPM7 Main Features**

- Follows the **standard revision cycle** (~15 years between editions)
- First BPM update to be done in **full coordination with the SNA update**
- Increased **collaboration with other statistical domains**, including common glossary
- Extensive outreach and **global consultations**
- **Early implementation simulations** to test some proposals before agreeing them
- Guidance on the statistical treatment of **emerging phenomena**, e.g., related to globalization and digitalization
- **Anticipating future developments**, e.g., the use of invoice values for goods and reinvestment of earnings for portfolio investment in *BPM8*
- The **integrated framework** will be at the center of the *Manual*
- Other changes to address new developments, e.g., related to globalization and digitalization, will be handled **mostly through supplementary presentations**.

## Chapters in *BPM7* (I)

- Chapter 1. Introduction
- Chapter 2. Overview of the Integrated Framework
- Chapter 3. Flows, Stocks, and Accounting Rules (**joint BPM/SNA chapter**)
- Chapter 4. Residence, Institutional Units, and Sectors (**joint BPM/SNA chapter**)
- Chapter 5. Classifications of Financial Assets and Liabilities
- Chapter 6. Functional Categories in International Accounts
- Chapter 7. Balance Sheet: The International Investment Position
- Chapter 8. Financial Account
- Chapter 9. Other Changes in Financial Assets and Liabilities Account
- Chapter 10. Goods Account (**separated from services in *BPM7***)

## Chapters in *BPM7* (II)

- Chapter 11. Services Account (**separated from goods in *BPM7***)
- Chapter 12. Earned Income Account (**instead of *primary income account***)
- Chapter 13. Transfer Income Account (**instead of *secondary income account***)
- Chapter 14. Capital Account
- Chapter 15. Globalization (**new joint BPM/SNA chapter**)
- Chapter 16. Digitalization (**new joint BPM/SNA chapter**)
- Chapter 17. Islamic Finance (**new joint BPM/SNA chapter**)
- Chapter 18. Informal Activities (**new joint BPM/SNA chapter**)
- Chapter 19. Selected Issues in BOP/IIP Analysis
- Chapter 20. Communicating the Accounts (**new joint BPM/SNA chapter**)

## Annexes in *BPM7* (I)

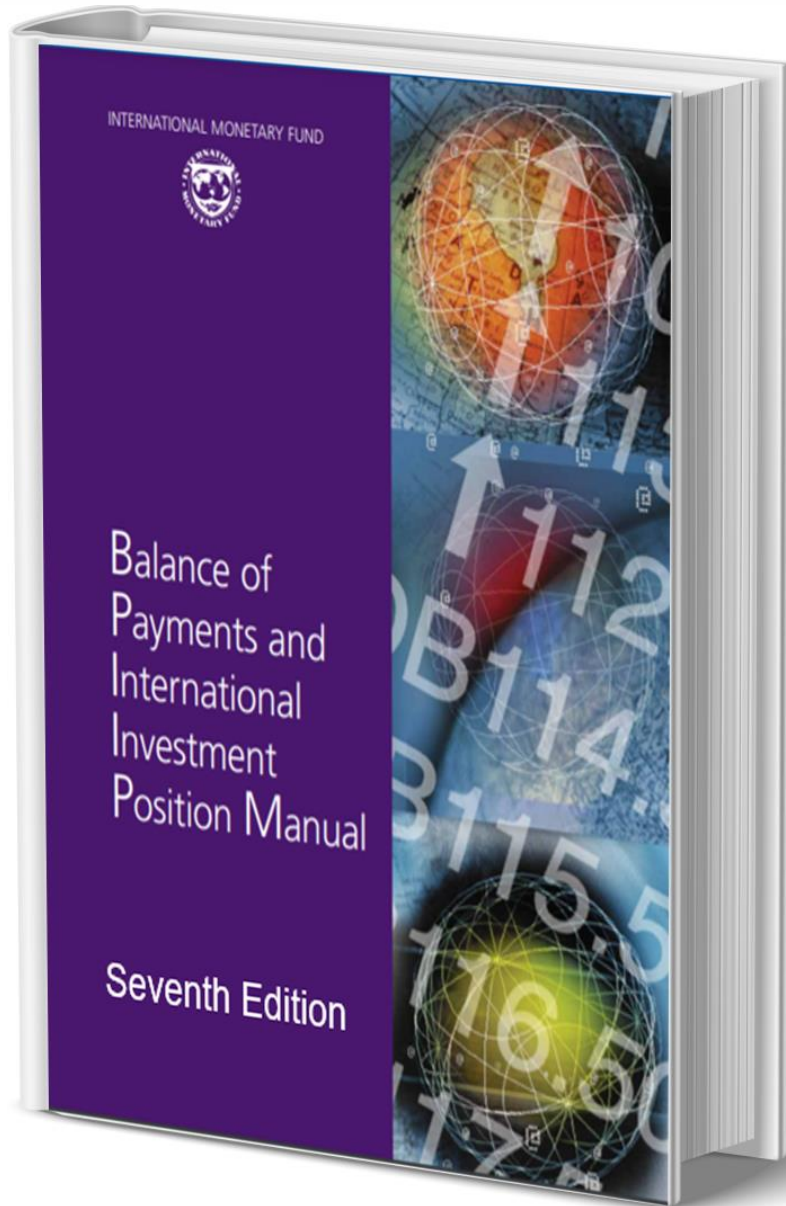
- Annex 1. Exceptional Financing Transactions
- Annex 2. Debt Reorganization and Related Transactions
- Annex 3. Regional Arrangements
- Annex 4. Remittances
- Annex 5. Selected Issues on Cross-Border Trade (**new annex**)
- Annex 6. Selected Issues on Direct Investment (**significantly expanded**)
- Annex 7. Selected Financial Issues (**new annex on financial derivatives and reverse transactions**)

## Annexes in *BPM7* (II)

- Annex 8. Insurance and Pensions
- Annex 9. Positions and Transactions with the IMF (**now separate annex**)
- Annex 10. Sustainable Finance in External Sector Statistics (**new annex**)
- Annex 11. Data by Partner Economy (**new annex**)
- Annex 12. Links between International Standards for Macroeconomic Statistics (**expanded to include linkages beyond the national accounts**)
- Annex 13. Changes from *BPM6*
- Annex 14. Standard Components and Selected Other Items

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**STATISTICS**

# **Goods and Services Accounts**

**DEC 12-14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**



# AGENDA



*BPM7*  
Chapter 10  
Goods  
Account



*BPM7*  
Chapter 11  
Services  
Account

# Changes to *BPM6* Chapter 10 the Goods and Services Account

## ■ Headlines

- In *BPM7*, there will be two chapters Ch 10 (The Goods Account) and Ch 11 (The Services Account) replacing a single chapter in *BPM6*
- Global manufacturing arrangements discussed in Chapter
- Emphasis on publishing Table 10.2, Reconciliation between merchandise trade source data and total goods on a balance of payments basis
- Discussion of distinction between goods and services to remain in Ch 10
- The new manual will follow the structure of *BPM6* 10.13 to 10.40
- Note: Crypto assets (CAWLM) no longer recommended to be classified in goods account



# Overview of Chapter 10 - Goods Account

## Sections with no significant change

- General merchandise
  - Items included
  - Items excluded
  - General and special trade
  - Time of recording
  - Valuation
  - Re-exports
- Other goods
  - Merchanting
  - Nonmonetary gold

## New Sections

- Global manufacturing –Processing-type arrangements and factoryless goods production (FGP)
  - Adjustments to source data
  - Providing information to users
  - Valuation
  - Diagrams
  - Decision tree distinguishing
    - (traditional) merchandise trade
    - Re-exports
    - Processing arrangement
    - FGP arrangement

# Chapter 10 - General Merchandise

- Some new items under *inclusions*
  - Inverse merchanting
  - Trade of finished goods under an FGP arrangement (*new treatment*).
- FOB valuation for exports/imports will be maintained in *BPM7*.
  - It will be noted that the valuation of imports and exports at the observed transaction value is conceptually preferred and, subject to further testing, will be introduced as the standard in the next version of the manuals

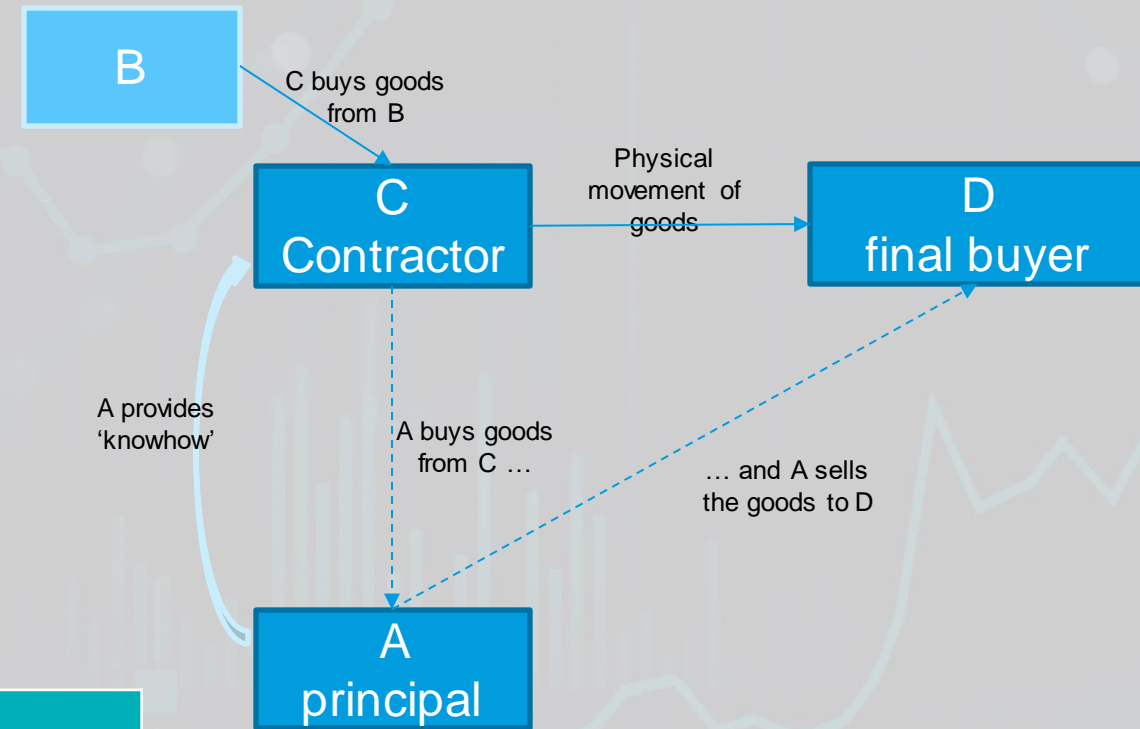
# Chapter 10 - Global Manufacturing Arrangements - Factoryless Goods Production

Example of FGP

A principal in country A outsources the manufacture of a product to a contractor but controls the design process and the final sale. This principal is a producer but does not have a factory:

The contractor in country C builds the product

- The contractor (in country C) sources the input materials e.g. from country B
- The contractor makes the product
- The principal provides the design specifications (the “knowhow” or IPP)
- Principal buys the finished product from contractor and sells to country D



Country	IMTS	BOP goods	BOP services	Adjustment
C	Imports from B, exports to D	Imports from B, exports to A	none	Change D to A (exports)
A	None	imports, exports	none	Positive adjustment to IMTS

# Chapter 10 - Table 10.1 Overview of the Goods Account

	Exports (Revenue)	Imports (Expenditure)
<b>General merchandise on a balance of payments basis</b>		
<i>Of which: Re-exports</i>		<i>n.a.</i>
<i>Of which: Goods traded within a global manufacturing arrangement</i>		
<b>Net exports of goods under merchanting</b>		n.a.
<b>Goods acquired under merchanting (negative exports)</b>		n.a.
<i>Of which: Material Inputs acquired abroad from third parties by the principal within a global manufacturing arrangement</i>		<i>n.a.</i>
<b>Goods sold under merchanting (exports)</b>		n.a.
<i>Of which: Material Inputs sold to Contractor abroad within a global manufacturing arrangement</i>		<i>n.a.</i>
<b>Nonmonetary gold</b>		
<b>Total goods</b>		
<b>Balance on trade in goods</b>		

## Chapter 10 New emphasis on

### Table 10.2. Reconciliation between Merchandise Source Data and Total Goods on a Balance of Payments Basis

	Exports	Imports
<b>Valuation adjustments</b>		
– CIF/FOB adjustment	<i>n.a.</i>	
± High-value capital goods, if delivery differs from change of ownership		
<b>Adjustments arising from the change of economic ownership principle</b>		
± Goods lost or destroyed in transit		
± Goods changing ownership in customs warehouses or other special zones		
- Migrants' personal effects		
- Returned goods		
- Goods for repair or storage without change of ownership		
<b>Valuation adjustments and adjustments arising from the change of economic ownership within merchanting or global manufacturing arrangements</b>		
+ Net exports of goods under merchanting		<i>n.a.</i>
+ Exports to and imports from a merchant in an economy of inverse merchanting		
- Dispatches of goods from, or arrivals of goods to, either the economy of the principal or the economy of the processor without change of ownership in a processing arrangement		
+ Goods acquired from other economies for processing abroad, and goods sold abroad after processing, without the goods passing through the economy of the resident principal		
+ Acquisition and sale to other economies of finished goods by a factoryless goods producer without the goods passing through the economy of the factoryless goods producer		
± Adjustment to the contractor's valuation of exports of finished goods to a factoryless goods producer if different from IMTS valuation of dispatches to final buyer		<i>n.a.</i>
<b>Other conceptual adjustments</b>		
- Goods imported for construction projects by nonresident enterprises		
+ Goods changing ownership entering / leaving territory illegally		
+ Nonmonetary gold		
<b>= Total goods on a balance of payments basis</b>		

#### Types of adjustments

- Valuation adjustment
- Arising from change of ownership
  - *of which,*

within a global manufacturing arrangement
- Other conceptual adjustments



# Chapter 11 – The Services Account

Table 11.1 Overview of Services Account (17 main standard service categories)

Manufacturing services on physical inputs owned by others

Maintenance and repair services n.i.e.

Transport

Travel

Construction

Insurance and Pension services

Financial services

Charges for the use of intellectual property n.i.e.

Telecommunication services

Computer and information services

Research and development services

Professional and management consulting services

Trade-related services

Operating leasing services

Technical and other business services

Personal, cultural and recreational services

Government goods and services n.i.e.

Classification is mainly product based, but is transactor based for travel, construction, and government goods and services n.i.e.—**no change from *BPM6***

Improves correspondence between BOP services classification and CPC

## Marketing assets

- 2<sup>nd</sup> level
- Treatment of licenses to use, license to reproduce and distribute and outright sale of marketing assets



*BPM7*  
Chapter 11  
Services  
Account

# Chapter 11 – Services, changes from BPM6

## Telecommunication, computer, and information services (*BPM6*)

- Split into two standard first-level categories in *BPM7*
  - Telecommunications
  - Computer and information services
- Computer and information services—to include cloud computing services and data as an asset

## Other business services (*BPM6*)

- Split into five standard first-level categories in *BPM7*

## Marketing assets

- Outright sales will now be in services rather than capital account, as a 2nd level services category.
- Treatment of licenses is being finalized.

## Telecommunication, computer, and information services (*BPM6*)

1.A.b.9 Telecommunications services
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1.A.b.10 Computer, and information services
---

1.A.b.10.1 Computer services
------------------------------

1.A.b.10.2 Information services
---------------------------------

## Other business services (*BPM6*)

1.A.b.11 Research and development services
--

1.A.b.12 Professional and management consulting services
--

1.A.b.13 Trade-related services
---------------------------------

1.A.b.14 Operating leasing services
-------------------------------------

1.A.b.15 Technical and other business services
--

# Chapter 11 – Services

## Manufacturing services on physical inputs owned by others

- Manufacturing services on physical inputs owned by others that are part of a global manufacturing arrangement are discussed also in Chapter 10
- The service element is defined in Chapter 11; and
- Supplementary recording of related goods movements discussed in Chapter 11

## Travel

- Treatment of package tours clarified: as a basket of at least three major services
  - The services themselves (for example, transport, accommodation)
  - The services provided by the tour operator
  - The margin of the travel agency (usually different from the tour operator) selling the tour

# Chapter 11 – Services

## Travel (cont'd)

- Clarification on health and education related travel
  - Scope of “medical reasons” follows the definition of “health and medical care” from *IRTS 2008*
  - Travel expenses of patients’ companions to be included under “other personal travel” treating them as “normal travelers”
  - Treatment of companions of education-related travelers-classified as “other personal travel” for consistency with companions of traveling patients

## Transport

- CIF to FOB treatment clarified for insurance premiums and insurance services

# Chapter 11 – Services

## Financial services

- Financial services provided by fintech (e.g., payment services/peer-to-peer lending services/other financial services such as capital raising/investment management enabled by fintech) are classified in the financial services—no new service categories introduced
- Margins on buying and selling transactions—further elaboration on the relevant concepts including practical challenges in compiling this item

## Insurance

- Hybrid insurance products are classified into life (financial account) or nonlife insurance (current transfers) depending on which features are predominant
- Insurance services through fintech (i.e., InsurTech) are covered under insurance and pension services

# Chapter 11 – Services

## Charges for the Use of Intellectual Property n.i.e.

- Definition of intellectual property products introduced
- Clarification on outright sale/purchase and other transaction related to IPPs provided

## Intermediation services (including digital intermediation)

- not separately identified in the balance of payments services classification
- Reference to services merchanting in *BPM6* (10.160) to be deleted
- Fee-based digital intermediation platform (DIP) services defined - *intermediation services enabling transactions between multiple buyers and multiple sellers, without the intermediation platform taking economic ownership of the goods or rendering-services that are being sold*
- Fee for services intermediated by third party (including DIPs)—record under trade-related services

# Chapter 11 – Services

## Personal, Cultural, and Recreational Services

- Tele-health/tele-education are included under Other personal, cultural, and recreational services

## Government Goods and Services n.i.e.

- Additional onof the specific products to be included under other services supplied by and to governments—along the lines of the CPC divisions 91 and 99

## Construction services

- Add construction, add construction services (supplementary)

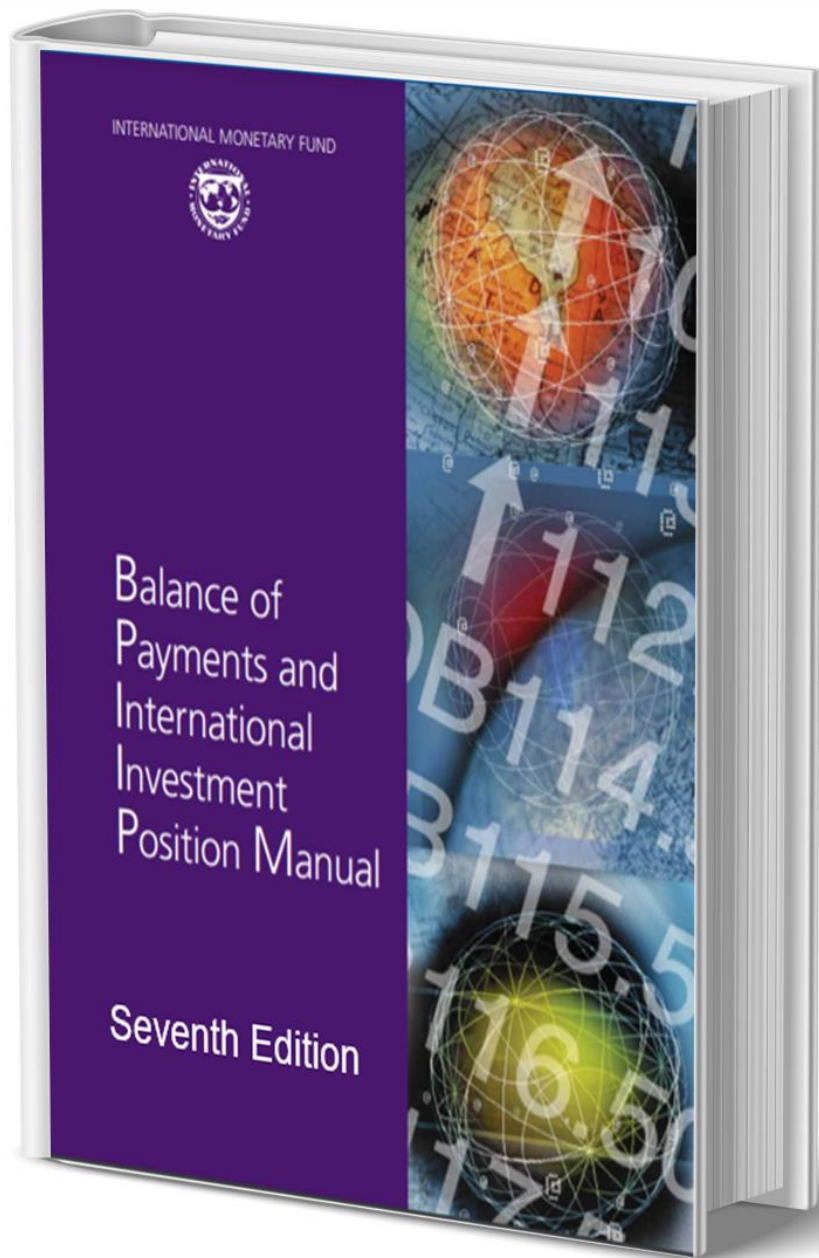


# Goods and services topics to be covered elsewhere

- Digital economy covered in more detail in Chapter 16 - Digitalization)
- Price and volume data discussed in Annex 5 –Selected issues on cross-border trade
- MNEs and globalization (in Chapter 15 - Globalization)
- Trade by enterprise characteristics (in Chapter 15 - Globalization)
- Additional breakdowns Annexes 5 & 11 (data by partner economy)
- Trade by invoice currency (Annex 5)
- Informal trade (Chapter 18)

The background features several faint, light-colored line graphs and data points scattered across the page. One prominent line graph in the upper right shows an overall upward trend with some fluctuations. Another line graph in the lower right shows a more volatile pattern with a sharp peak. There are also various circular and square markers, some with vertical lines extending from them, resembling data points or markers on a chart.

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# **Income and Capital Accounts**

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# AGENDA



*BPM7*  
Chapter 12  
Earned  
Income  
Account



*BPM7*  
Chapter 13  
Transfer  
Income  
Account



*BPM7*  
Chapter 14  
Capital  
Account

# Chapter 12 – Earned Income Account

- **New:** *BPM6* Primary Income Account is called the Chapter 12 - **Earned Income Account** in *BPM7*
- **New items**
  - New treatment of superdividends
  - Supplementary information on portfolio investment
  - Emphasis on sectoral breakdown of Direct investment (in preference to DI relationship)



# Types of earned income 1

Structure as in the *BPM6 Ch 11*.

**A. Compensation of Employees** – no significant changes

**B. Dividends and Withdrawals of Quasi-Corporations**

- The concept of superdividends for DI to be discarded
- Income includes distributions of earnings from the current period or accumulated from earnings in previous periods

**C. Reinvested Earnings**

- Supplementary recording of portfolio share of retained earnings in DI enterprises
  - This gives a complete picture of nonresident claims
- Clarification of calculation of RIE of collective investment funds
  - Fees paid by unit shareholders

# Types of earned income 2

## D. Interest and Similar Returns

- ‘Interest’ to be replaced by “interest and similar returns” to include the broader interest-like returns on Islamic instruments.
  - A sub-category within interest and similar returns showing investment income for Islamic finance where this is significant.
- Treatment of negative interest
  - Negative interest payable on financial instruments is recorded as a negative expenditure and negative interest receivable is recorded as a negative revenue
- Reverse transactions and Repos
  - legal but no economic change of ownership
  - On-selling of securities is recorded as a negative asset.



# New breakdown of Direct investment income

- Emphasis on sectoral breakdown in preference to DI relationship
  - Standard components present direct investment first (equity and debt) and then by sector.
  - Memorandum items – Previous presentation based on relationship (i.e., DI in DIE, reverse investment, and between fellow enterprises)

## On equity and Investment fund shares

Central Bank  
Deposit-taking corporations  
General government  
Other financial corporations  
Non-financial corporations  
Other sectors (i.e.HH, NPISHs)

## On debt instruments

Central Bank  
Deposit-taking corporations  
General government  
Other financial corporations  
Non-financial corporations  
Other sectors (i.e.HH, NPISHs)

## Other

- The manual will recommend disaggregation of investment income by characteristics of the trading enterprise (ownership and size) as a supplemental presentation
  - Highlights the role of enterprises with different characteristics in the current account. See also Chapter 15, Globalization.
  - Clarification that income declared under tax amnesties should follow the accrual principle, meaning that adjustments from cash recording will need to be made.

## Chapter 13 Transfer Income Account

- **New:** *BPM6* Secondary Income Account is called - **Transfer Income Account** in *BPM7*
- The structure will be maintained as in the *BPM6 Ch 12*
- The chapter will include some further clarifications and examples with no major changes.
  - Distinction between current and capital transfers
  - Fine/penalty transactions time of recording:
    - is when a legal and unconditional claim to the funds is established
  - Treatment of licenses
    - record as taxes compulsory payments for non-transferable licenses



# Chapter 13 Transfer Income Account

- Distinction between current and capital transfers for insurance and compensation
  - Major catastrophic events determining if nonlife insurance claims are capital
  - compensation payments are capital if they are intended to recover losses incurred over a multi-year period or to replace an asset
- Treatment of hybrid insurance
- Contingent fines and penalties in mergers and acquisitions
  - Treated as market value changes
- Nonrefundable contributions to government under citizen-by-investment (CBI) programs
  - Treated as either current or capital transfers based on the specific features of the program

# Capital Account 1

The structure will be maintained as in the *BPM6 Ch 12*

## ***New items***

- Crypto assets without a corresponding liability recorded as nonproduced, nonfinancial assets
- Non-fungible tokens (NFTs) that convey limited commercial rights recorded under contracts, leases, and licenses
- Marketing assets are removed from Capital Account, they are now treated as produced nonfinancial assets (in the services account)
- Table 13.1, Overview of the Capital Account
  - will be updated to reflect the new category of Crypto Assets under acquisitions and disposals of nonproduced, nonfinancial assets



## Capital Account 2

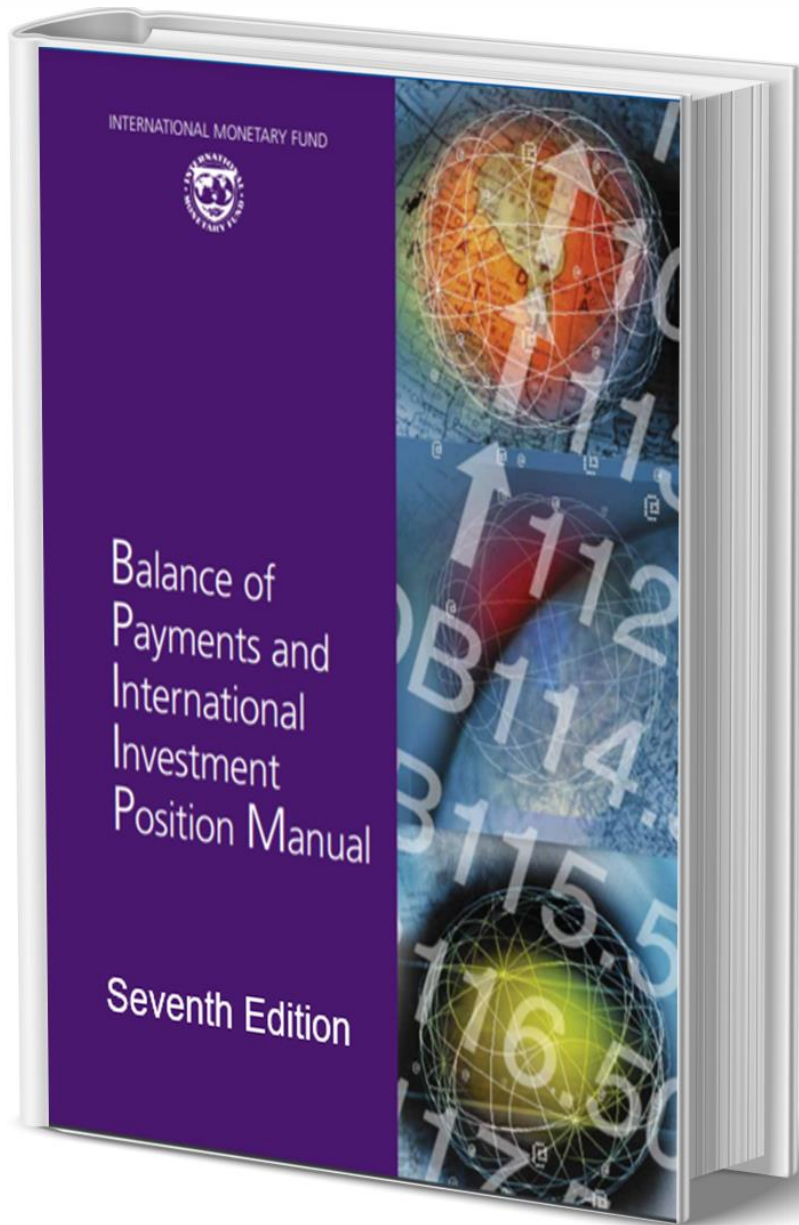
### *Clarifications and examples include:*

- The use of natural resources and permits to undertake specific activities
- Emission permits
  - possible cross-border transactions in taxes on production
- Capital transfers in the case of Catastrophic events, major compensation payments, and CBI programs (previous chapter)
- Concessional lending and transfer element – only as a supplementary item



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# **Classifications of Financial Assets and Liabilities and Functional Categories**

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# AGENDA



Chapter 5.  
Classification  
s of Financial  
Assets and  
Liabilities



Chapter 6.  
Functional  
Categories

# Changes to *BPM6* Chapter 5 Classifications of Financial Assets and Liabilities



Chapter 5.  
Classifications  
of Financial  
Assets and  
Liabilities

# Main Messages

- Mainly clarifications on specific items. *BPM6* definitions and classification will mostly be maintained.
- Crypto assets will be touched upon in this chapter, but they will be mainly discussed in Chapter 14.
- New annex on financial derivatives and reverse transactions will be introduced to provide comprehensive pictures.

# Crypto Assets

- Crypto assets with a counterpart liability: Recorded in relevant financial assets and liabilities (e.g., central bank digital currency in currency).
- Crypto assets without a counterpart liability (e.g., Bitcoins): Nonfinancial assets and recorded in the capital account—**new standard component**.
- Non-fungible tokens: Recorded in a relevant current or capital account item.

# New Annex on Financial Derivatives and Reverse Transactions

- Financial derivatives will be discussed comprehensively with new recommendations (e.g., classification by risk category).
- Reverse transactions (e.g., repos) will also be discussed comprehensively with clarifications.

# Subscription Rights, Equity in International Organizations, and Factoring

- **Subscription rights**
  - Clarified to be recorded as equity.
- **Equity in international organizations**
  - Recorded in renamed “equity in international organizations and other equity.”
- **Factoring**
  - Claims under factoring are recorded in loans (to be reclassified from accounts payable/receivable).



# Insurance and Pension

- **Hybrid insurance products**

- To be allocated to life or nonlife insurance depending on which features are predominant.

## **Autonomous employer-independent pension schemes**

Qualify as social insurance.

# Remaining Maturity

- **Clarification and additional guidance on remaining maturity**
  - Treatment of debt instruments repaid in installments.
  - Concept of remaining maturity and its proxy for recording.
  - Currency composition information encouraged.

# Changes to *BPM6* Chapter 5 Functional Categories



Chapter 6.  
Functional  
Categories

# Main Messages

- Updates to the scope of direct investment and its presentation. Annex on direct investment will discuss additional data and recent developments.
- Clarification and additional guidance on reserve asset (e.g., securities under repos, central bank swaps, net international reserves).

# Direct Investment

- **Investments in investment funds shares**
  - Always portfolio investment irrespective of the equity held.
- **New standard components presentation by instruments (equity and debt) and sectors.**
  - Relationship (e.g., reverse investment) and reinvestment of earnings → memorandum items.
- **Equity in international organizations**
  - Excluded from DI → equity in international organizations and other equity in other investment.

# Updated Annex on Direct Investment

- Supplementary framework by ultimate investing economy (UIE) and the ultimate host economy (UHE), and identification of pass-through funds.
- **Corporate inversions, Greenfield investment and extension of capacity** — definition and guidance on supplementary data collection.
- **Public-private partnerships, Cash pooling** — concepts, scope, and statistical treatments.

# Reserve Assets (I)

- Securities and gold collateral under repurchase agreements → reclassify them from reserve assets (e.g., to portfolio investment).
- Off-market central bank currency swaps → exchange of deposits with maintenance of value.
  - Standard (market priced) currency swaps → exchange of deposits with a financial derivative (forward) contract.

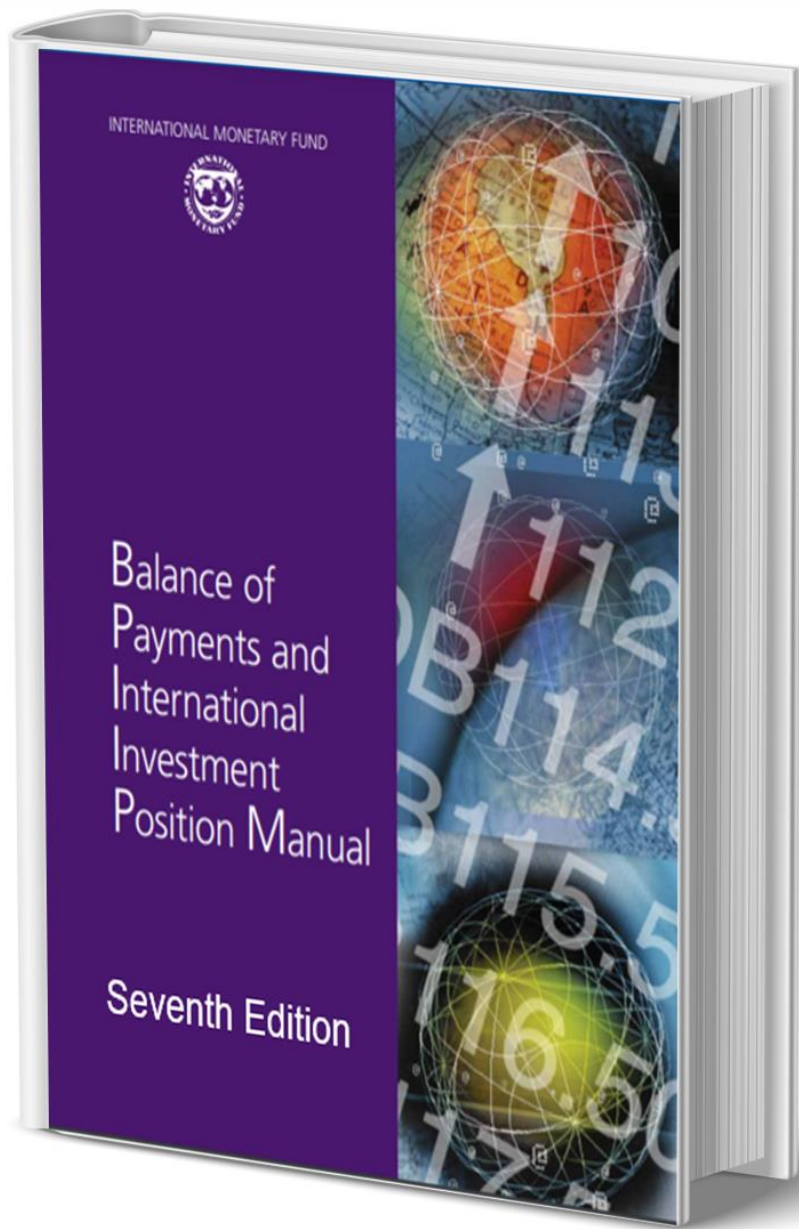


## Reserve Assets (II)

- IMF Resilience and Sustainability Trust (RST)—contributors' loan and deposit claims → other claims/other reserve assets (Annex 9 provides additional details).
- Frozen assets → reclassify to the relevant functional category (e.g., portfolio investment).
- Standard statistical definition of Net international reserves (NIR) based on the framework of the Reserves Data (IRFCL) Template.

**NIR = Reserve assets – Net short-term foreign currency drains**

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# **International Investment Position, Financial Account, and Other Changes in Financial Assets and Liabilities Account**

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# AGENDA



Chapter 7.  
International  
Investment  
Position



Chapter 8.  
Financial  
Account



Chapter 9.  
Other  
Changes in  
Financial  
Assets and  
Liabilities  
Account

# Changes to *BPM6* Chapter 7 International Investment Position



Chapter 7.  
International  
Investment  
Position

# Main Messages

The structure and contents of this chapter will mostly be maintained with some important updates

- Integrated IIP will be part of the standard components of *BPM7*
- Exchange rate changes and other price changes will be standard components
- Separate reporting of debt cancellation and write-offs and reclassifications (supplementary “of which” items)
- Direct investment presentation by instruments and sectors

Integrated International Investment Position Statement							
Beginning of period IIP	Accumulation accounts						End of period IIP
	Transactions from BOP financial account	Revaluations			Other changes in volume		
		Total	Due to exchange rate changes	Due to other price changes	Total	Of which: Cancellation and write-offs of debt	

# Direct Investment

## ■ Valuation of unlisted equity

- Three preferred methods
  - *Own funds at book value*
  - *Recent transaction price*
  - *Market capitalization*
- Decision tree for implementation guidance (see the additional slide at the end of presentation).
- Equity in quasi-corporations—three preferred methods approach.
- Treatment of negative equity—to be elaborated.



# Portfolio Investment

- Debt securities at nominal values as a supplement to market valuation.
  - Table on reconciliation between nominal and market valuation of debt securities liabilities
- Short positions—brief clarification on their recording
- Positions in unlisted portfolio investment equity securities without an observable market price—may be valued using the methods for direct investment unlisted equity.

# Other Investment

- Valuation of nonnegotiable instruments
  - Nominal valuation principle for loans will be maintained.
    - Strengthen the existing framework allowing for value reset even beyond cases of bankruptcy and liquidation, when there is public evidence of loan deterioration.
    - Concessional loans—positions are to be valued at nominal value as any other loan based on the contractual interest rate.
    - Other investment/equity in international organizations and other equity positions—may be valued using the methods for DI-unlisted equity.

# Changes to *BPM6* Chapter 8 Financial Account



Chapter 8.  
Financial  
Account

# Main Messages and Direct Investment

- The structure and contents of this chapter will **mostly be maintained** with some important updates.
- **Direct investment**
  - **Dividends and withdrawal of equity**
    - The concept of superdividends will no longer apply to direct investment enterprises.
    - Any distributions of accumulated reserves from ordinary earnings should be treated as dividends.
    - However, exceptional distributions related to the sales of assets should be recorded as withdrawals of equity.
    - Superdividends for direct investment may be reported on a supplementary basis

# Portfolio Investment

## Reinvestment of earnings

- Added as a supplementary item in *BPM7*.

## Superdividends

- Large and irregular payments made by corporations to their shareholders or owners that are funded from accumulated reserves or sales of assets.
- The difference between the payment and the distributable income of the relevant accounting period is recorded as a superdividend under withdrawal of equity.

# Financial Derivatives

- **Net recording**

- Recording transactions on a net basis is acceptable where separate data on transactions in assets and liabilities are not available.

# Changes to *BPM6* Chapter 9 Other Changes in Financial Assets and Liabilities Account



Chapter 9.  
Other Changes  
in Financial  
Assets and  
Liabilities  
Account



# Main Messages

- This chapter includes **one of the most important updates** since the other changes in financial assets and liabilities account will become part of the core framework.

Integrated International Investment Position Statement							
Beginning of period IIP	Transactions from BOP financial account	Accumulation accounts					End of period IIP
		Revaluations			Other changes in volume		
		Total	Due to exchange rate changes	Due to other price changes	Total	Of which: Cancellation and write-offs of debt	

## Other Changes in Volume

- Write-offs will be expanded to allow for value reset beyond cases of bankruptcy and liquidation when there is public evidence of loan deterioration.
- Catastrophic losses—in line with the SNA
- If it is not possible to adjust historical series on cross-border assets declared under tax amnesties, these assets can be recorded in the IIP in the current period through other changes in volume.
- When securities provided as collateral are not readily available for meeting balance of payments financing needs, they should be excluded from the cash borrower's reserve assets and reclassified to portfolio investment assets.

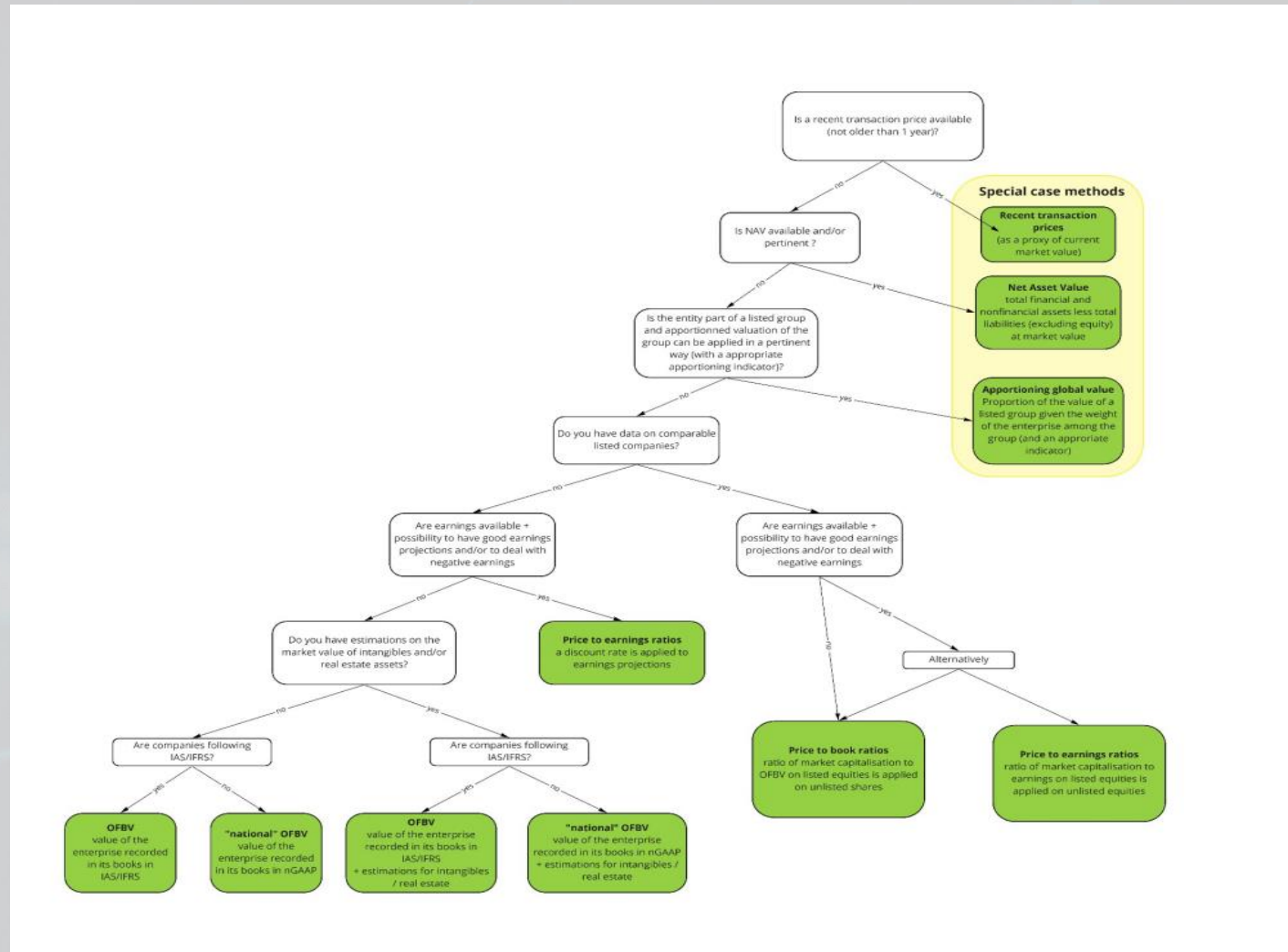
# Revaluations

- Convention change:
  - All revaluation effects are due to *other price changes* rather than *exchange rate changes* for those types of derivatives where it may not be practical to separate exchange rate changes from other revaluations.
- *BPM6* states that differences between transaction prices and the values recorded in positions should be treated as other price changes for instruments valued at nominal prices (e.g., loans).
  - The treatment will be expanded to other types of instruments (e.g., unlisted equity).

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# Additional Information

## Decision Tree (to be included in Chapter 7)



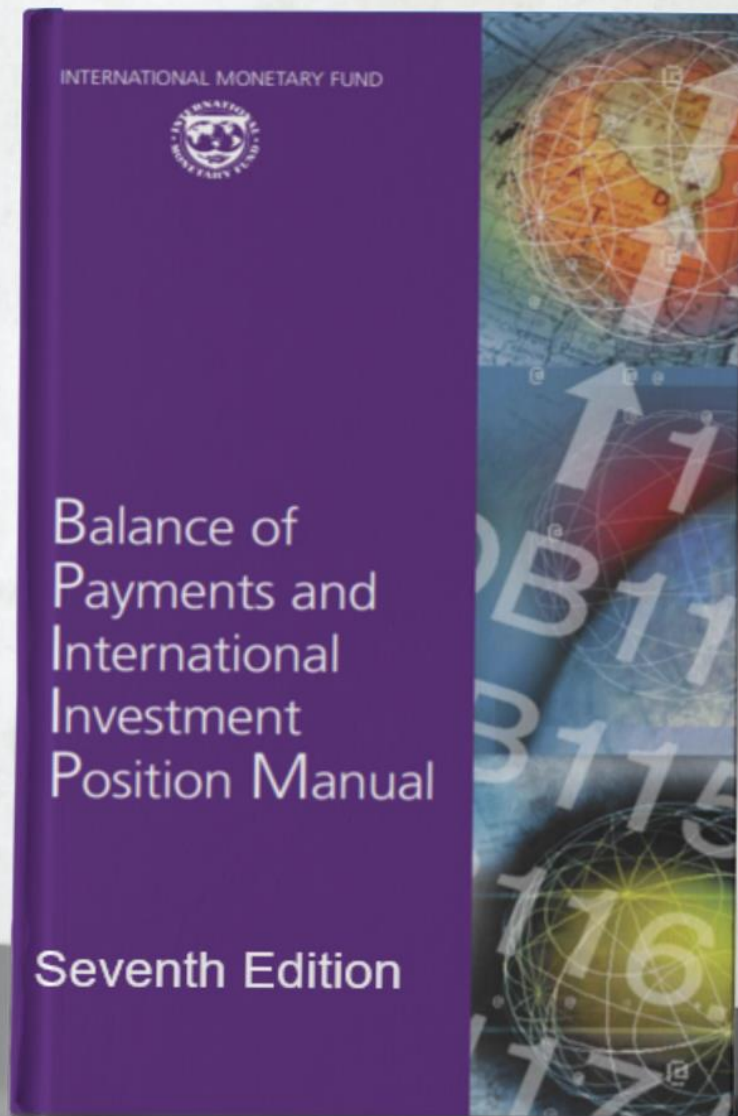


**STATISTICS**

# **New Data Breakdowns**

**DEC 12-14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**



# AGENDA



Standard and  
Supplementary  
Items



New Data Related  
to General  
Principles,  
Structural and  
Cross-Cutting  
Issues



New Data  
Related to the  
Current Account



New Data  
Related to Direct  
Investment



New Data  
Related to  
Financial and  
Payments  
Systems

# Standard and Supplementary Items

- **Standard Items**
  - **Standard components** are items that are fully part of the framework and contribute to the totals and balancing items.
  - **Memorandum items** are part of the standard presentation but are not used in deriving totals and balancing items.
- **Supplementary Items**
  - Items outside the standard presentation that are compiled depending on circumstances in the particular economy.

 *BPM7* will mostly introduce new supplementary items.

New standard items are **highlighted in blue** throughout this presentation.  
Items that are not highlighted are new supplementary items.



Standard and  
Supplementary  
Items



# New Data Related to General Principles, Structural and Cross-Cutting Issues (I)

- Integrated Framework

Integrated International Investment Position Statement								
Beginning of period IIP	Accumulation accounts						End of period IIP	
	Transactions from BOP financial account	Revaluations			Other changes in volume			
		Total	Due to exchange rate changes	Due to other price changes	Total	Of which: Cancellation and write-offs of debt		Of which: Reclassifications

All standard components (except the two “of which” classifications under *other changes in volume*)



New Data Related to General Principles, Structural and Cross-Cutting Issues

# New Data Related to General Principles, Structural and Cross-Cutting Issues (II)

- **Net International Reserves** according to new standardized statistical definition
- **Sustainable Finance**
  - Geographical and industrial sector breakdowns of direct investment
  - Introduce “of which” category to identify green bonds
  - International cooperation grants to low-income countries
- **Special Purpose Entities (SPEs)**
  - Separate “of which” identification of SPEs within the institutional sector accounts
  - Nationality-based SPE statistics (i.e., organized according to the location of the entity that ultimately controls the SPEs rather than by the residency of the SPEs)

# New Data Related to Financial and Payments Systems (III)

- Split **nonfinancial corporations, households, and nonprofit institutions serving households** into: (two separate standard components)
  - Nonfinancial corporations
  - Households and nonprofit institutions serving households
- Breakdown of **other financial corporations** into:
  - Money market funds (MMFs)
  - Non-MMF investment funds
  - Insurance corporations
  - Pension funds
  - Other financial intermediaries
    - Of which central clearing counterparties
  - Captive financial institutions and money lenders, and financial auxiliaries

# New Data Related to the Current Account (I)

- Trade in Services Classifications

- Split **telecommunications, computer, and information services** into two new first-level items (both standard components):
  - Telecommunication services
  - Computer and information services
- Split **other business services** into five new first-level items (all standard components):
  - Research and development services
  - Professional and management consulting services
  - Trade-related services
  - Operating leasing services
  - Technical and other business services



New Data  
Related to the  
Current Account

## New Data Related to the Current Account (II)

- **Transactor-based components of services** complemented by distinct items for:
  - Personal, cultural, and recreational services (acquired by travelers)
  - Constructions (e.g., buildings)
  - Construction services
- Goods, trade, and investment income by **enterprise characteristics**:
  - Industry
  - Ownership (domestic/foreign control)
  - Firm size

# New Data Related to the Current Account (III)

- **Currency Breakdowns**
  - Goods
  - Services
- **Merchanting and Factoryless Goods Producers**
  - Identify trade in goods within a global manufacturing arrangement.
  - Identify material inputs procured by the principal in a global manufacturing arrangement from third parties and sold to the contractor.
- Record **travel packages** as separate item.
- Record **reinvested earnings for portfolio investment** on a supplementary basis.

# New Data Related to Direct Investment

- Breakdown of **direct investment data by sector** (new standard components)
- Data on **greenfield investment and extension of capacity**
- Data on **corporate inversions**
- Direct investment statistics by **ultimate investing economy**
- Direct investment statistics that **look through SPEs to the first operating unit** as a first step in presenting data ultimate host economy
- Direct investment statistics identifying **pass-through funds**
- Data on **superdividends** may be reported on a supplementary basis



New Data  
Related to Direct  
Investment

# New Data Related to Financial and Payments Systems (I)

- Record **crypto assets without a counterpart liability** designed to act as a general medium of exchange (e.g., Bitcoins) in a separate category in the capital account. (new standard component)
- **Financial derivatives** by market risk category, instrument, and trading venue
  - Market risk category
  - Instrument
  - Trading venue



New Data  
Related to  
Financial and  
Payments  
Systems



# New Data Related to Financial and Payments Systems (II)

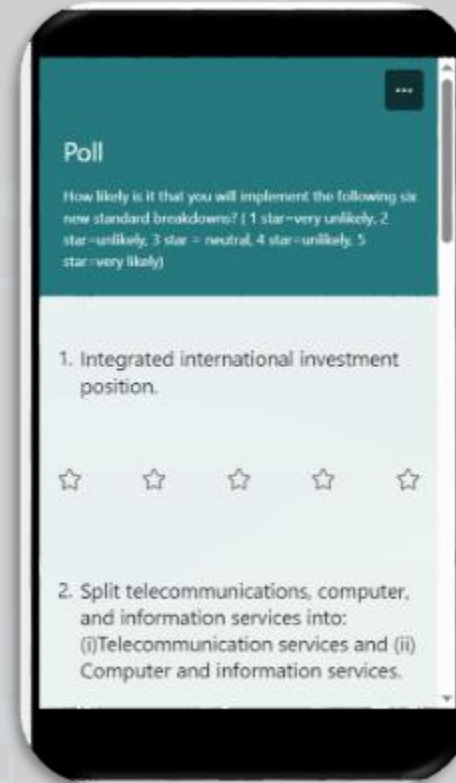
- **Fintech**
  - Introduce “of which” category for fintech companies within the subsector classification.
  - Introduce “of which” category for instruments or services classifications where necessary to separate out fintech-related instruments and services.
- **Debt Securities**
  - Report debt securities at nominal value as a supplement to market valuation.
  - Introduce table to reconcile nominal and market valuation of debt securities liabilities.
  - Direct investment inter-company lending (as supplement to the reconciliation table)

# Poll

Scan the QR Code or Copy the Link to Join



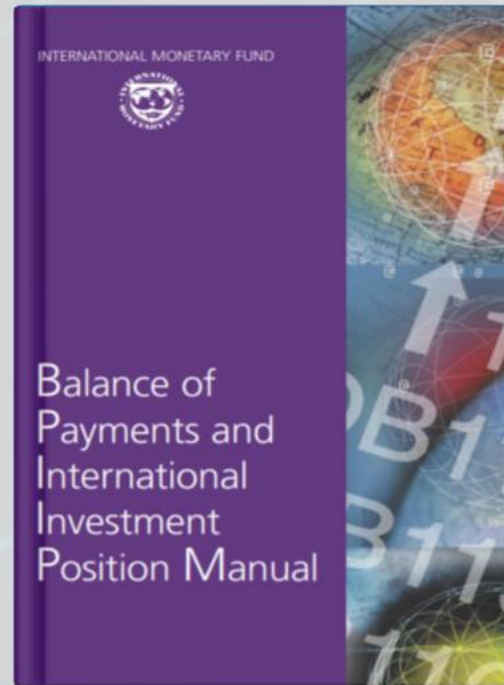
Scan the QR Code



<https://forms.office.com/r/s3EsGbcVDx>

# IMFDATA

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[IMF.org/data](https://www.imf.org/data)

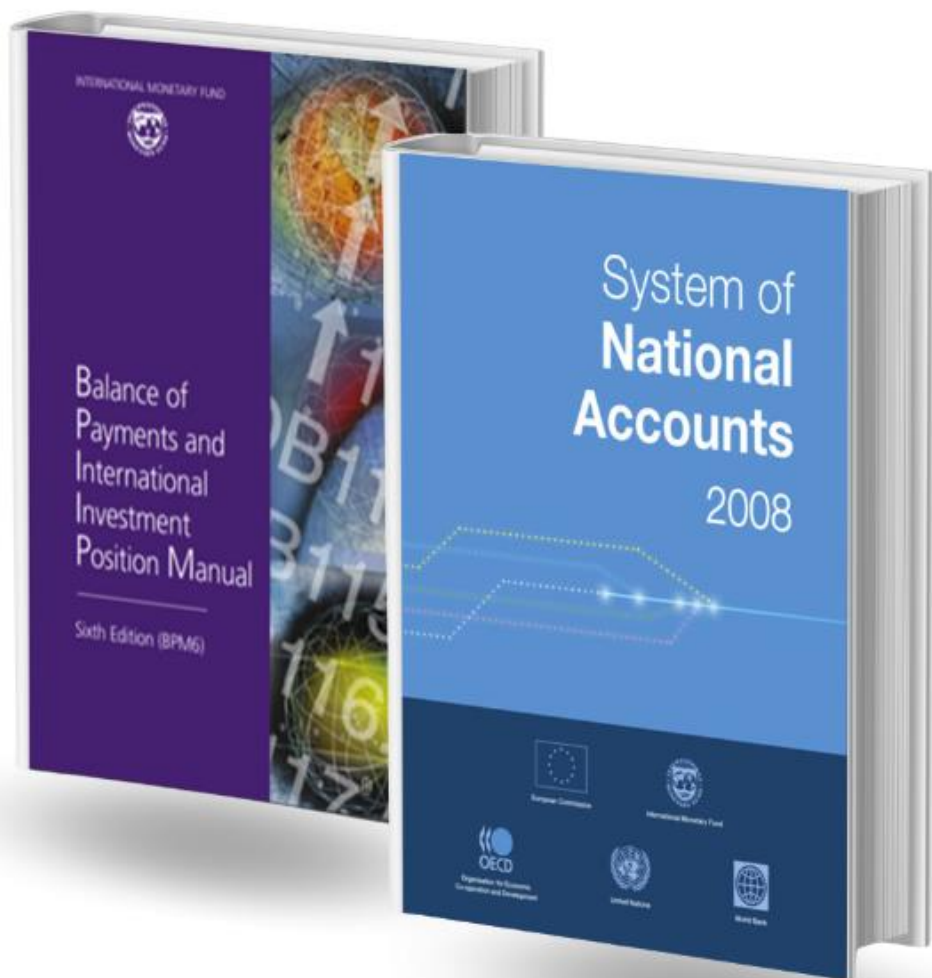


IMF Data LinkedIn





STATISTICS



# Main Objectives, Priorities, and Procedures for Updating BPM and SNA

DEC 12-14, 2023

IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar

# AGENDA



Why Update  
the  
Standards?



Key Update  
Themes



Update  
Process



Support to Our  
Members and  
Recommendations

# Why Update the Standards?

- **Tectonic shifts in the global economy**
  - 2008 global financial crisis highlighted data shortcomings
  - Digitalization, financial innovation, globalization,
  - Increasing demand for data to address climate change
- **The conceptual frameworks designed to be robust and resilient**
  - But shortcomings in analytical usefulness exposed
  - Digitalization and globalization posed new challenges to data compilation
- **Respond to data needs identified through global reviews**
  - The G20 Data Gaps Initiative
  - The Stiglitz-Sen-Fitoussi Commission

**Ensure that the IMF's data needs and key topics for surveillance and broader policy analysis are addressed in the updated manuals**

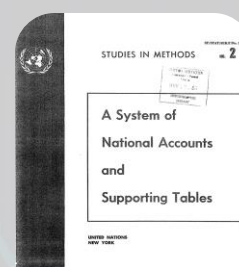


Why Update  
the  
Standards?

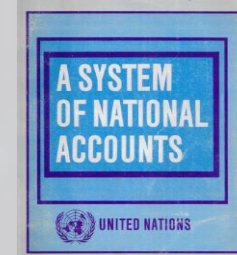
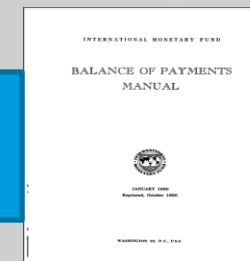


# Updating Macroeconomic Statistical Standards

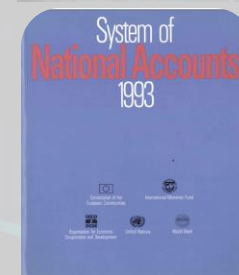
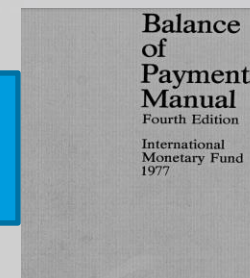
- Macroeconomic statistical standards are regularly updated **to reflect changes in the economy**
- The “updates” can be categorized into three main groups:
  1. **Conceptual updates** (i.e., change in what is measured)
  2. **Methodological updates** (i.e., change in how activities are measured)**Presentational updates** (i.e., change in how the statistics are presented)
- In the past decades, more and more attention to arrive at **consistency with other standards** (e.g., GFSM and MFSM, SEEA)



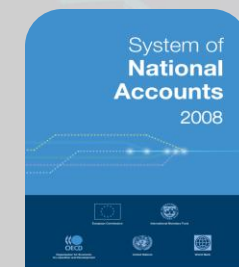
**SNA 1953  
BPM1-2 (1948- 1950)**



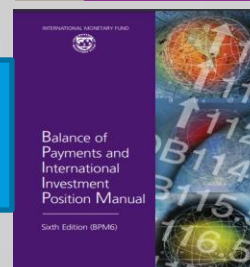
**SNA 1968  
BPM3-4 (1961-1977)**



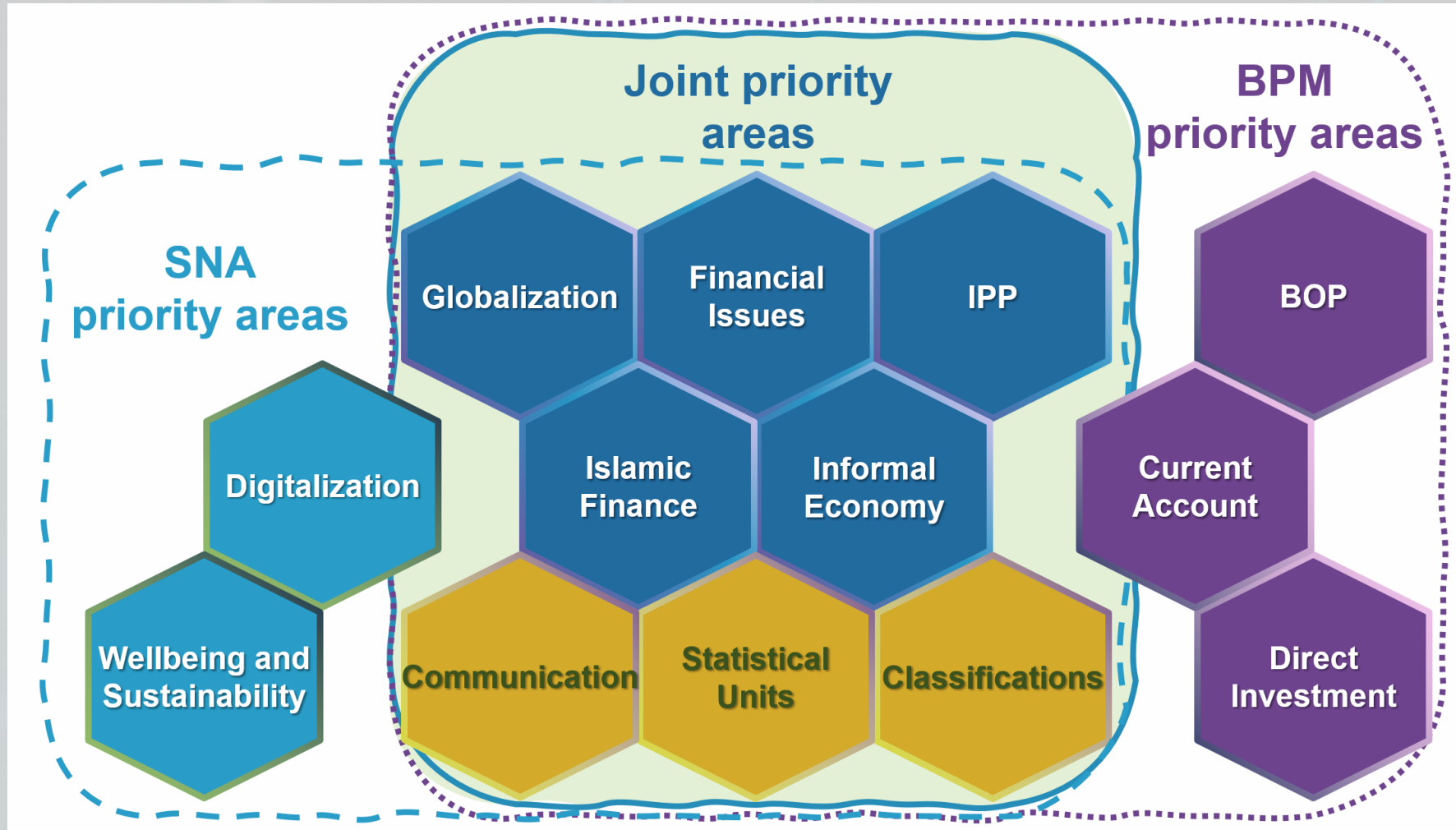
**SNA 1993  
BPM5 (1993)**



**SNA 2008  
BPM6 (2009)**



# Update Priority Areas



Key Update Themes



# Digitalization and Financial Innovation

## Selected Update Issues

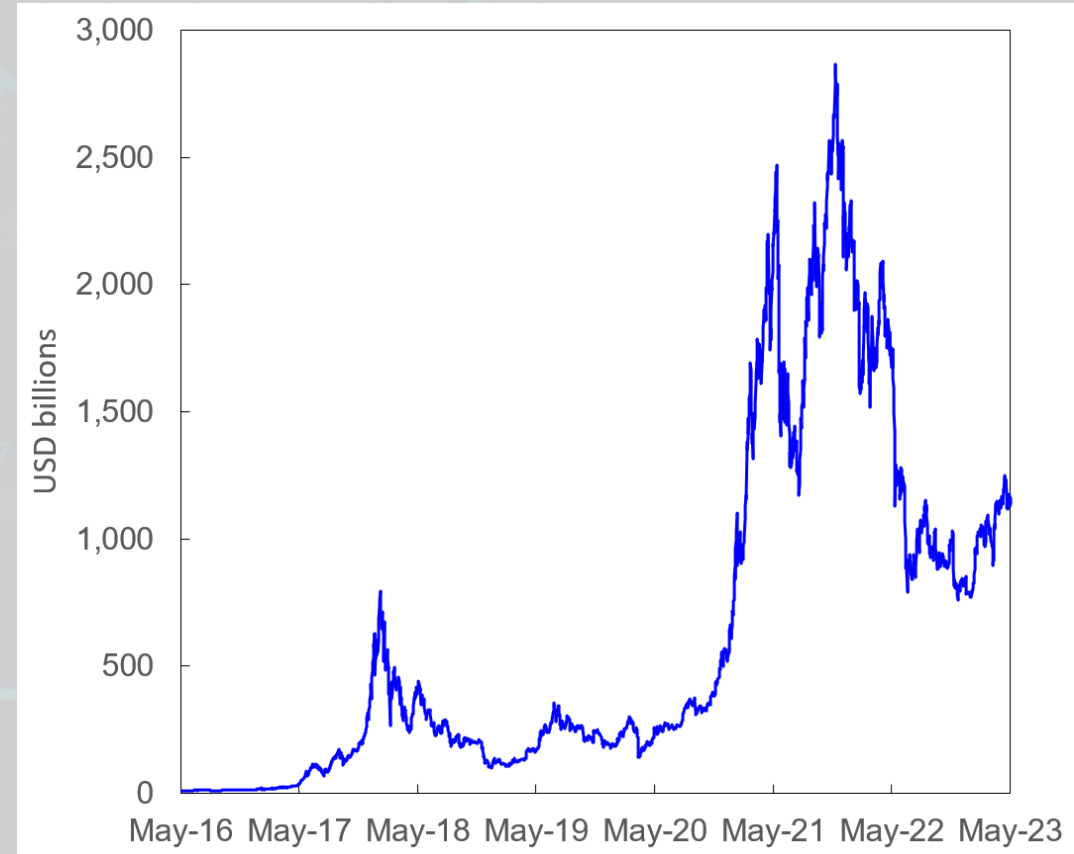
- Recording fintech
- Recording crypto assets
- Financial derivatives by type
- Non-bank financial institutions



## Related Policy Work

- Macrofinancial surveillance
- Fintech
- Digital money

Global market capitalization of crypto assets  
(In USD billions)



Source: Coin Dance.

# Globalization

## Selected Update Issues

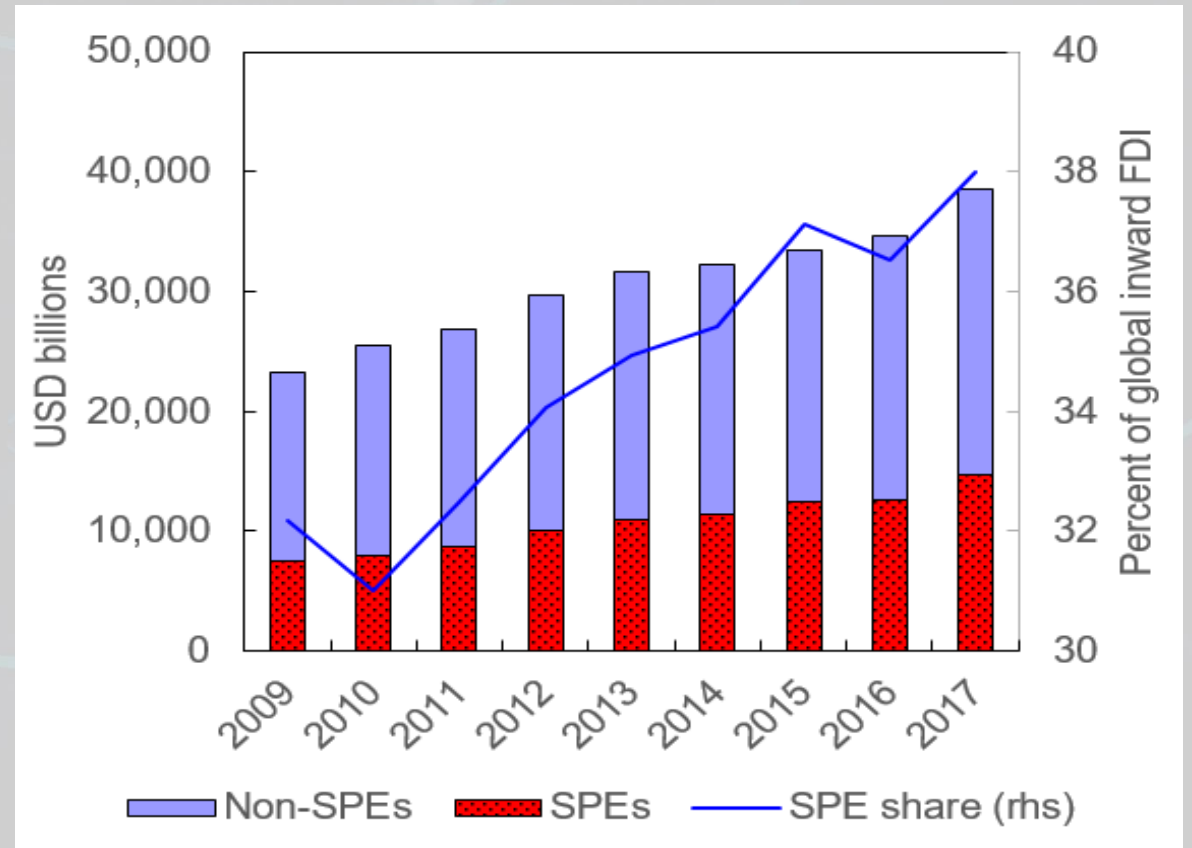
- Global value chains
- Multinational enterprises
- Special purpose entities (SPEs)



## Related Policy Work

- Trade
- International taxation
- Capital flows

Global inward FDI position and SPEs  
(In USD billion and percent of FDI)



Source: Damgaard, Jannick, Thomas Elkjaer, and Niels Johannesen, "What Is Real and What Is Not in the Global FDI Network?", IMF Working Paper No. 19/274, 2019.

# External Sustainability

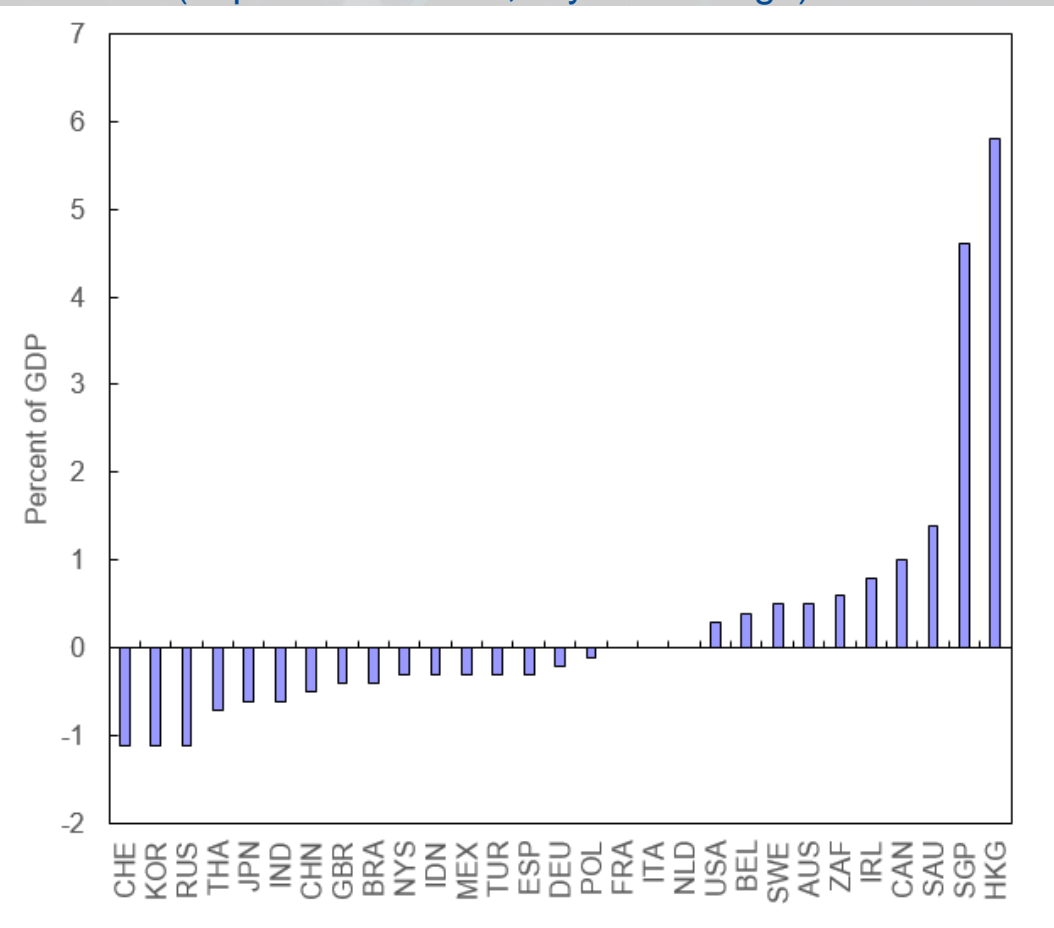
## Selected Update Issues

- Net international reserves
- Trade classified by currency
- Stock/flow reconciliation
- Reinvested earnings (RIE)
- Unlisted equity

## Related Policy Work

- External balance assessments

Estimated current account impact when including RIE on portfolio investment  
(In percent of GDP; 5-year average)



Source: IMF, "External Sector Report," 2018.

# Wellbeing and Sustainability

## Selected Update Issues

- Distributions of household income, consumption, saving, and wealth
- Unpaid household activities
- Environmental-economic accounting

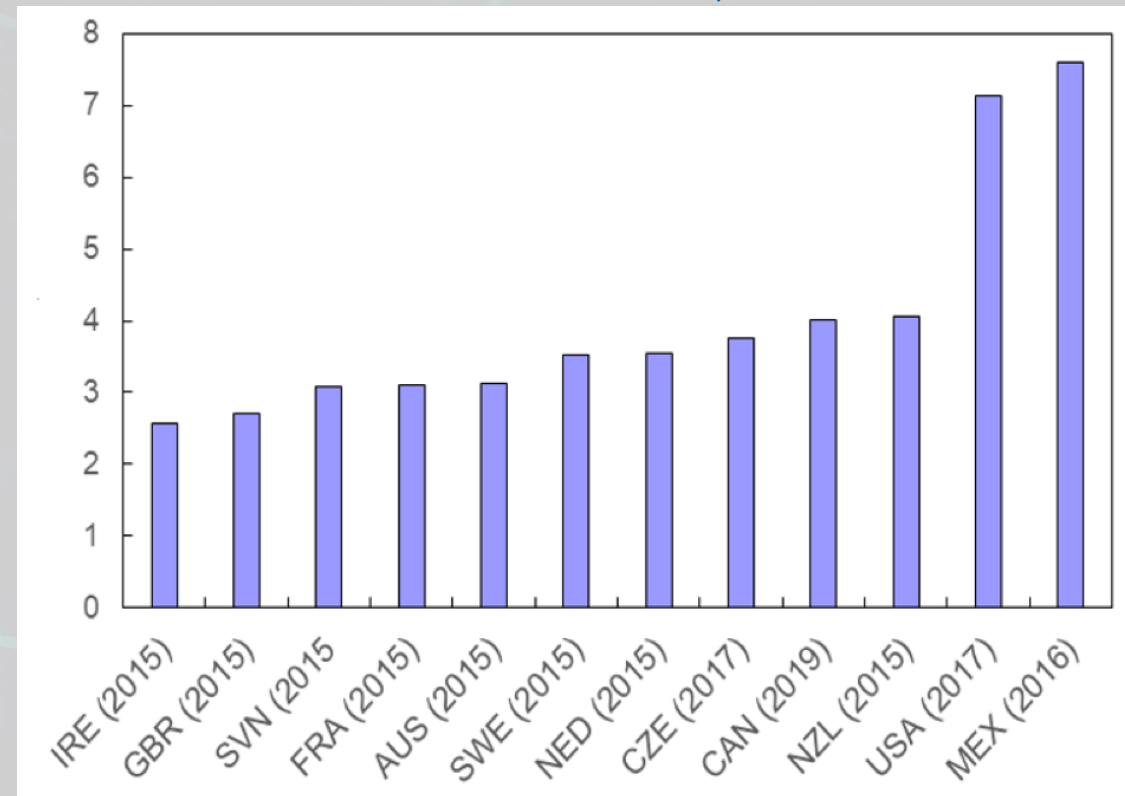


## Related Policy Work

- Inequality and inclusive growth
- Climate change

## Household disposable income

(Ratio, income of top 20 percent to income of bottom 20 percent of households)



Source: OECD.

# Informal Economy

## Selected Update Issues

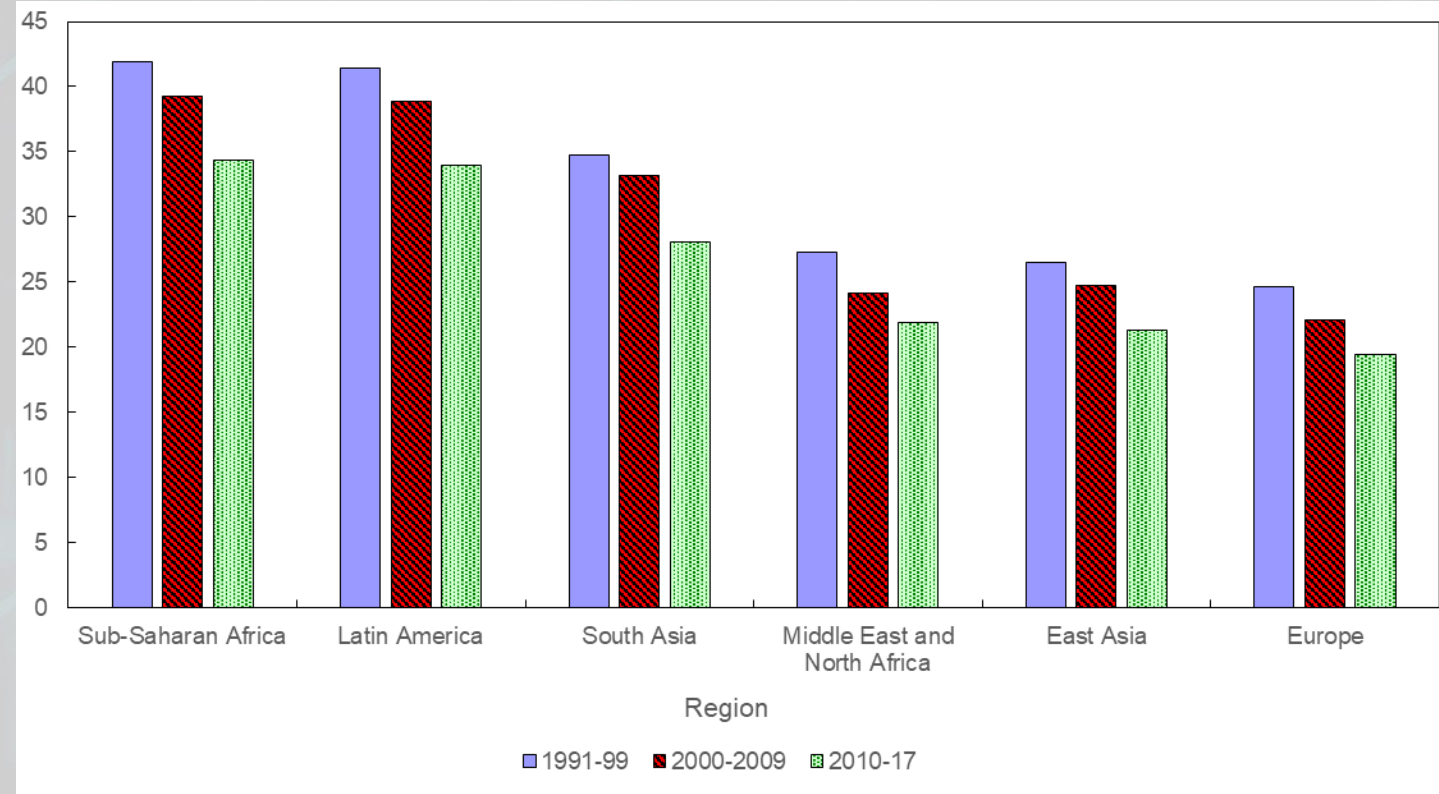
- Develop an enhanced, consistent framework for measurement
- Incorporate unpaid household services



## Related Policy Work

- Gender analysis
- Domestic revenue mobilization
- Inclusive growth

Informal economy by region  
(In percent of GDP)



Source: Medina, Leandro and Friedrich Schneider, "Shedding Light on the Shadow Economy: A Global Database and the Interaction with the Official One," CESifo Working Paper No. 7981, 2019.

# Governance Arrangements—SNA and BPM

## United Nations Statistical Commission (UNSC)

Provides the mandate on national accounts, endorses and monitors the work program.

## Inter-Secretariat Working Group on National Accounts (ISWGNA)

Carries out the mandate and reports progress on its work program to the UNSC.

Membership comprises international agencies, including the IMF.

Engages technical expert groups to carry out the work program.

## Advisory Expert Group on National Accounts (AEG)

Assists the ISWGNA in carrying out its work program. Resolves issues on the SNA research agenda.

Membership represents global community of national accounts compilers in their personal capacity.

## IMF Committee on Balance of Payments Statistics (Committee)

Advises the IMF on methodological and compilation issues in external sector statistics.

Membership represents global community of external statistics compilers in their personal capacity.

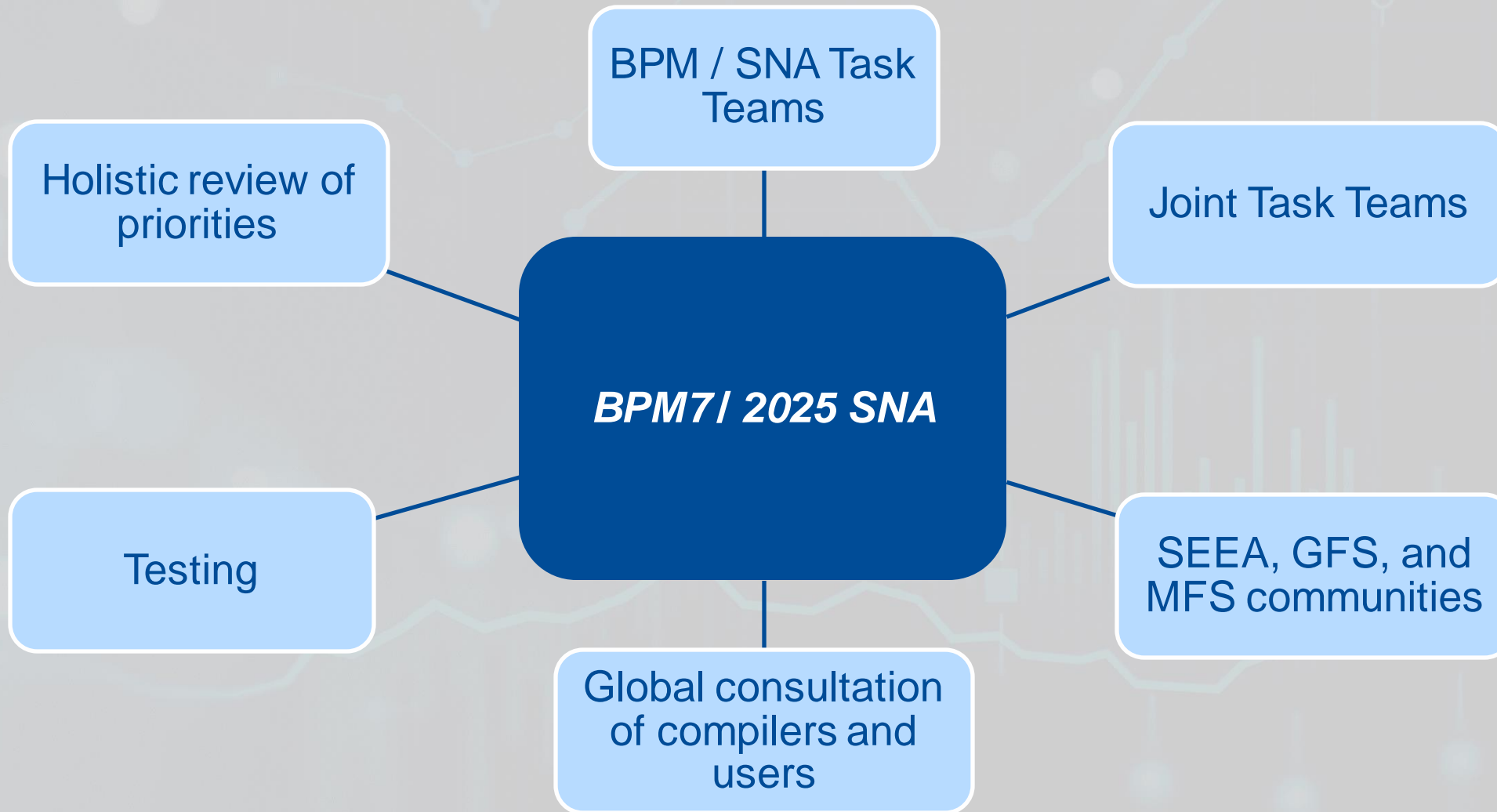


Update  
Process

# Update Process and Cooperation between the BPM and SNA Drafting Teams

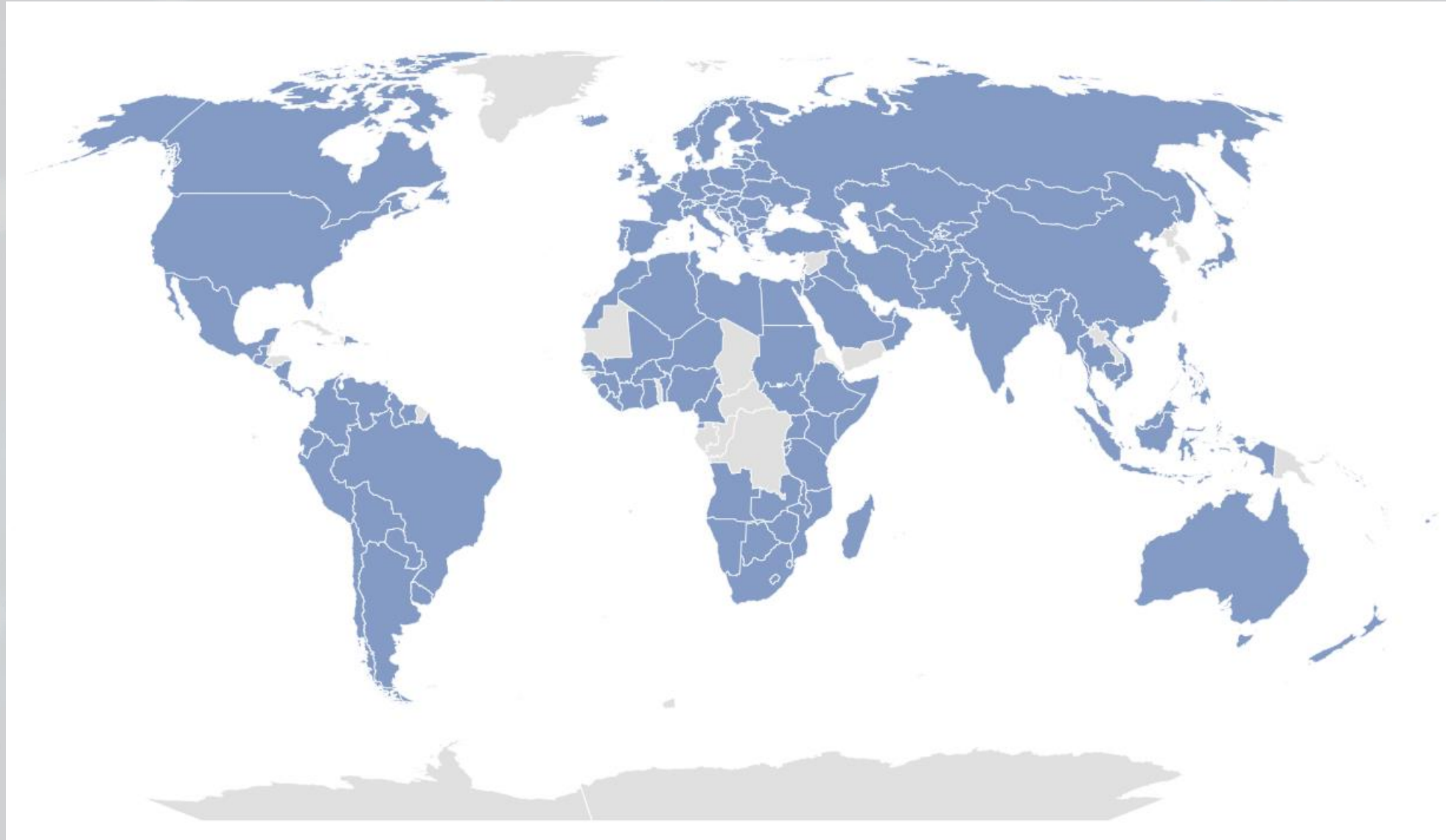
- **Research agenda: joint expert groups (Task Teams)**
  - Participation of GFS, MFS, SEEA, classification updates (ISIC, CPC), and users
- **Joint meetings of the AEG and the Committee**
  - Decisions taken together / key role of editors in the event of disagreements
- **Coordinated drafting of annotated outlines (new / substantially revised chapters)**
  - Including four joint SNA/BPM chapters
  - AOs circulated for global consultation
- **Common glossary and common text for general principles**

# Coordination and Involvement of Stakeholders



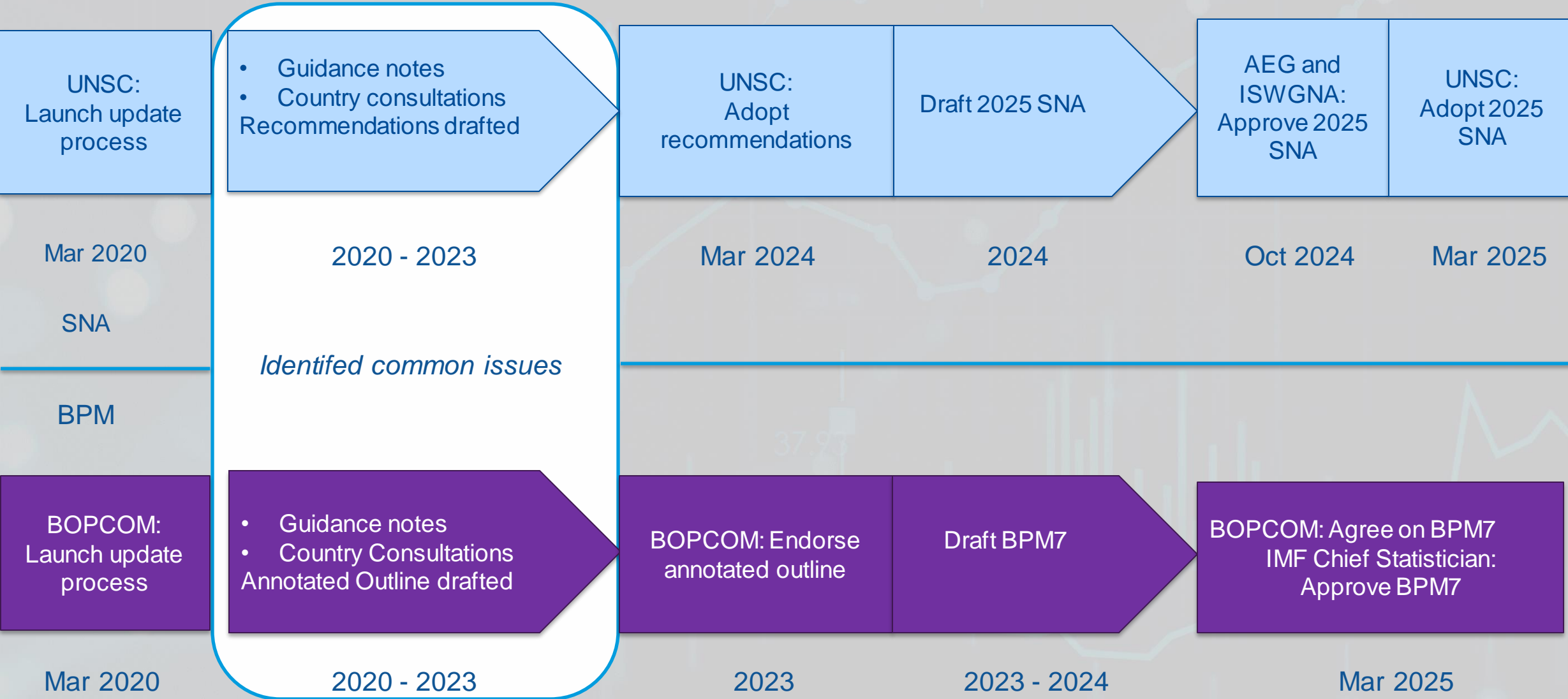


# Worldwide Participation in SNA/BPM Global Consultations



Thus far, 176 economies have participated in at least one of them

# Update Process and Timeline



# Support to Our Members and Outreach

- **Implement multipronged CD strategy**

- Organize regional workshops
- Provide technical assistance and training
- Develop methodology handbooks and compilation guides
- Coordinate CD with other international organizations

- **Utilize new digital platform for collaboration**

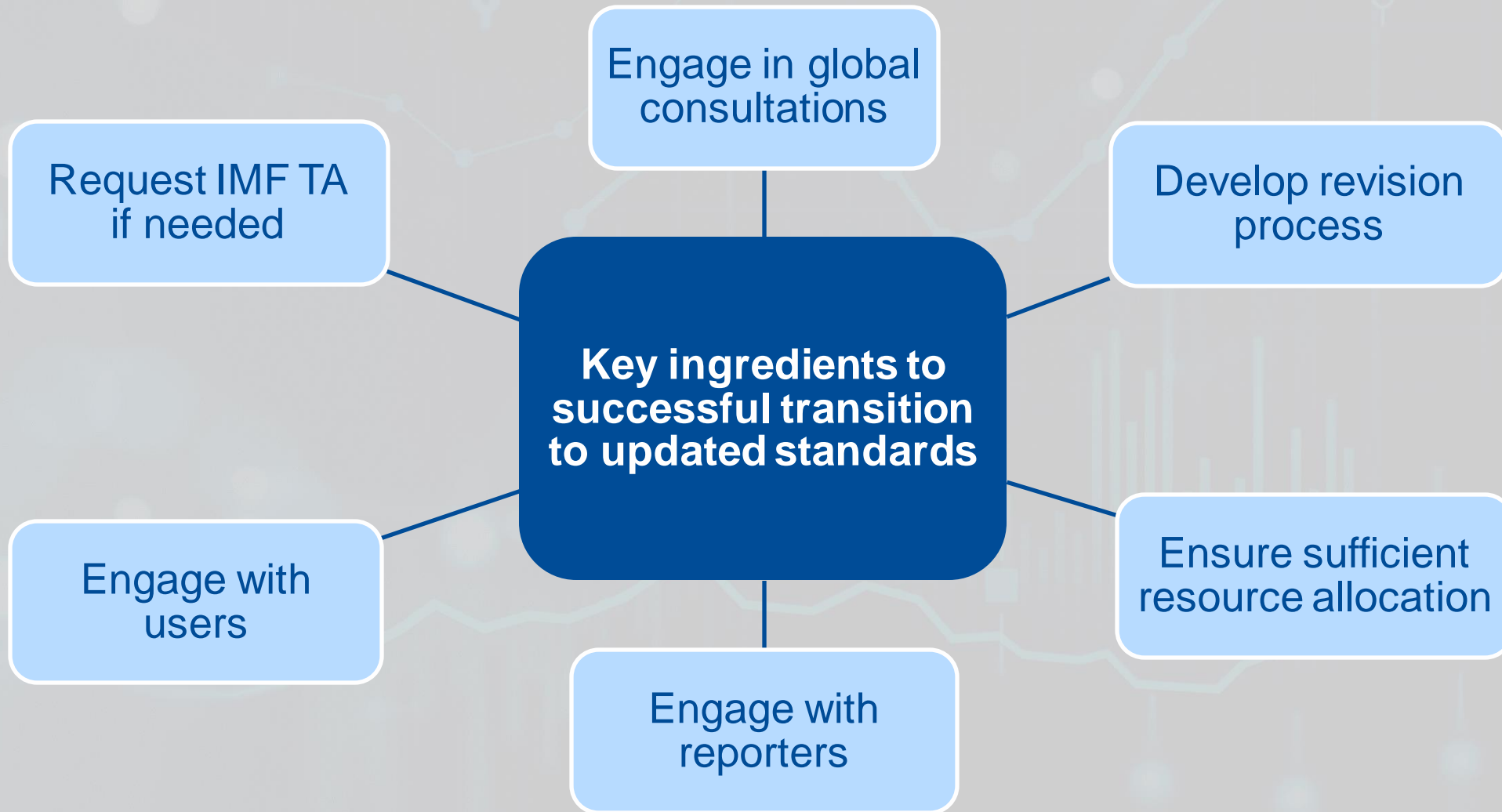
- Transition to electronic publications
- Share common concepts across all statistical domains
- Host a forum for interaction between compilers and users and peer-to-peer collaboration
- Development of a compilers' hub to facilitate sharing of best practices

**Tailor implementation approach to needs and limitations of fragile and conflict-affected states**



Support to Our  
Members and  
Recommendations

# Recommendations to Member Countries





**Thank you very much for your  
attention!**



# BACKGROUND SLIDES

# More Information on the Update of the 2008 SNA

<https://unstats.un.org/unsd/nationalaccount/towards2025.asp>



The screenshot shows the United Nations Statistics Division website. The header includes the UN logo and the text 'United Nations Statistics Division'. The navigation menu contains 'Home', 'SNA', 'ISWGNA', 'Knowledge Base', 'Data', 'Capacity development', and 'Publications'. A search bar is located on the right. The breadcrumb trail reads 'You are here: ISWGNA >> Updating the SNA >> Towards the 2025 SNA'. The main heading is 'Towards the 2025 SNA'. The page is divided into two columns. The left column is titled 'About the updating process' and contains several paragraphs of text. The right column is titled 'List of Task Teams' and lists ten teams, each with a small icon of two people.

**About the updating process**

The Intersecretariat Working Group on National Accounts (ISWGNA), assisted by the Advisory Expert Group on National Accounts (AEG), oversees the overall 2008 SNA update programme.

The Project Management page contains all documents (workprogramme, governance arrangements, progress reports of the project manager, reports to the UNSC, minutes of ISWGNA meetings, etc.) relevant to the management of the update project.

A three-pronged approach is envisaged for the update of the 2008 SNA:

**A. Undertaking technical research in prioritized and other national accounts issues and experimentation and testing of selected recommendations.**

To address the issues a series of **Guidance Notes** are being developed. This list is based on the consolidated SNA research agenda and an **initial list of issues** considered for updating the 2008 SNA which was identified in July 2020.

A novel key feature within the research component of the update of the 2008 SNA work programme is the explicit inclusion of an **experimental estimation / early implementation** component for some recommendations in the guidance notes.

Dedicated task teams were established to undertake the technical research and draft guidance notes.

**B. Engaging in a broad consultation on the issues related to the thematic areas.**

The Broad Consultation component of the SNA update constitutes several rounds of interactions with various groups of stakeholders such as compilers, policymakers, academia, and the private sector. Among the instruments used to broadcast the update and collect feedback are online **Global Consultations** on the guidance notes and **Outreach** activities through global and regional webinars and forums.

**C. Ensuring overall consistency with other statistical standards in the system of economic statistics.**

For overlapping issues in the research agendas identified for the SNA, BPM, GFS, MFSM, SEEA, ISIC and CPC etc., the Task Teams were established consisting of subject matter experts from relevant Committees of Experts and other groups.

As of March 2022, of specific note is the historically close collaboration of the work on the **update of the BPM6** and the 2008 SNA and the efforts to align the two standards, as well as the engagement of the **Government Finance Statistics Community** in the update programme.

**List of Task Teams**

-  **Digitalization Task Team**
-  **Wellbeing and Sustainability Task Team**
-  **Joint Globalization Task Team**
-  **Joint Communication Task Team**
-  **Joint Financial and Payment Systems Task Team**
-  **Joint Informal Economy Task Team**
-  **Joint Islamic Finance Task Team**
-  **BPM Balance of Payments Task Team**
-  **BPM Current Account Task Team**
-  **BPM Direct Investment Task Team**



# More Information on the Update of *BPM6*

<https://www.imf.org/en/Data/Statistics/BPM>

 INTERNATIONAL MONETARY FUND

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## UPDATE OF THE SIXTH EDITION OF THE BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION MANUAL (BPM6)

[Compendium of Research Issues](#)

**Task Teams (BOPCOM)**

- [Balance of Payments Task Team \(BPPT\)](#)
- [Current Account Task Team \(CATT\)](#)
- [Direct Investment Task Team \(DITT\)](#)

**Joint Task Teams (BOPCOM/ISWGNA)**

- [Financial and Payments Systems Task Team \(FITT\)](#)
- [Joint Globalization Task Team \(GZTT\)](#)
- [Informal Economy Task Team \(IETT\)](#)
- [Islamic Finance Task Team \(IFTT\)](#)
- [Joint Communications Task Team \(CMTT\)](#)

**Approved Guidance Notes**

[Update of the sixth edition of the Balance of Payments and International Investment Position Manual \(\*BPM6\*\)](#)

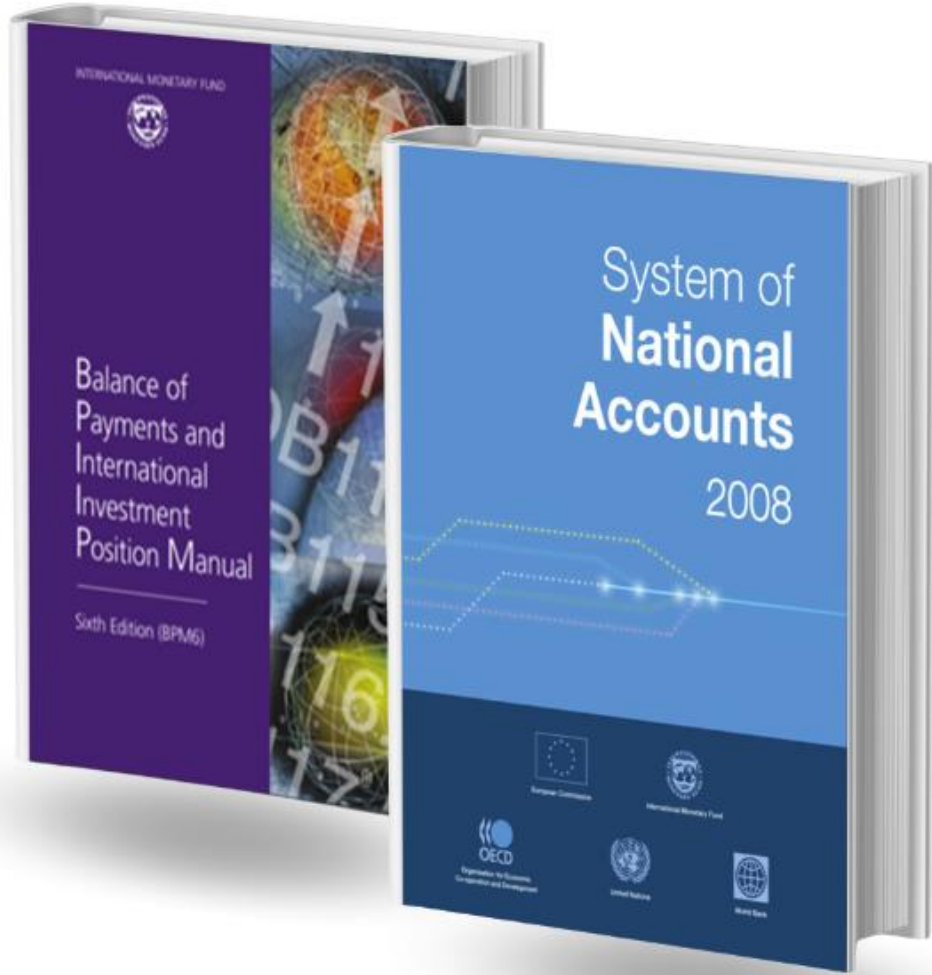
The IMF Statistics Department has launched the update of the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)* targeting to publish an updated version of the Manual (*BPM7*) by March 2025. The *BPM6* update is being coordinated with the update of the *System of National Accounts 2008 (2008 SNA)*, which was officially launched by the United Nations Statistical Commission (UNSC) also with a target release date of March 2025.

Key elements of the *BPM6* Update process and the timetable were endorsed by the IMF's Committee on Balance of Payments Statistics (BOPCOM) at its Thirty-Third Meeting in March 2020.

**The two phases of the update process are:**

- Phase I** (March 2020–March 2022): finalization of the detailed research on the issues identified in the *Compendium of Research Issues* and discuss how they would impact the new version of the Manual (*BPM7*) and
- Phase II** (April 2022–March 2025): finalization of the Annotated Outline and drafting of the chapters/appendixes of the *BPM7*, and extensive consultations about the proposed changes;





**STATISTICS**

# **Flows, Stocks, Accounting Rules, Residence, Institutional Units, and Sectors**

**DEC 12-14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

# AGENDA



BPM7 Chapter  
3/2025 SNA  
Chapter 4.  
Flows, Stocks,  
and Accounting  
Rules



BPM7 Chapter  
4/2025 SNA  
Chapter 5.  
Residence,  
Institutional  
Units, and  
Sectors

# Chapter Structure and Valuation

This chapter will follow the *2008 SNA* chapter structure (*i.e.*, *Chapter 3: Accounting Principles*)

- **Valuation**
  - Concessional lending—never record a transfer element in the “central framework”
  - Except for concessional loans provided by employers to employees
- **Imports and exports of goods—no change to the current standard**
  - Observed transaction value conceptually preferred
  - To be introduced in the next version of the manuals (subject to further testing)
- **Stocks of debt securities at nominal value—supplement to the existing market valuation**



# Transactions and Time of Recording

## ■ Transactions

- Partitioning of assets
  - Examples based on recording of emission trading permits
  - Potential split asset approach for natural resources

## ■ Time of recording of redistributive transactions

- Not record fine/penalty transactions until the unit issuing the fine has an “unconditional claim to the funds”; and
- If a judgment or ruling is subject to further appeal, an unconditional claim exists “when the appeal is resolved

# Economic Ownership

- **Economic ownership of (non-renewable) natural resources, biological resources, and renewable energy resources will be clarified**
- **Economic ownership of Intellectual Property Products (IPPs)**
  - Previously produced IPP depends on the underlying arrangement
  - Decision tree from the UNECE Guide to Measuring Global Production
  - Special purpose entities (SPEs)
- **Clarification on provisions—financial asset related, nonfinancial asset related, and unrelated to asset ownership**

# Chapter Structure and Sectoring

- This chapter follows the *2008 SNA* chapter structure (*i.e., Chapter 4: Institutional units and sectors*)
- Sectoring of fintech companies clarified
  - Classify them within the existing institutional sectors/subsectors—without introducing a new sector “Fintech”
  - Countries with significant fintech activities—may introduce an “of which” category



# 2025 SNA Sectoring

## Nonfinancial Corporations Sector

- Non-financial corporations (S11)
  - Domestically controlled (S11DO)
    - Public nonfinancial corporations (S11001)
      - *Of which:* Public nonfinancial corporations which are part of domestic multinationals (S110011)
    - National private nonfinancial corporations (S11002)
      - *Of which:* National private nonfinancial corporations which are part of domestic multinationals (S110021)
  - Foreign controlled (S11003)
    - *Of which: SPEs*

## Financial Corporations Sector

- Financial corporations (S12)
  - Domestically controlled (S12DO)
    - Public financial corporations (S12001)
      - *Of which:* Public financial corporations which are part of domestic multinationals (S120011)
    - National private financial corporations (S12002)
      - *Of which:* National private financial corporations which are part of domestic multinationals (S120021)
  - Foreign controlled (S12003)
    - *Of which: SPEs*

**Financial Corporations Sector**—updated breakdown

**Households Sector**—subsectoring according to levels of income and wealth; and other criteria



# BPM7 Sectoring

Central bank
Monetary authorities
Deposit-taking corporations
Of which SPEs
General government
<b>Other financial corporations</b>
<b>Money market funds (MMFs)</b>
<b>Non-MMF investment funds</b>
<b>Insurance corporations</b>
<b>Pension funds</b>
<b>Other financial intermediaries</b>
<b>Of which: Central clearing counterparties</b>
<b>Captive financial institutions and money lenders, and financial auxiliaries</b>
<b>Of which SPEs</b>
Nonfinancial corporations (NFCs)
Of which SPEs
Households (HHs) and non-profit institutions serving households (NPISHs)



## Special Purpose Entities (SPEs)

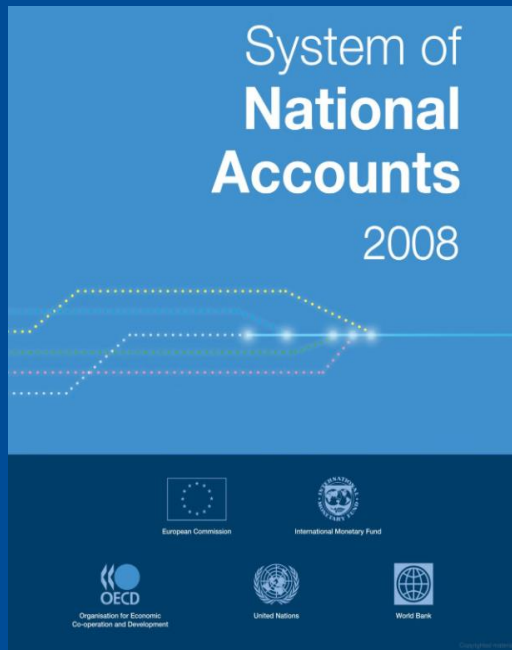
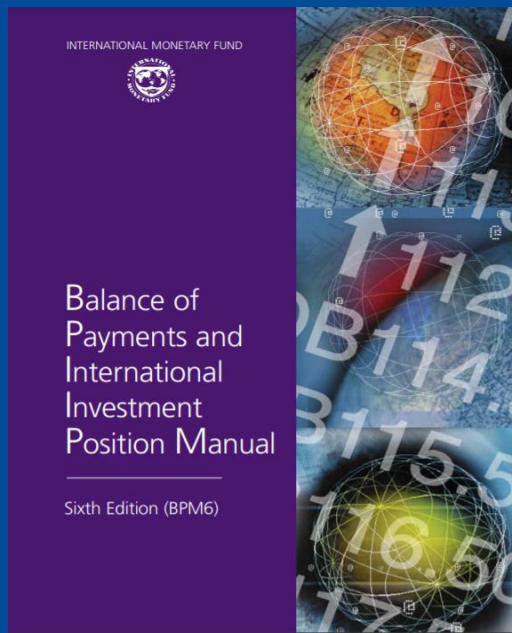
- The term SPEs should be used only for those entities with direct and indirect foreign control
- Special purpose units of general government—general government sector
  - Non-resident are treated as separate units—introduce enhanced imputations to better reflect the fiscal operations of government controlled SPEs
- Captive financial institutions wholly owned and controlled solely by resident parent entities—not considered SPEs
- Resident-controlled affiliates should be referred according to their typology (conduits, captives, etc.)—not classified as an SPEs

# Units and Control

- **Head offices (HO) and holding companies (HC)**
  - Guidance for determining whether a HO/HC is a separate institutional unit
  - Distinguishing HC from HO
- **Ownership and control of corporations**
  - Criteria for classifying the corporations controlled by non-resident—treatment consistent with BPM
  - For example, corporation B is said to be subsidiary of corporation A if corporation A holds more than 50 percent of voting power in corporation B

The background features a light blue grid with several faint, overlapping line graphs and data points. Some data points are marked with small circles, and one point is labeled with the number '37.93'. The overall aesthetic is clean and professional, typical of a financial or statistical presentation.

**THANK YOU FOR YOUR ATTENTION!**



**STATISTICS**

# **Digitalization**

**DEC 12-14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

# Lecture Outline

- ✓ **Motivation**
- ✓ **Content of the 2025 SNA Chapter 22/BPM7 Chapter 16 Digitalization**
  - ✓ A. Digital Products
  - ✓ B. Digital Platforms
  - ✓ C. Digitalization and the Financial system
  - ✓ D. Measuring Prices and Volumes of Products affected by Digitalization
  - ✓ E. Analytical Tools to Increase the Visibility of Digitalization

# Motivation

This Chapter is a new addition resulting from the update process of the SNA and BPM Manuals.

- Give **visibility** of the impact of digitalization on production, consumption, investment, trade, process, finance, communication, and other aspects of the economy and relevant cross-border transactions.
- Provide **guidelines** to measure digital products in accordance with the broad conceptual framework of the SNA/BPM.
- Explain the **measurement** of products and assets that have emerged as part of digitalization and provide a **consolidated view** of measuring and reporting on key aspects of digitalization.

# Content of Chapter 22. Digitalization

## A. Digital Goods and Services

1. Cloud computing
2. Data assets
3. Artificial intelligence
4. Nonfungible tokens

## B. Digital platforms

1. Nonfinancial digital intermediary platforms (DIPs)
2. Free digital platforms and free digital products
  - Free products supplied by non-platforms firms
  - Free Digital Platforms
  - User-generated content
  - Free Software
  - Increasing visibility of Free Digital Platforms and Products

## C. Digitalization and the Financial System

1. New Financial Services and Means of Payment Enabled by Digitalization
2. Financial Digital Intermediation Platforms
3. Digital Assets, including Fungible Crypto Assets

## D. Measuring Prices and Volumes of Products affected by Digitalization

- Measuring quality change in ICT goods and goods with ICT components
- Software and data
- Cloud computing
- Internet and telecommunications services
- E-commerce and digital intermediation platforms
- Expanded access to variety and customization
- Free digital products

## E. Analytical Tools to Increase the Visibility of Digitalization

1. Thematic Account on the Digital Economy
2. Digital Supply and Use Tables
3. Extended Account to Increase the Visibility of the Free Services of Digital Platforms Consumed by Households

# A. Digital Products (1)

## Cloud Computing



Computing, data storage, software, and related IT services accessed remotely over a network, supplied on demand and with measured resource usage.

1. **Infrastructure-as-a-service (IaaS)** - access to hardware
2. **Platform-as-a-service (PaaS)** - access to a software platform
3. **Software-as-a-service (SaaS)** - access to the application software

**Business process as a service (BPaaS)** - specialized software used to automate common business functions or tasks

## Data assets



**Data has become an important type of produced intangible asset.**

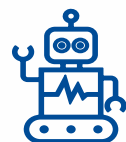
Data as an asset means information content produced by accessing and observing phenomena (OP) and recording, organizing and storing information elements. These assets are produced when information on observable phenomena (OP) such as facts, behaviors, and characteristics is recorded, organized, and stored in digital format.

Data that is expected to be used in production for more than a year is conceptually a fixed asset (IPP).



# A. Digital Products (1)

## Artificial intelligence



AI means capabilities of a computer program, or system controlled by a computer program, of recognition, reasoning, communication, and prediction that emulate human recognition, reasoning, and communication. AI programs may also be capable of learning.

AI systems are distinguished as a special type of software within a class of intellectual property product identified as “Computer Software, including Artificial Intelligence Systems”, with the separate reporting of AI encouraged as an “of which” item.

## Nonfungible tokens



Digital records hosted on a blockchain that are associated with a digital or physical asset or product but that are distinct from that asset or product. NFTs certify ownership of rights to use and benefit from the asset and may also serve to certify the asset’s authenticity.

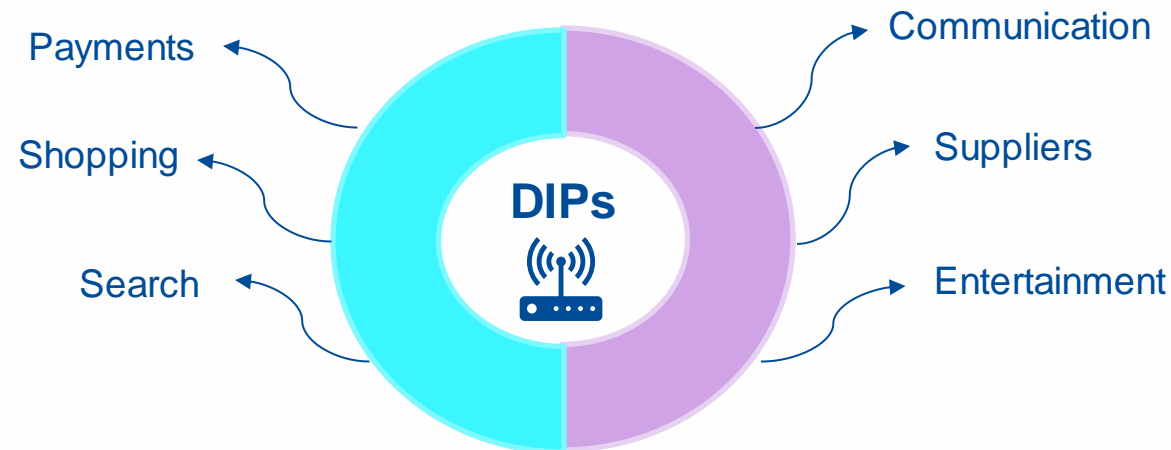
- (1) NFTs that convey no ownership rights → (SNA Consumption) ; (BOP-computer and information services)
- (2) NFTs that convey limited ownership rights → Non-produced, nonfinancial assets: contracts, leases and licenses
- (3) NFTs that convey full ownership rights → purchase of the underlying asset (digital or physical).  
>>> For the BOP: digital--(goods or computer services)

## B. Digital Platforms

- Operators of digital platforms are service providers that facilitate interactions via the internet between two or more distinct but interdependent sets of users (either firms or individuals).
- Digitally-enabled services of matching producers with consumers or funders with borrowers are known as digital intermediation.

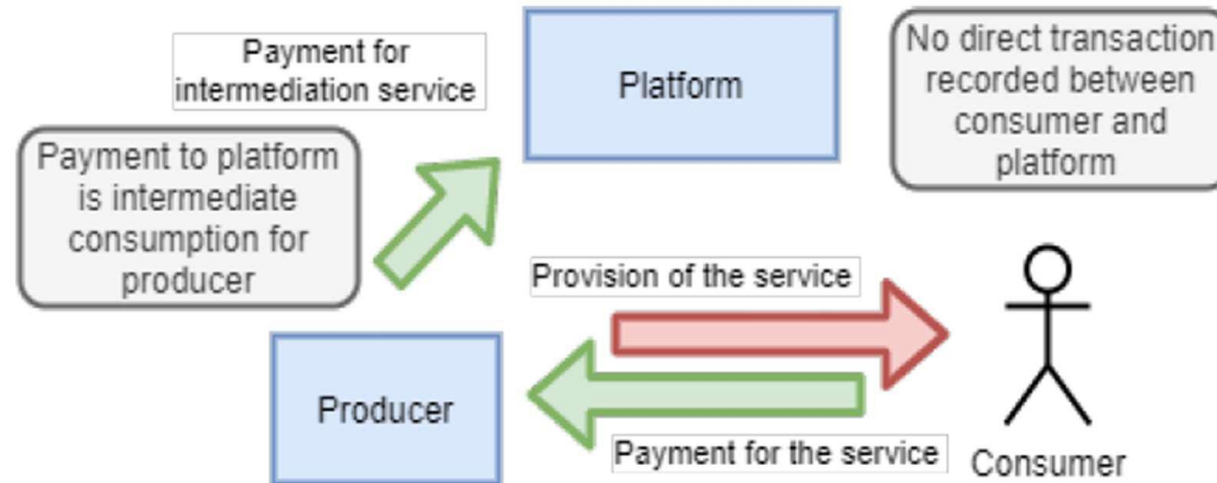
There are three types of digital platforms:

- a) Nonfinancial digital intermediation platforms (DIPs) facilitate transactions between buyers and sellers for the ordering and delivery of goods and services for a fee or commission, without taking ownership of the goods and services that are intermediated.
- b) Free digital platforms facilitate non-commercial interactions between users or provide entertainment and information services and are usually funded by advertising and the collection of data on their users.
- c) Financial digital intermediation platforms mediate funding or payment transactions. Financial DIPs are discussed below in the section on digitalization and the financial system.



## Nonfinancial DIPs (2)

- The output of the DIP consists only of the digital intermediation services, which are recompensed through a fee or commission.
- A rerouting is needed to include a direct sale of the output of the producers using the platform to the buyers using the platform and a purchase by those producers of intermediation services supplied by the platform.



# Free digital platforms and free digital products

- Digitalization has been marked by the emergence of free digital platforms as part of daily life and a general expansion in the availability of free digital products.
- The SNA framework values the free outputs of nonmarket producers such as nonprofit institutions funded by donations by the cost of production. However, it does not apply to most of these free digital products because they are supplied by a commercial enterprise.
- The outputs of commercial enterprises are valued by their price, which is zero in the case of a free product.
- Free products supplied by market producers are included in GDP as part of the price of other products they help sell or with which they are bundled either directly or indirectly.
- Taken together, the items in the bundle generate at least enough revenue to cover the operating costs of the supplier of the free product, so the overall output of the supplier of the free digital product is not undermeasured.
- Both platforms and non-platforms supply digital products.

# Free digital platforms and free digital products (1)

## Free products supplied by non-platforms firms

Suppliers of digital products frequently adopt a “freemium” pricing strategy, in which a free basic version of the product promotes sales of upgrades or a premium version of the product.

The price of the promoted output, includes a mark-up that covers the cost of supplying the free output that has facilitated its sale.

## Free Digital Platforms

Some digital platforms (such as public wikis created and maintained by volunteers) are owned by NPISHs and operate as non-market producers (social media, search, and access to content providing entertainment and information).

Most free platforms are commercial enterprises funded by advertising and monetizing user data. Multi-sided commercial platforms often charge a price for their services to the users on one side of the platform and supply free services to the users on the other side of the platform, to attract and retain these users.

# Free digital platforms and free digital products (2)

## Free Software

- Free software products are often used by households for final consumption, or in production. Copies of free software are frequently supplied across borders.
- App stores are a type of DIP where the service that is intermediated is often free. Free and subsidized apps used by households may be funded by advertising, data monetization, or other services whose use they facilitate. The services of apps funded by advertising are purchased indirectly as part of the price of the advertised product.
- Open-source software developed by corporations is usually funded through sale of complementary services, such as training and support, or by other products it helps sell.
- Free software developed by individuals working independently (unpaid production) is outside the SNA production boundary.

## Increasing visibility of Free Digital Platforms and Products

Alternative measures of household final consumption expenditures and the output of free digital platforms may be presented in an extended account on free digital platforms.

# Free digital platforms and free digital products (3)

## User-generated content

- Users of free platforms frequently create user-generated content such as videos, articles, photos, etc. both for leisure activity and commercial purposes.
- Creating content for leisure is outside the SNA production boundary. Unless the creator receives remuneration, user-generated content is assumed to have been created for leisure purposes.
- Households that receive monetary remuneration for their uploaded content can be considered unincorporated household enterprises supplying services. If the purchaser is a non-resident, these services should be included in exports of services.

# Digitalization in the Financial system

## New Financial Services and Means of Payment Enabled by Digitalization.

The new digital financial services fall within existing categories of products, and the new digital payment mechanisms fall within existing asset categories.

- Financial digital intermediation platforms,
- Crypto currency exchanges,
- Digital providers of insurance services (InsurTech),
- Digital banking platforms operating solely online (neobanks),
- Emoney issuers, and
- Online only foreign exchange bureaus and money transfer operators.

## Financial Digital Intermediation Platforms

Provide matching services and facilitate financial transactions between suppliers of funds and users of funds.

They receive fees or commissions for their services and are classified as financial auxiliaries (S126).

## Digital Assets, including Fungible Crypto Assets

Digital assets are digital representations of value recorded on a cryptographically secured distributed ledger or using a similar technology.

Include crypto assets and CBDCs, which may be designed as crypto assets, but which do not necessarily use crypto asset technology.

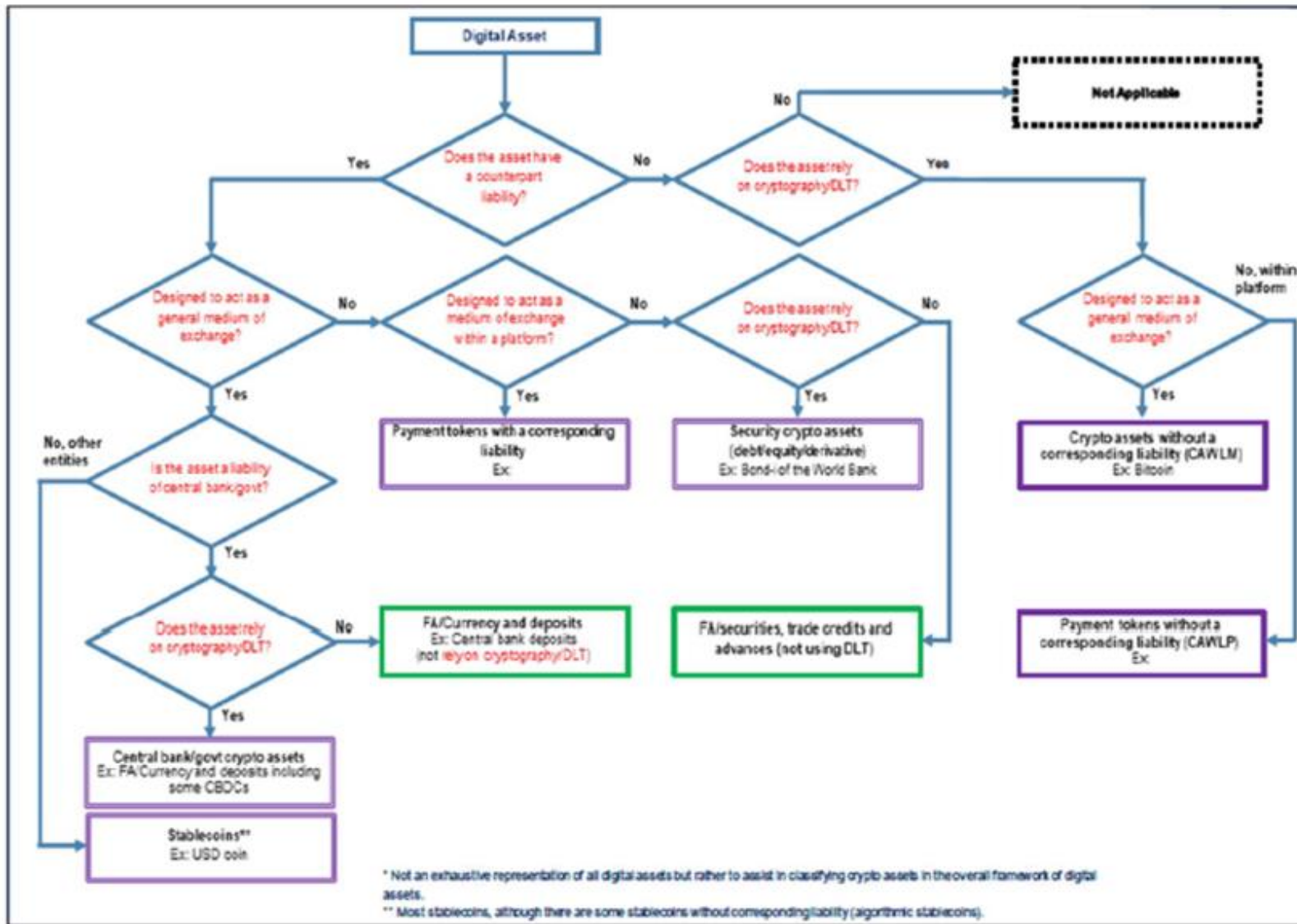
Crypto assets are digital representations of value that use cryptography and distributed ledger technology (DLT) such as blockchains to enable parties to transact directly with each other without the need for a trusted intermediary.

Crypto assets with a corresponding liability = Financial assets

Crypto assets without corresponding liability = Nonproduced nonfinancial assets.



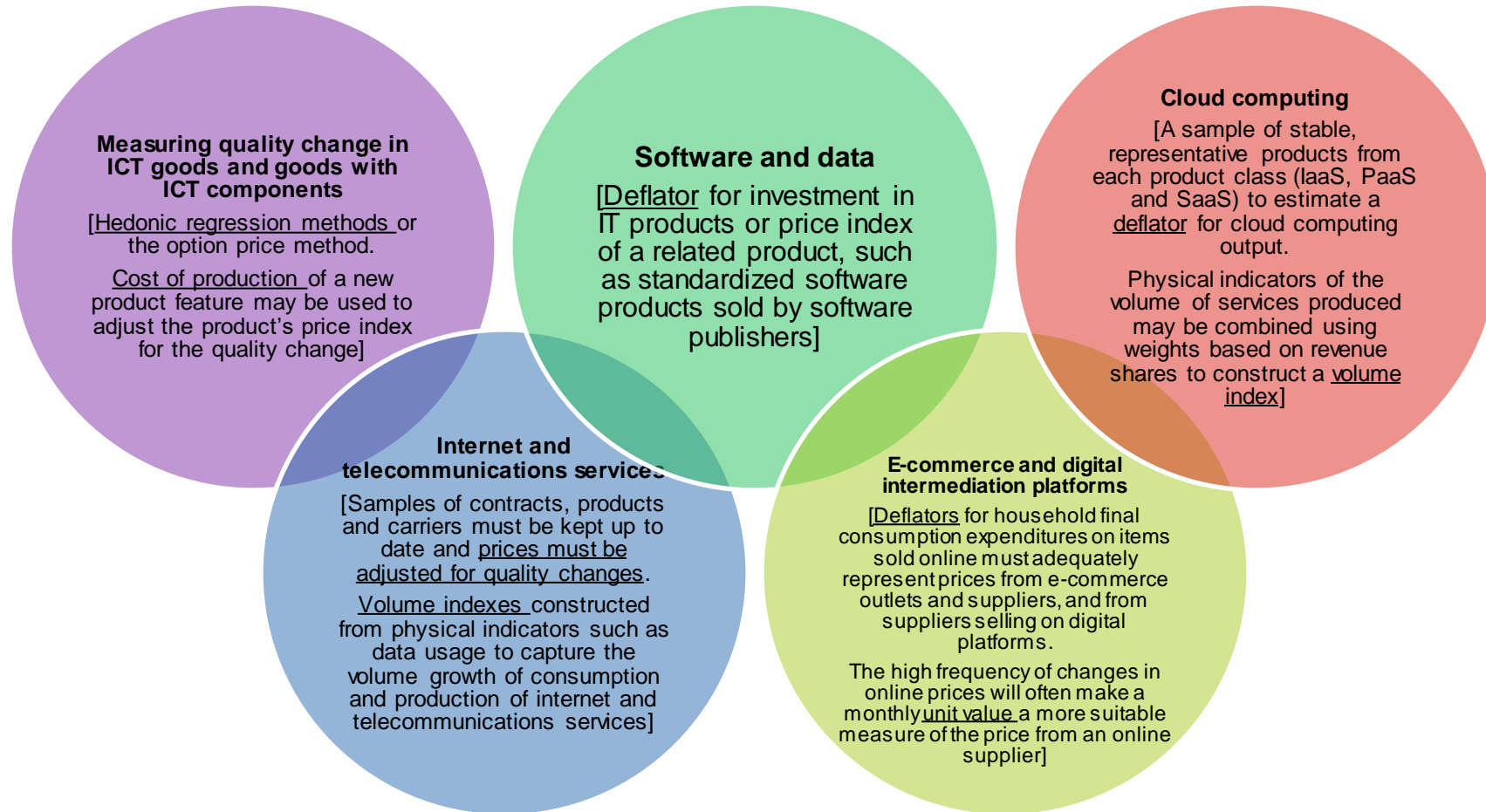
# C. Decision tree to classify digital assets



# D. Measuring Prices and Volumes of Products affected by Digitalization

- Many measurement challenges arising from digitalization involve prices and volumes rather than the output at current prices.
- Price and volume measurement challenges are particularly common for products affected by digitalization because price change is straightforward to measure only when the products and their characteristics remain static.
- To capture the price and volume impact of quality changes in digital products, the prices of new models must be adjusted for the value of their quality difference from the models they replace.
- The commonly used “matched models” should be adjusted by introducing models of products benefiting from advances in digital technology that often offer substantially improved quality at about the same price as the model they replaced.
- Hedonic regression models relating the price to the product’s characteristics are a recommended method for adjusting prices for quality change.
- Another technique used to adjust the price of a digital good for a quality change is options pricing, which averages observations on the differences in the price of the item caused by a characteristic offered as an option.

# D. Measuring Prices and Volumes of Products affected by Digitalization



## E. Analytical Tools to Increase the Visibility of Digitalization

### Thematic Account on the Digital Economy

The main purpose of the thematic account and the accompanying Digital SUTs is to increase the visibility of activities, products and transactions affected by digitalization that are subsumed in broader aggregates in the standard classifications of the national accounts.

A thematic account can communicate the key information from the digital SUTs in a convenient and effective format. In this account the items that are most important for understanding the structure of the domestic economy and its uses of digital products should be prioritized.

### Digital Supply and Use Tables

Digital SUTs analyze the impact of digitalization on the economy along three dimensions: type of transaction, type of product, and type industry.

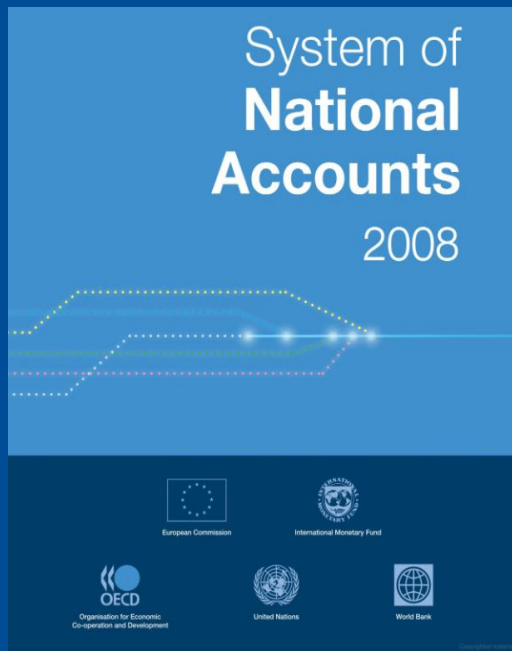
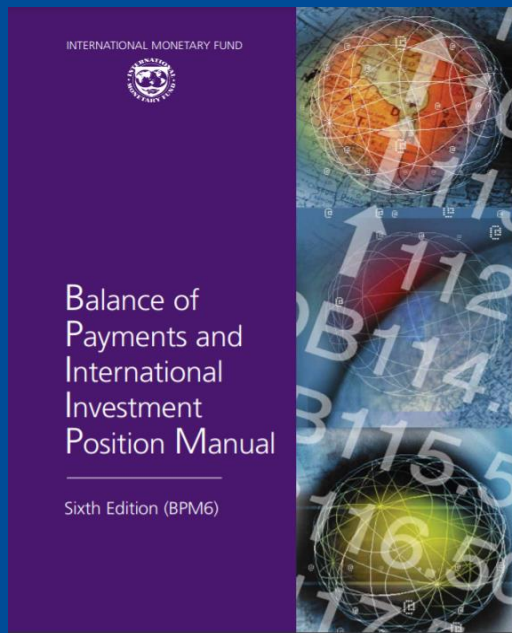
The Digital SUTs start with the conventional SUTs and add rows on digital transactions and products and columns on new digital industries.

### Extended Account to Increase the Visibility of the Free Services of Digital Platforms Consumed by Households

Extended accounts are a flexible tool for presenting concepts that extend SNA boundaries, including expanded measures of economic activity and household final consumption expenditures that extend the production boundary.

Households' consumption of the free services of advertiser-funded digital platforms can be included in an extended account as part of expanded measures of household final consumption expenditures and output.

**Thank you!**



**STATISTICS**

# **Informal Economy**

**DEC 12-14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

# Outline

- **Introduction**
- **Framework for the Informal Economy**
- **The Non-Observed Economy**
- **Illegal Activities**
- **Informal Work**
- **Informal Cross-border Flows**

# Introduction

- A revised SNA chapter and new BPM chapter on informal activities. It represents a significant revision of *2008 SNA Chapter 25* and is consistent with the latest *International Labour Organization (ILO)* recommendations on informality.
- **Motivation:** The *2008 SNA* recognized the importance of informal activities and that they should be integrated in the national accounts. However, neither the *2008 SNA* nor the ILO recommendations at that time provided a comprehensive framework for measuring the informal economy.
- The chapter will examine the emergence of new informal economic activities that are often associated with lower and uncertain income for workers.
  - ✓ Includes some activities linked to digitalization such as informal ride-share services.



# Framework for the Informal Economy

## Goal:

Complete presentation of the informal economy.

**Not** focused on exhaustiveness.

## Informal productive activities are:

All productive activities carried out by persons and economic units that are – in law or in practice – not covered by formal arrangements.

The **informal economy** is defined as constituting all informal productive activities.

## Informal productive activities - The informal economy

		Informal productive activities in the formal sector	Informal sector	Informal household own-use production			
		Production in the formal sector is never informal All informal labor inputs of workers engaged by: formal household unincorporated market enterprises, formal NPISHs, corporations, and general government	All production of: informal household unincorporated enterprises and All labor inputs used to undertake this production	Household production engaging informal domestic employees & All labor inputs used to undertake this production	Unregistered household own-use production including informal or temporary NPISHs and direct volunteers & All labor inputs used to undertake this production		
Labor input:	For pay or profit	Informal employment	Informal employment	Informal employment			
	Not for pay or profit	Informal unpaid trainee work	Informal unpaid trainee work		Informal volunteer work		
		Informal volunteer work	Informal volunteer work		Own-use production work		
Relation to SNA production boundary:		Goods and Services			Goods	Services	
		SNA production boundary					
		SNA general production boundary					
		Informal Economy					

# The Non-Observed Economy

- Conceptually distinct from the informal economy.
  - ✓ The concepts serve different purposes, and each includes elements that are not included in the other.
- Non-observed economy covers activities that are not captured in regular statistical enquiries.
  - ✓ A pragmatic term that is used in the context of achieving exhaustive statistics.

**But:** Overlap because informal economy is difficult to measure

# Illegal Activities

Most, but not all, illegal productive activities would be part of the informal economy if the principles of informality are applied.

- Production that is usually legal but becomes illegal when carried out by unauthorized producers should be included in the informal economy.

**However:** production of goods and services whose sale, distribution or possession is forbidden by law are *by convention* excluded from the informal economy.

# Informal Work

- This section will be closely linked to the SNA chapter on labor.
  - ✓ It will focus solely on informal employment.
- It will introduce the ILO definitions relating to:
- Employment
  - ✓ *E.g., job or work activity; independent workers; dependent workers; employment for profit; employment for pay.*
- The categories of informal employment.
  - ✓ *E.g., contributing family workers; employees*
- The informal forms of work other than employment
  - ✓ *E.g., direct volunteering; unpaid trainee work; own-use production work*

# Informal Cross Border Flows

This subsection discusses the problems that arise in external sector statistics when transactions that are outside the scope of regular statistical inquiries are omitted.

**Example:** merchandise trade statistics may not cover shuttle trade

- ✓ undertaken by household unincorporated market enterprises and not included in customs recording.

Framework can be used to cover informal cross border transactions in goods, informal services, and remittances transmitted through informal channels.

**Thank you**

# Dependent Contractors

Dependent contractors own and operate household unincorporated market enterprises and have contractual arrangements of a commercial nature (but not a contract of employment) to provide goods or services for or through another economic unit.

In informal employment if they:

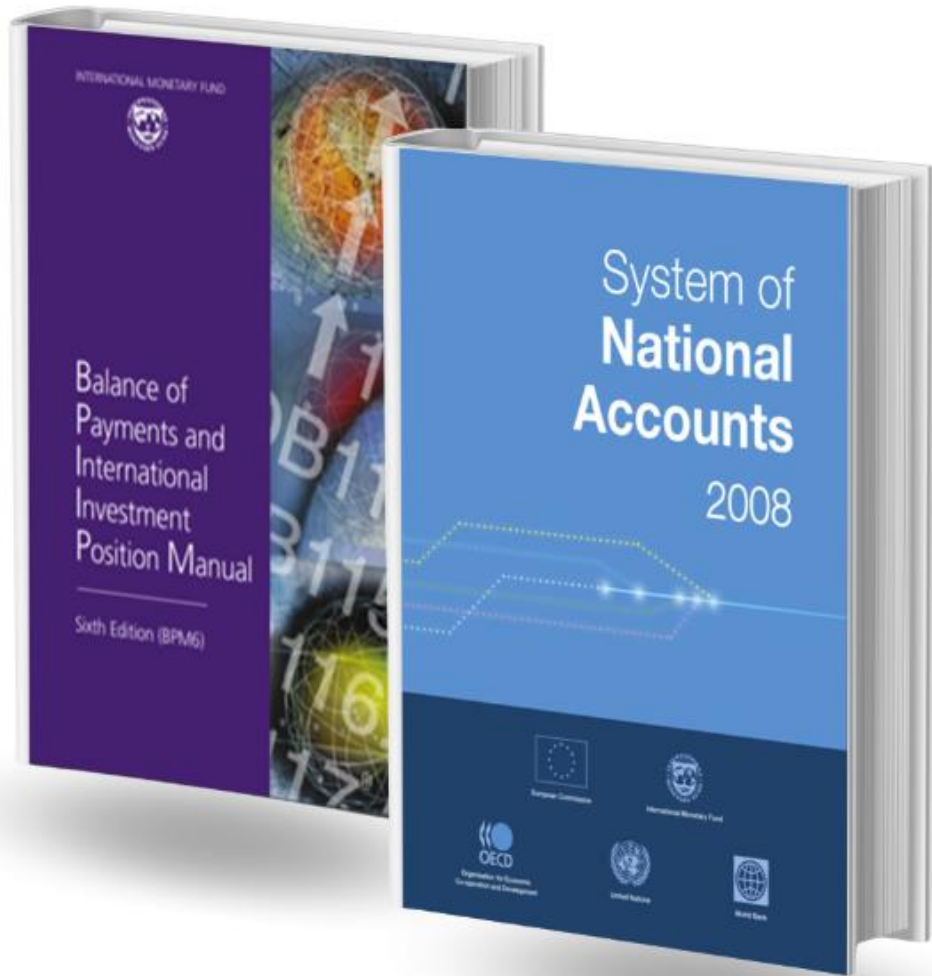
- Do not own or co-own a formal economic unit and are not registered for tax and thereby do not have a formal status, or
- Own or co-own a formal economic unit or are registered for tax, and thereby have a formal status but without effective access to formal arrangements intended to reduce the economic risk related to the job.



# Digitalization

Digitalization facilitates production in various ways. Among them are:

- **Dependent contractors** who rely on large formal enterprise that provide a digital intermediation service. These enterprises can facilitate formality for the dependent contractor.
- **Household unincorporated market enterprise** for example through digital marketplaces. Their classification in the domains of the economy based on the criteria for informality.



**STATISTICS**

# **Globalization**

**DEC 12-14, 2023**

**IMF Statistics Department Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

# AGENDA



Introduction



Global  
Production



Multinational  
Enterprise  
(MNE)  
Groups



Measurement  
Challenges



Supplementary  
Data



Analytical  
Tools

# Introduction

- **New thematic chapter**

- Bring together information that cuts across different chapters.

- **What is globalization?**

- Refers to the economic integration of economies around the world.
- Producers achieve efficiencies by outsourcing parts of the production process (fragmentation).

- **The challenge**

- Traditional macroeconomic statistics are based on the concepts of residence and economic presence.

- **The solution**

- Supplementary presentations to provide alternative views or additional details that complement traditional macroeconomic statistics.



# Global Production

- **Global value chains (GVCs)**

- Fragmentation of production in production chains between resident and nonresident firms.
- GVCs are a fundamental pillar of the modern global economy, enabling companies to take advantage of global specialization and cost efficiencies.

- **Manufacturing and distribution arrangements**

- The chapter describes four main types of arrangements and their recording
  - Re-exports
  - Merchanting
  - Processing
  - Factoryless goods production



# Global Production

## ■ Re-exports

- *Goods produced in other economies, and previously imported, that are exported with no substantial transformation from the state in which they were previously imported.*
- Less connection to domestic economy compared to other exports
  - ➡ Show as supplementary item when significant

## ■ Merchunting

- *The purchase of goods by a resident (of the compiling economy) from a nonresident combined with the subsequent resale of the same goods to another nonresident without the goods being physically moved in and out of the compiling economy.*
- Recording imports and exports of goods would inflate trade data
  - ➡ Record net export of goods under merchunting

# Global Production

## ■ Processing

- *Under a processing arrangement, the principal owns or acquires material inputs and purchases manufacturing services on physical inputs owned by others from a nonresident processor (who may provide some material inputs), to substantially change the goods. The ownership of the goods does not change during the manufacturing process.*
- **Key aspect:** Processor does not take ownership of the goods during the processing
- Record transactions in goods and services
  - Merchandise transactions between the principal in a processing arrangement and other parties may be shown as a supplementary sub-item of general merchandise.



# Global Production

- **Factoryless goods production**

- *When a principal controls the production of a good by undertaking the entrepreneurial steps and providing the technical specifications required to produce the good, but fully outsources the material transformation process required to produce the output.*
- **Key aspect:** Contractor takes ownership of the material inputs.
- Record transactions in goods
  - Merchandise transactions between the principal in a processing arrangement and other parties may be shown as a supplementary sub-item of general merchandise.



# Multinational Enterprise (MNE) Groups

- **MNE definition**
- **The Role of Special Purpose Entities (SPEs)**
  - Access to capital markets, isolate owners from financial risk, reduce regulatory and tax burden, and/or safeguard confidentiality.
  - Typology that can be used to identify SPEs and determine their appropriate institutional sector.
- **Intellectual Property Products (IPPs)**
  - Intangible nature makes the transfer and use of IPPs difficult to observe, particularly within MNE groups.
  - Decision tree to assist in determining economic ownership of IPPs and IPP-related transactions.



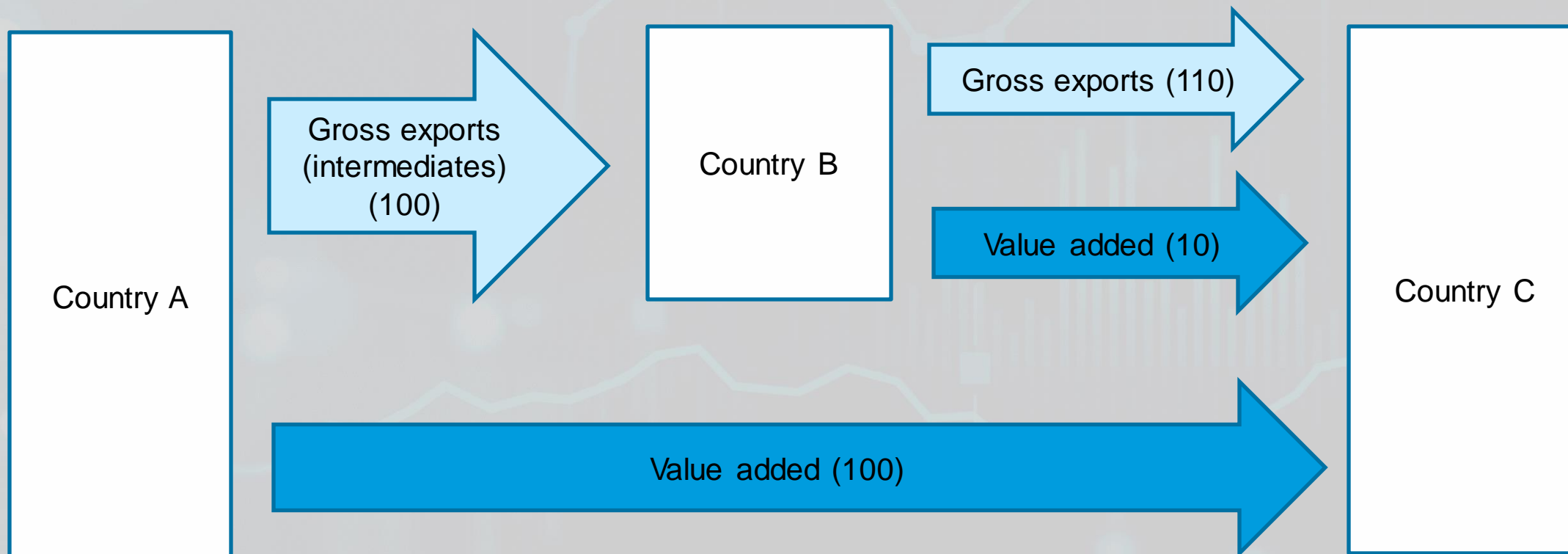
# Measurement Challenges

- **Allocation of production to different economies**
  - MNEs often operate seamlessly across borders.
  - Distorted transfer pricing.
- **Cross-border mobility of corporate assets**
  - IIPs and other intangible assets can easily be moved.
  - IPPs can have huge impact on macroeconomic indicators such as GDP.
- **Consistency and coherence of MNE data**
  - Ensure that all activity of an MNE group is captured, not duplicated, and properly allocated by economic territory.
  - Pay special attention to large entities.



# Measurement Challenges

- **Production fragmentation and gross trade flows**
  - Inflated gross trade flows can occur.



# Supplementary Data

- **Key indicators other than GDP**

- For instance, GNI or NNI

- **Statistics on the Activities of Multinational Enterprises (AMNE)**

- For instance, sales, employment, value added, exports and imports of goods and services, and number of enterprises.

- **Supplementary direct investment statistics**

- Ultimate investing economy
- Ultimate host economy



Supplementary  
Data

# Supplementary Data

- **Additional granularity in the institutional sector accounts**
  - Breakdown of (non)financial corporations by domestic/foreign control
  - Foreign control: “Of which” SPEs category
  - Domestic control: Public vs private, with “of which” MNEs category
- **Trade and investment income by enterprise characteristics**
  - Disaggregate exports and imports of goods and services and external flows of investment income by:
    - Ownership
    - Size-class of enterprises
    - Partner economy
    - Product
    - Industry

# Analytical Tools

- **Trade in Value Added Indicators (TiVA)**
  - Addresses the double counting implicit in gross flows of trade.
  - Measures the value that is added by each economy and industry.
- **Global value chain thematic account**
  - Uses a bottom-up approach that looks at a specific production chain within the framework of national accounts.
  - Consists of GVC-specific supply and use tables, either national or multi-country.
- **Extended supply and use tables (eSUTs)**
  - Designed to provide more granularity regarding transactions associated with globalized production processes, e.g., origin (imports) or destination (exports)



**THANK YOU FOR YOUR ATTENTION!**

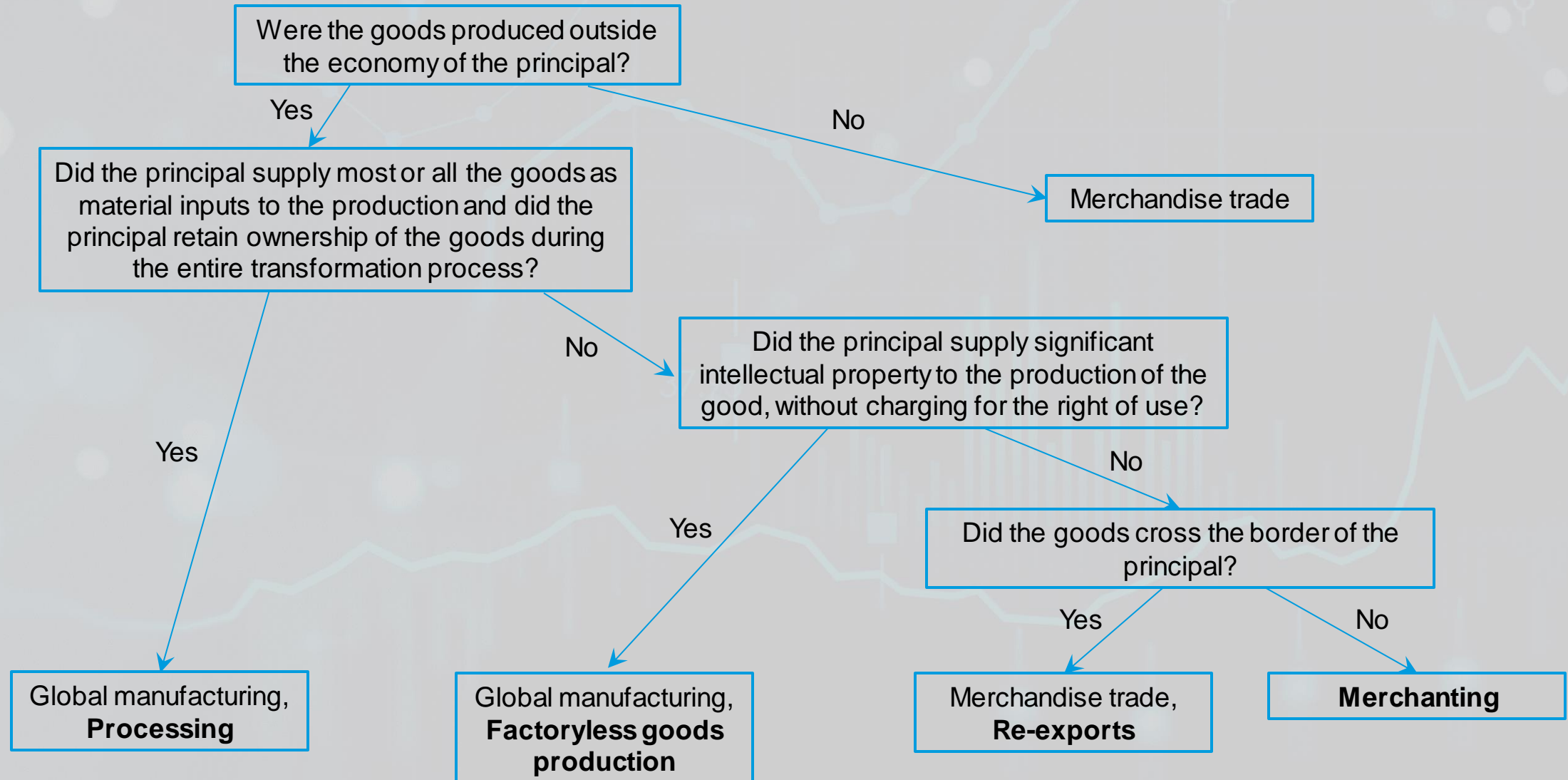


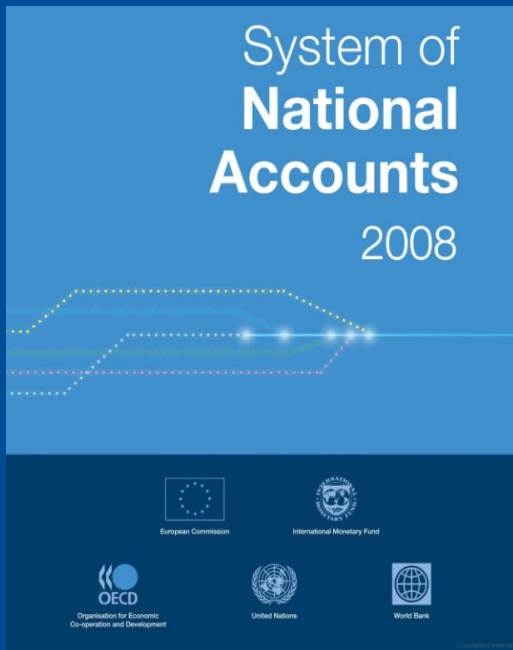
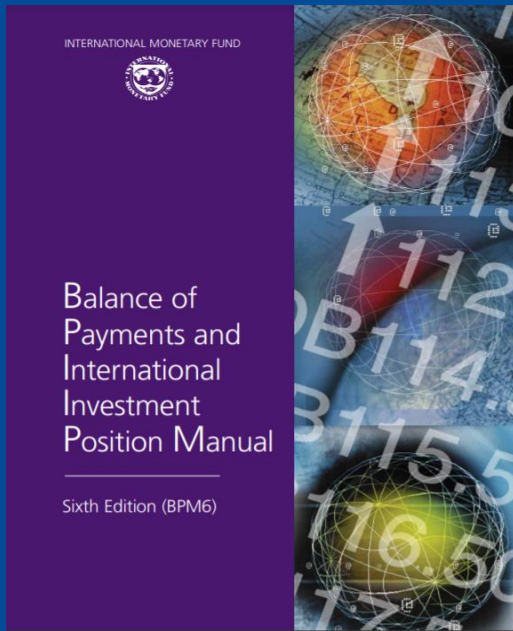
## **Additional Slide**

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# Global Production: Decision Tree





**STATISTICS**

# **Islamic Finance**

**DEC 12-14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

# Introduction

A new chapter in the SNA and BPM measuring Islamic finance and insurance.

It will:

- Review the financing arrangements
- Reflect the distinct operations of Islamic financial institutions and instruments
- Clarify the concept of economic ownership

***Motivation:** Islamic Finance differs from conventional finance as it follows the principles and rules of Shari'ah (or Islamic law), such as the prohibitions on "riba" (usually translated as 'interest'), "gharar" (excessive uncertainty), "maysir" (gambling), and short sales or financing activities that are considered harmful to society.*

# Structure of Chapter

Section I: Overview

Section II: Economic ownership of non-financial assets

Section III: Islamic financial institutions/entities' sectoring

Section IV: Islamic units' measures of output in the SNA production account

Section V: The nature of returns on Islamic investments in the primary income account of SNA/BPM

Section VI: The classification of Islamic financial instruments in the accumulation accounts, including balance sheet

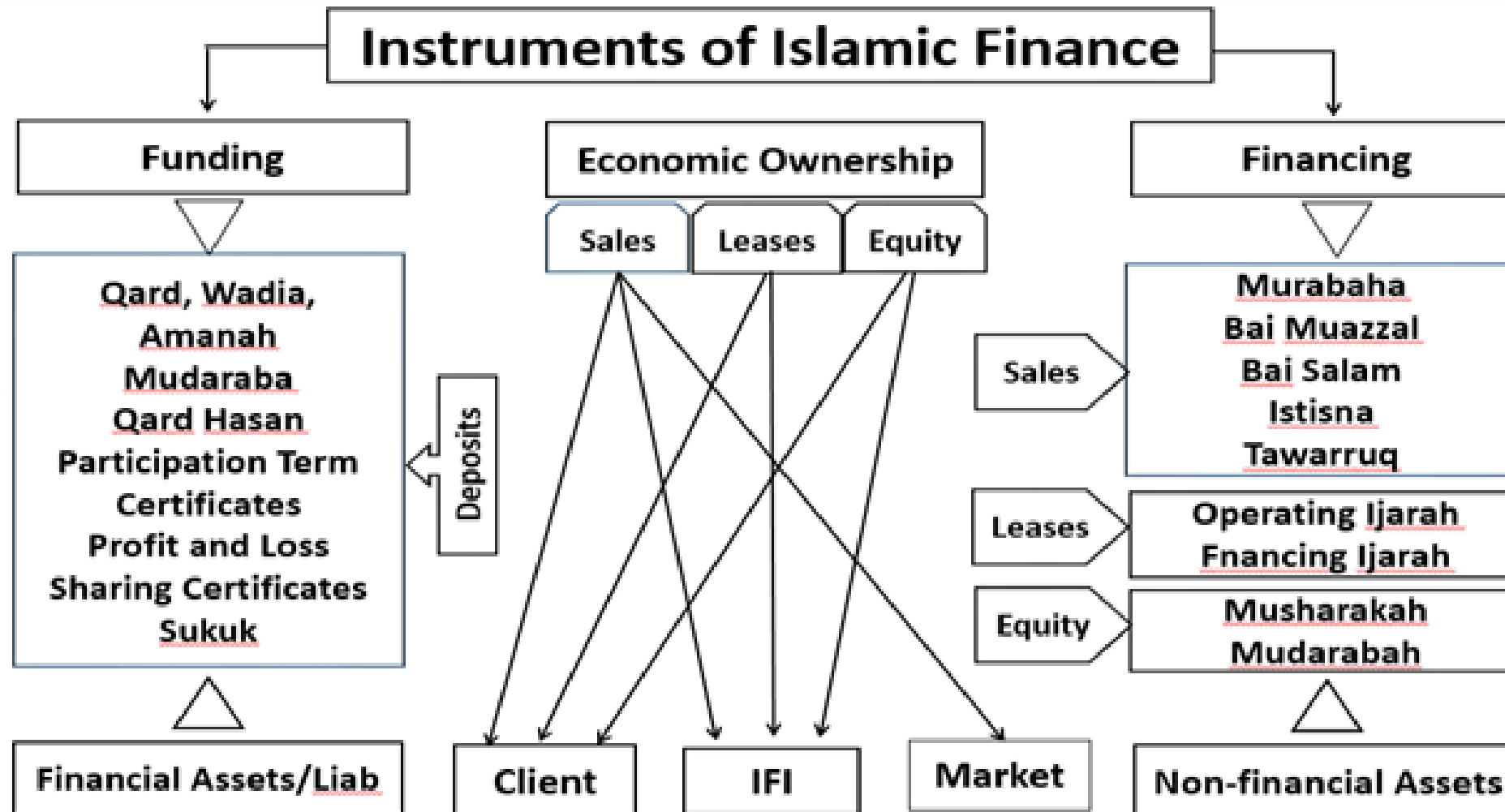
# Overview of Islamic Finance and Insurance

This section provides an overview of Islamic finance and insurance in relation to global financial system, to ensure compilers in Islamic and non-Islamic countries understand the need for and purpose of this chapter.

It briefly discusses the specific set of key principles followed by Islamic finance, related to:

- ✓ riba (equivalent to receipts and payments of interest),
- ✓ gharar (excessive uncertainty),
- ✓ maysir (gambling) and financing activities that are deemed harmful to society
- ✓ the Islamic concept that parties must share the risks and rewards of business.

# Islamic Funding and Financing Arrangements



# Economic ownership of non-financial assets

- Islamic financial corporations can generate income through various arrangements where they provide financing, typically through sales, lease trade credits and equity participation.
- Islamic accounting standards present recommendations recording the ownership of non-financial assets related to certain financial schemes to the legal owners.
- Key Issues covered:
  - ✓ The financing arrangements that are similar to sales/lease/equity financing including arrangements such as Murabaha, Bai Muajjal, Mudaraba, Istina and operating or financing Ijarah.
  - ✓ Treatment of default on paying for these assets in these financing arrangements.

# Summary of Recommendations for Classifying, Sectorizing and Calculating Output of IFIs

Entity	Are they institutional units	Sectorization	Methods to calculate output
<b>Off-balance sheet restricted investment accounts</b>	Yes	Non-money market investment funds (S124)	Sum of costs and FISIM on financing arrangements such as Murabaha and Ijarah
<b>Islamic windows in conventional banks</b>	Yes	Deposit-taking corporations except the central bank (S122)	Combination of FISIM, fees and commissions
<b>Waqf funds</b>	Yes	Captive financial institutions and money lenders (S127)	Sum of costs
<b>Hajj funds</b>	Yes	Non-money market investment funds (S124)	Sum of costs



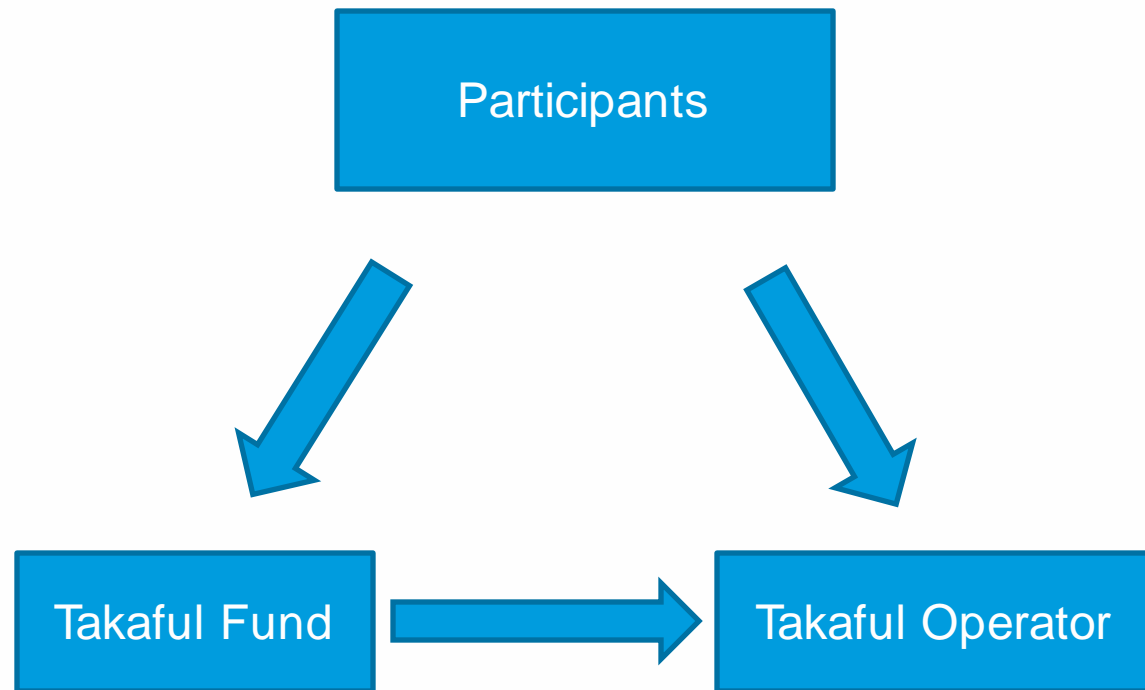
# Islamic financial institutions/entities sectoring

This section presents the characteristics of Islamic financial institutions and relate them to the subsectors of financial corporations in the SNA/BPM.

- Islamic Finance.
  - ✓ S122—Deposit-taking corporations can include Islamic banks, commercial and development banks, Islamic microfinance banks, online banks, and Islamic windows in conventional banks.
  - ✓ S124—Non-MMF investments funds can include off-balance sheet restricted investment accounts, and Hajj Funds.
- Islamic Insurance
- S126—Financial auxiliaries: takaful and re-takaful operators
- S128—Insurance corporations: takaful funds (including takaful windows)

This sub-section will also clarify the main takaful models that are widely recognized, the types of takaful, the related regulations and basic accounting standards.

# Relationship Between Participants, Takaful Fund, and Takaful Operator



## Participants

Pay contributions, receive indemnities at the occurrence of the risk insured, receive a share of takaful surplus

## Takaful fund

The account established to accommodate the premiums of the participants, returns and reserves

## Takaful operator

The company should maintain separate accounts for the rights and liabilities of the policyholders and its own right and liabilities

System of  
**National  
Accounts**  
2008



**STATISTICS**

# **Communicating and Disseminating Economic Statistics**

**DEC 12-14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**



Balance of  
Payments and  
International  
Investment  
Position Manual

Sixth Edition (BPM6)



# Agenda and Outline of the Chapter

Introduction to the Chapter

Communications Policy and Dissemination Strategy

Communication with Users – Principles and Standards

Communication with Suppliers

Statistical Confidentiality

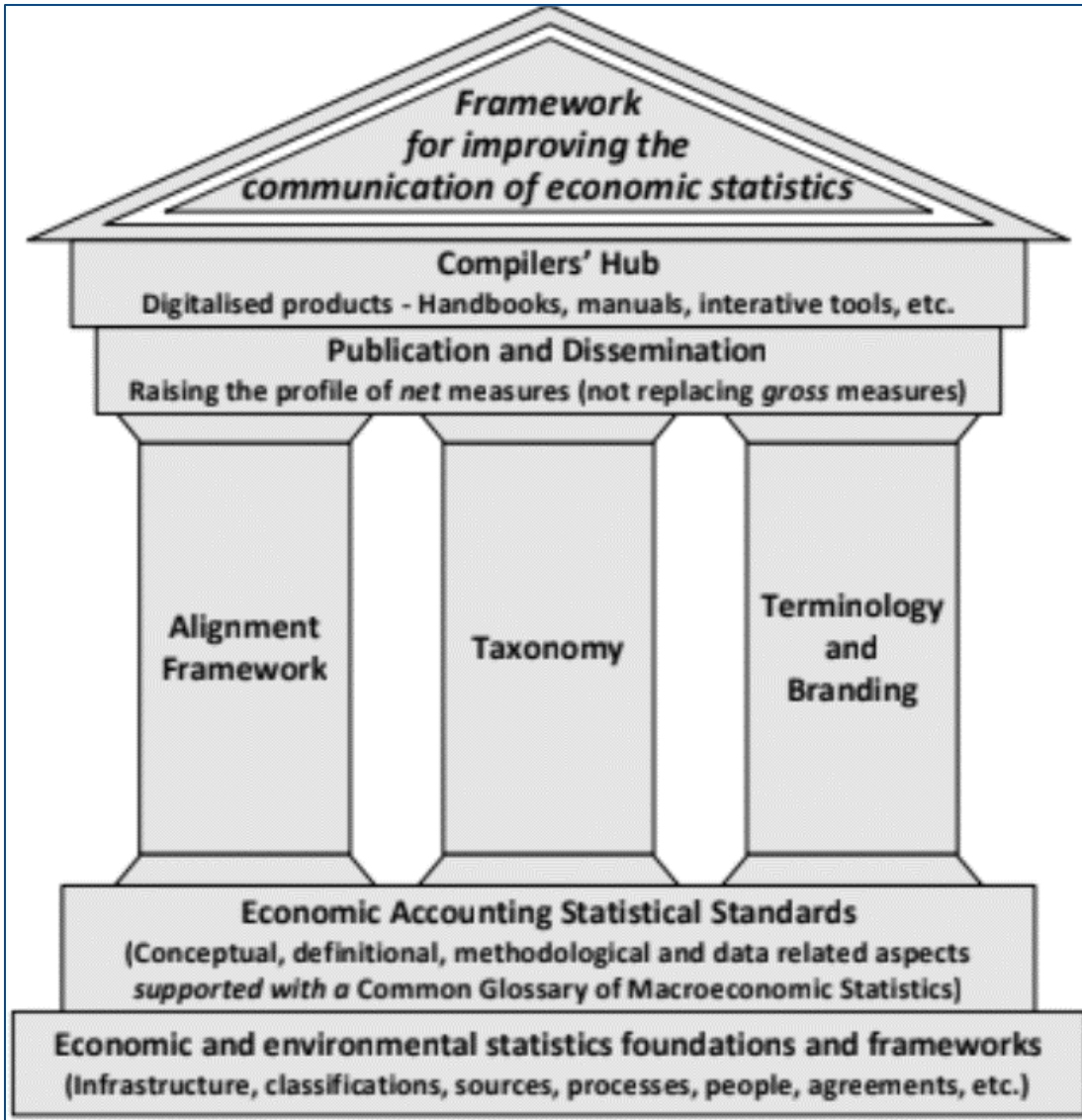
Framework for Measuring Alignment with Economic Accounting Statistical Standards

Taxonomies and Metadata

Prominence of Net Measures

User-friendly Terminologies

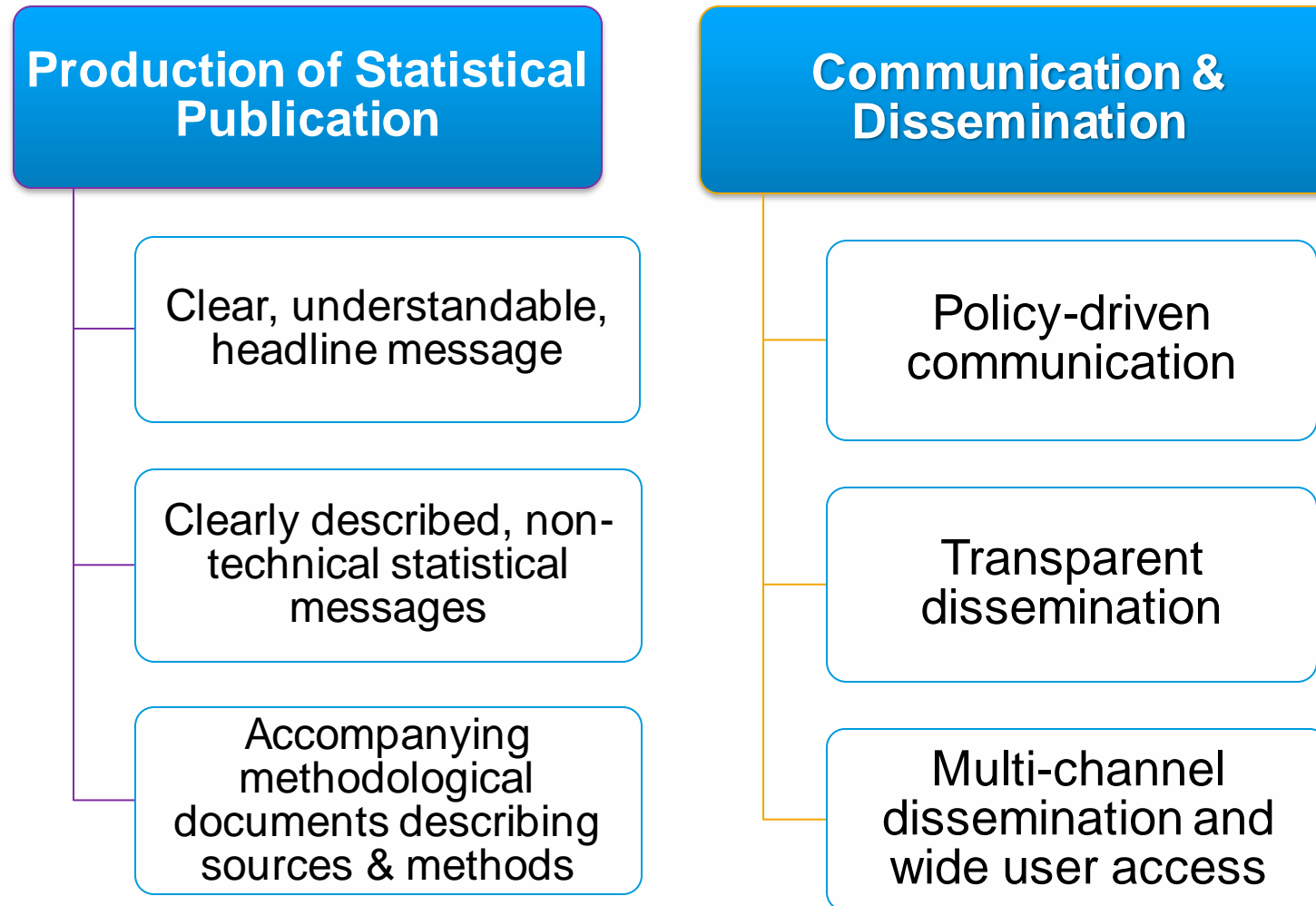
# Introduction



- **New Thematic Chapter included in the updated SNA and BPM.**
- Highlights the role of dissemination and communication as key components of the production chain of official statistics.
- Presents broad-based innovative strategies to help producers of macroeconomic statistics communicate the statistics to their users.

# Communication Policy & Dissemination Strategy

- Guidance to statistical producers on production and dissemination of published data and accompanying documentation:



# Communication with Suppliers

- This section provides guidance to statistical producers on communication with data suppliers.
- Official statistics producers need to communicate effectively with data suppliers to effectively to produce macroeconomic statistics. This includes:
  - ◆ Use of language that suppliers can readily understand
  - ◆ Use of appropriate definitions in line with the standards – which can be adjusted to meet the relevant situations.

# Statistical Confidentiality

- By law, most official statistics producers collect data from businesses and households for statistical purposes only and often under some legislation.
- These cannot be disseminated, sold, or otherwise published in a way that allows identification of the business or household.
- Appropriate data confidentiality policies, anonymization techniques and disclosure checking procedures should always be part of the process before publication of any data.
- The goal of confidentiality policies should be to maximize the dissemination of information as a public good for the wide range of users while still ensuring confidentiality obligations are met.



# A Framework for Measuring Alignment with the Economic Accounting Statistical Standards

- A key feature of the *2025 SNA* and the *BPM7* is their ability to facilitate cross-country comparisons.
- The alignment framework provides a tool that:
  - ▶ Statistical producers can use to self-assess their macroeconomic statistics.
  - ▶ Users can assess whether countries are on the same basis and have implemented these standards consistently.
- The results are readily available in an easily digestible format.
- The framework is structured around the key building blocks:



# An Extract from the SNA alignment Framework

Category / level	Sub-Category	Fully Aligned	Highly aligned	Broadly Aligned	Partially Aligned	Not Aligned	N/A
<b>I. Concepts and definitions</b>							
<i>An SNA concept reflects the articulation of a macroeconomic idea, activity, interaction, state, or notion. Concepts determine what gets measured, an example is the concept of production in the SNA.</i>							
L0	i) Units of the economy include						
L0	Domestic territory						
L0	Territorial enclaves in the rest of the world						
L1	Free zones/bonded warehouses / factories operated by offshore enterprises under customs control						
L1	Workers who work part of the year in another country						
L1	Goods that do not change economic ownership are part of the economy (not recorded in exports and imports)						
L0	ii) Production boundary covers						
L0	Market output						
L0	Non-market output						
L0	Output for own final use						
	- In particular, the following items are included						
L1	Informal economy						
L1	Underground economy						
L1	Illegal activities						
L2	Other non-observed activities						

# An Extract from the BPM alignment Framework

Category / level	Sub-Category	Fully Aligned	Highly aligned	Broadly aligned	Partially Aligned	Not Aligned	N/A
<b>I. Concepts and definitions</b>							
<i>A BPM concept reflects the articulation of a macroeconomic idea, activity, interaction, state, or notion. Concepts determine what gets measured, an example is the concept of residency in the BPM.</i>							
L0	i) Units of the economy include						
L0	Domestic territory						
L0	Incorporated or unincorporated affiliates of non-resident companies						
L0	Territorial enclaves in the rest of the world						
L0	Free zones / bonded warehouses / factories operated by offshore enterprises under customs control						
L0	Workers who work part of the year in another country						
	- In particular						
L1	Residence of Special Purpose Entities (SPEs) is attributed to the economy in which they are located						
L1	International organizations and supranational authorities are not considered residents of any national economy						
L1	All units of general government (e.g. embassies, military bases) are considered to be resident in their own economy						
L1	Subject to specific circumstances, an individual may cease being a resident of his country when he or she works continuously for one year or more in a foreign country						

# Prominence of Net Measures Compared to Gross Measures

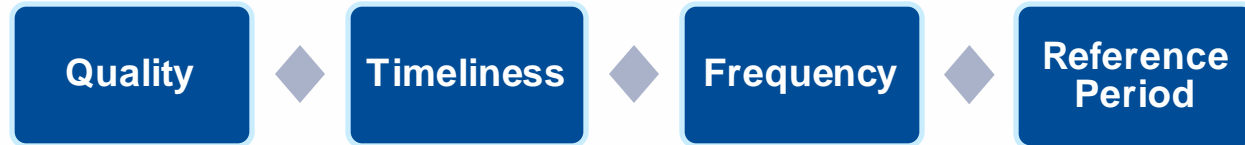
- Encourages the focus on net measures (e.g. GNI) as a better measure of economic welfare.
- Examines challenges of net measurement; and support the need for higher quality and reliable net estimates and recommends steps on the way forward.

Provides guidance on:

- *Improving the estimation of consumption of fixed capital and measures of natural resource depletion (additional guidance being developed on ).*
- *Expanding accessibility and practical guidance on capital measurement to a wider range of countries.*

# Taxonomies and Metadata

Provides guidance to statistics producers on effectively communicating statistical products with explicit reference to documentation on quality and methodology:



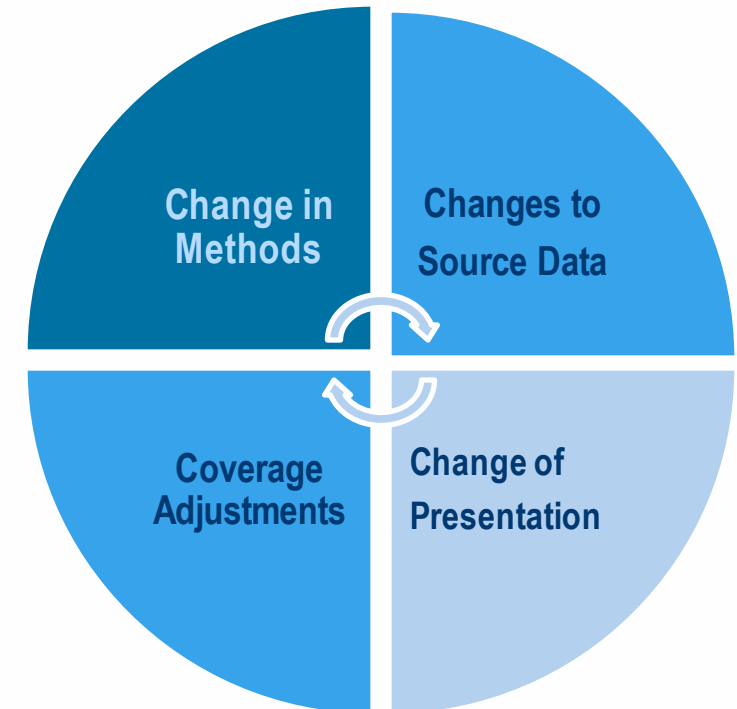
**Example:** Assume that on average the first, second and third vintages of quarterly GDP are published 30, 60 and 90 days after the reference period, respectively. Assume further, that the estimates are based on incomplete source data (such that each vintage is a result of a regular revision).

Substance (Type of Revisions)	Timeliness	Frequency	Reference Period	Update Period
Regular	30-day	Quarterly	First quarter, 2021	
Regular	60-day	Quarterly	First quarter, 2021	2021.Q1
Regular	90-day	Quarterly	First quarter, 2021	2021.Q1

These vintages should be communicated as:

- Regular – 30-day - Quarterly National Accounts release, first quarter 2021
- Regular – 60-day - Quarterly National Accounts release, first quarter 2021 (2021.1Q revised)
- Regular – 90-day - Quarterly National Accounts release, first quarter 2021 (2021.1Q revised)

Producers should also provide information about the substance of the release and sources of revisions:



# Use of Easier to Understand Terminology for Users

This section proposes a limited number of examples of user-friendly terms that could be considered by producers when engaging with users, particularly, non-technical users.

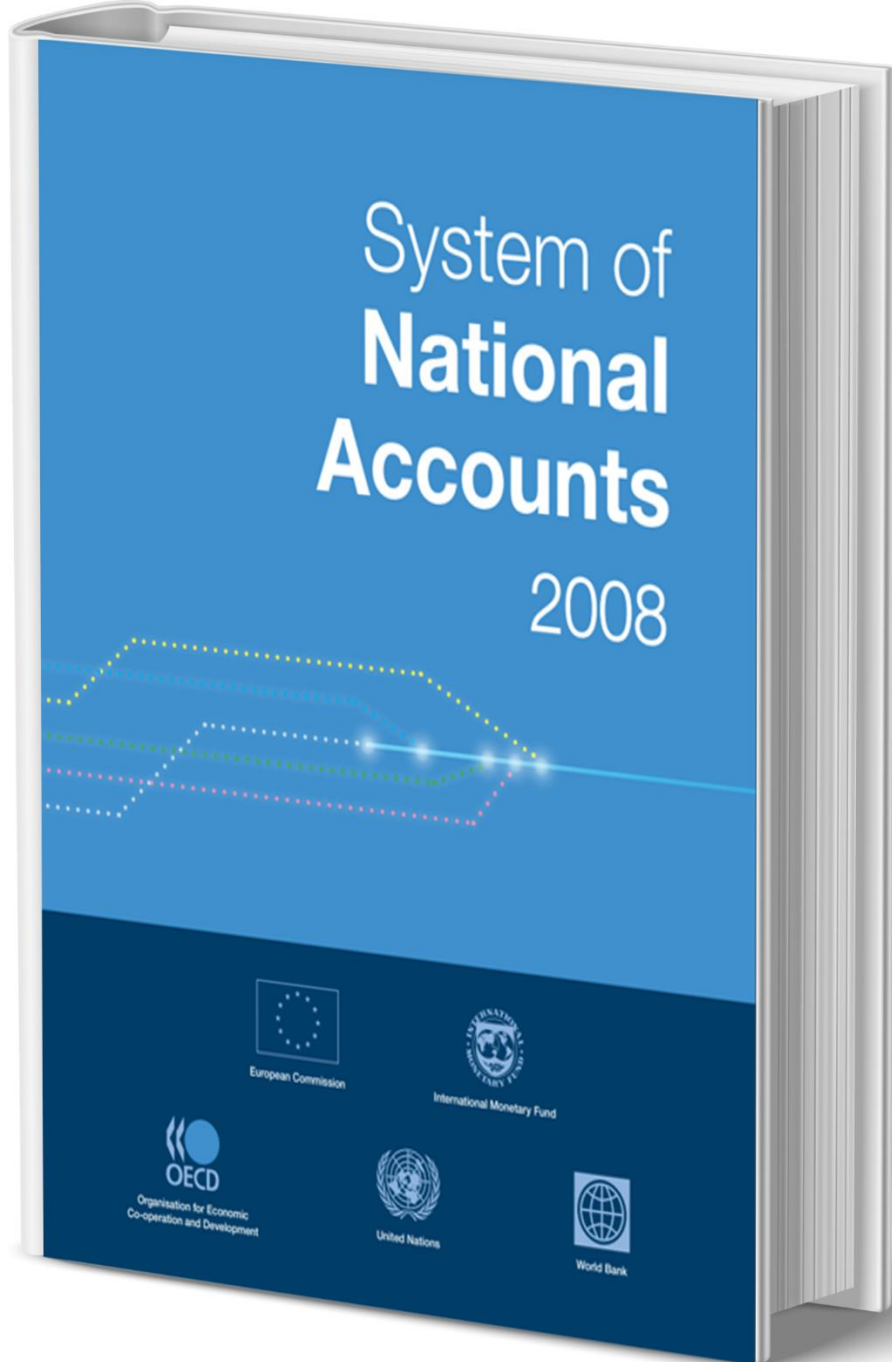
## Objectives:

- ◆ Ensure harmonized definitions across the economic accounting statistical standards primarily for producers.
- ◆ Single, harmonized Common Glossary of Macroeconomic Statistics covering the economic accounting statistical standards.
- ◆ User friendly terms for communicating with users.
- ◆ User friendly explanation of terms

## Common Glossary

- ◆ A common glossary is important as it ensures further harmonization across international statistical standards and provides users with a clear and consistent understanding of key economic terms and definitions.
- ◆ The ambition is to publish the final **Common Glossary** as a separate electronic publication.

**Thank you very much for your  
attention!**



**STATISTICS**

# **Overview of the Main Changes to the 2008 SNA**

**DEC 12-14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

Pete Harper  
SNA Update Project Manager

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# AGENDA



Recommendations  
for Conceptual  
Changes



Recommendations  
for Additional  
Tables / Data Items

# Overview of proposed changes

TABLE 2 Update of the 2008 SNA -- Recommendations that impact on the measurement of important national accounts aggregates and/or require the compilation of additional statistics

		Conceptual change					Additional data item/table					Clarification Guidance		
		Impact on GDP	Impact on NDP	Impact on GG NLB	Impact on net worth	Other	Breakdown	Economic table	Supplementary item/table	Extended table/account	Thematic table/account			
<b>A. Generic issues</b>														
A.4	IE.1 Statistical framework for the informal economy													
<b>B. Further specifications of statistical units and revisions in institutional sectoring</b>														
B.1	WS.2 Distributions of household income, consumption and wealth													
B.1	G.2 Treatment of MNE and intra-MNE flows													
B.1	G.4 Treatment of Special Purpose Entities and residency													
B.1	F.7 Impact of Fintech on macroeconomic statistics													
B.2	X.18 Statistical units													
B.3	G.4 Treatment of Special Purpose Entities and residency													
<b>C. Further specifications of the scope of transactions including the production boundary</b>														
C.1	DZ.9 Incorporating digital intermediary platforms into the SNA													
C.3	AI.2 Treatment of rent													
C.3	X.55 Further alignment of the sum-of costs approach													
C.4	X.3 Treatment of the output of central banks													
C.6	F.15 Debt Concessionalities													
C.7	F.2 Asymmetric treatment of reinvested earnings													
C.7	D.17 Identifying superdividends and establishing the borderline between dividends and withdrawal of equity in the context of direct investment													
C.8	AI.2 Treatment of Rent for the "Recording of Data", "Marketing Assets" and "Biological Resources"													
C.9	F.12 Covering hybrid insurance and pension products													
<b>D. Extensions and further specifications of the concepts of non-financial assets, capital formation and consumption of fixed capital/depletion, including changes related to other transactions in goods and services</b>														
D.1	DZ.6 Recording of data in the national accounts													
D.1	G.9 Payments for "knowledge-based capital" (marketing assets)													
D.2	F.18 The recording of crypto assets in macroeconomic statistics													
D.4	WS.6 Economic ownership and depletion of natural resources													
D.4	WS.11 Treatment of renewable energy resources as assets													
D.5	WS.8 Accounting for biological resources													
D.10	DZ.7 Improving the visibility of artificial intelligence in the national accounts													
D.10	WS.12 Environmental classifications													
<b>E. Further refinement of the treatment and definition of financial corporations, financial instruments and financial assets</b>														
E.1	F.1 More disaggregated institutional sector and financial instruments breakdowns													
E.2	F.18 The recording of crypto assets in macroeconomic statistics													
E.3	F.8 Valuation of debt securities at both market and nominal value													
E.5	B.12 Treatment equity in international organizations that is in the form of unlisted shares or nonnegotiable equity													
E.6	X.16: Accounting for pensions: supplementary table on household retirement resources													
E.7	F.4 Financial derivatives by type													
E.8	X.59 Clarification note on treatment of securities (and gold bullion) under reverse transactions													
E.9	WS.9 Recording of provisions													
E.10	WS.12 Environmental classifications													
<b>G. Broadening the framework of national accounts to capture wellbeing and sustainability</b>														
G	WS.3 Unpaid household service work													
G	WS.4 Labour, education and human capital													
G	WS.5 Indicators of health care in the SNA													
<b>H. Other issues</b>														
H.3	DZ.4 Recording and valuing "free" products in an SNA satellite account													
H.3	DZ.5 Increasing the visibility of digitalisation in economic statistics through the development of digital supply-use tables													

# Overview of proposed changes

TABLE 3 Update of the 2008 SNA – Other recommendations for clarification or additional guidance

		Clarification	Guidance	No change
<b>A. Generic issues</b>				
A.1	CM.4 Use of net measures in the presentation of the National Accounts			
A.2	A1.1 Valuation principles and methodologies			
A.2	X.24 Refocusing 2008 SNA Chapter 20 (Chapter 17 in the 2025 SNA) on capital services and the national accounts			
A.3	IF.1 Islamic finance in the National Accounts and External Sector Statistics – new chapter			
A.4	X.32 Establishing clearer links to ICLS resolutions – informal economy			
A.5	X.53 Include text on significant differences between the SNA and IPSAS/IAS			
<b>B. Further specifications of statistical units and revisions in institutional sectoring</b>				
B.1	G.7 Global value chains and trade in value-added			
B.3	B.3 Centralised Currency Unions			
B.3	X.4 The delineation of head offices and holding companies in the national accounts			
B.3	X.39 Output of off-shore banks			
B.3	X.54 Draft an issues note on when, and when not, to consider trusts and other types of funds as separate institutional units			
<b>C. Further specifications of the scope of transactions including the production boundary</b>				
C.1	DZ.8 Cloud computing			
C.2	G.7 Global value chains and trade in value-added			
C.2	C.4 Merchanting and factoryless producers: clarifying negative exports in merchanting, and merchanting of services			
C.4	F.14 Treatment of factoring transactions			
C.4	X.10 FISIM			
C.5	X.44 Recording of deferred or waived rental payments			
C.5	X.45 Recording of deferred delivery of, and payments for, goods and services			
C.5	X.46 Recording of deferred interest payments			
C.6	IF.1 Islamic finance in the National Accounts and External Sector Statistics – measurement of interest			
C.6	X.6 The statistical treatment of negative interest			
C.7	D.16 Treatment of retained earnings			
C.10	X.5 Recording of flows between a defined benefit pension fund and its sponsor			
C.10	X.8 Definition of catastrophes in the measurement of non-life insurance			
C.10	X.12 Accounting for pensions: treatment of holding gains and losses			
C.10	X.35 Improve consistency in the use of terminology for insurance			
C.10	X.41 Recording of refunded premiums at surrender of insurance policies			
C.11	C.7 Treatment of travel packages, health-related travel, and taxes and fees on passengers' tickets			
C.11	C.8 Recording penalties and fines			
<b>D. Extensions and further specifications of the concepts of non-financial assets, capital formation and consumption of fixed capital/depletion, including changes related to other transactions in goods and services</b>				
D.3	DZ.10 Non-fungible tokens (NFTs)			
D.4	WS.10 Valuation of mineral and energy resources			
D.6	WS.7 Treatment of emission trading schemes			
D.7	G.5 Economic ownership of intellectual property products – recording of intra-MNE transactions			
D.7	X.9 Recording of work in progress			
D.8	X.52 Include text on partitioning of assets			
D.8	X.56 Add clarification on the treatment of costs of ownership transfers for different types of assets			
D.8	X.57 Add clarification on the distinction between maintenance and capital repairs for intangible assets			
D.8	X.58 Issues note on a possible alternative treatment of the transfer of leased assets at the end of the lease period			
D.9	CM.4 Use of Net measures in the presentation of the National Accounts – use of geometric depreciation			
D.9	X.7 Service lives of military systems			
D.9	X.9 Capital services of assets not contributing to production			
D.11	G.1 Valuation of imports and exports of goods			

TABLE 3 Update of the 2008 SNA – Other recommendations for clarification or additional guidance

		Clarification	Guidance	No change
<b>E. Further refinement of the treatment and definition of financial corporations, financial instruments and financial assets</b>				
E.4	F.9 Valuation of loans (fair value)			
E.5	F.16 Subscription Rights			
E.6	X.14 Accounting for pensions: recognition of pension entitlements relating to social security schemes			
E.7	F.5 Treatment of credit default swaps			
E.7	F.10 Treatment of cash collateral			
E.8	F.3 Reverse transactions			
E.8	F.10 Treatment of cash collateral			
E.8	D.18 Cash pooling in direct investment			
E.8	X.37 Recording of central bank swap arrangements			
E.9	X.14 Accounting for pensions: recognition of pension entitlements – contingent liabilities			
<b>F. Further specifications of the scope of transactions concerning government and public sector</b>				
F.1	WS.7 Treatment of emission trading schemes			
F.2	X.11 The recording of stability fees			
F.3	WS.14 Distinction between tax and service transaction and other borderline cases			
F.4	D.8 Public-private partnerships			
F.5	D.5 Eliminating the imputations for an entity owned or controlled by general government that is used for fiscal purposes			
F.6	B.8 Recording citizenship by investment programs			
F.6	B.9 Treatment of external assets and related income declared under tax amnesty			
F.6	X.43 Government support to businesses and households			
<b>G. Broadening the framework of national accounts to capture wellbeing and sustainability</b>				
G	WS.1 A Broader SNA framework for wellbeing and sustainability			
G	X.32 Establishing clearer links to ICLS resolutions – labour accounts			
<b>H. Other issues</b>				
H.1	DZ.1 Price and volume measurement of goods and services affected by digitalisation			
H.1	X.10 FISIM – price and volume measurement			
H.1	X.21 Adding text on productivity measurement to 2025 SNA Chapter 18			
H.1	X.22 Adding a section, in the 2025 SNA Chapter 18, on the volume and price measurement of specific products			
H.1	X.47 Estimating the volume of non-market output			
H.2	X.49 Accounting under conditions of high inflation			
H.3	DZ.3 Treatment of "free" products in the "core" national accounts			
H.4	G.7 Global value chains and trade in value-added			
H.4	X.51 Add text on nationality concept			
H.5	CM.2 Terminology and branding of the Economic Accounting statistical standards			
H.6	CM.3 A Taxonomy for communicating Economic Statistics, releases, products and product updates			
H.7	CM.1 An Assessment Framework to measure alignment with the Economic Accounting statistical standards			

# General Observations

Only a limited number of conceptual changes affecting macro-economic indicators, such as GDP/NDP, government deficit, and net worth

- Recognition of **data** as produced assets
- Recognition of **marketing assets** as produced assets
- Renewable energy resources and adjustments in the **treatment of biological resources**
- Recording **depletion** of natural resources **as a cost of production**
- **Split-asset approach** for natural resources (no impact on macro-economic indicators mentioned above)
- Improving consistency in the application of the **sum-of-costs method**
- Changes in the measurement of the **output of central banks**
- Other **minor changes** to the 2008 SNA (no impact on macro-economic indicators)





# Data, data, data, ...

- 2008 SNA: **Recognized databases as produced assets, but not the information content**
- 2025 SNA: **Also recognizes the information content of electronic data** collected and used in production
- **Valuation using the sum-of-costs method:**
  - costs of planning, preparing and developing a data production strategy
  - costs associated with accessing, recording and storing information embedded in OPs, including explicit purchases of OPs and already produced data
  - costs associated with designing, organizing, testing and analyzing the data in order to draw information and conclusions from it
  - consumption of the fixed capital used, including return to capital
- **Change may have significant impact on GDP and net worth**

# Marketing Assets

- 2008 SNA: **Marketing assets (and goodwill) only recognized as non-produced non-financial assets**, the measurement of which is limited to explicit purchases of the relevant assets (or implicit purchases when a corporation is purchased at a price higher than its net worth)
- 2025 SNA: **Recognizes marketing assets as produced assets**, thus significantly extending the asset (and production) boundary with assets produced for own final use
- **Valuation using the sum-of-costs method:**
  - Further research in delineating, in practice, expenditures leading to the build-up of (fixed) capital from current expenditures
- **Change may have significant impact on GDP and net worth**

# Renewable Energy Resources and Adjustments in the Treatment of Biological Resources

- Explicit recognition of **renewable energy resources** (solar, wind, geo-thermal, etc.)
- **Three changes and clarifications** to the 2008 SNA:
  - 2008 SNA included a **discrete choice** between cultivated and non-cultivated resources yielding once-only products, based on management and control; 2025 SNA includes a **differentiation between migrating resources (non-cultivated) and non-migrating resources (cultivated, based on continuum from intensely managed to totally undisturbed)**
  - **Regeneration** of biological resources to be recorded as **gross fixed capital formation**, while – similarly to mineral and energy resources – **depletion is treated as a cost of production** (see next slide)
  - Clarifications for the **measurement of work-in-progress**
- Minor impact on GDP, no impact on net worth (only shifts between non-produced and produced assets, and between work-in-progress and underlying assets)

# Recording Depletion of Natural Resources as a Cost of Production

- 2008 SNA: **Depletion** of natural resources treated as **other changes in the volume of assets**
- 2025 SNA: **Depletion** to be recorded as a **cost of production**, similar with the recording of consumption of fixed capital
- Change will have an impact on NDP, especially in natural resource-rich countries



# Split-Asset Approach for Natural Resources

- 2008 SNA: **Natural resources** to be recorded **in the accounts of the legal owner** (typically government)
- 2025 SNA:
  - **Natural resources** to be recorded **in the accounts of the legal owner and extractor, according to the appropriation of the resource rents**
  - **Accounting for depletion in line with SEEA Central Framework 2012** (i.e., allocation of depletion in line with appropriation, by adjusting the rents paid by the extractor to the legal owner)
  - **Changes in ownership** to be recorded **as other changes in the volume of assets**
- No change to GDP/NDP and net worth; only change in the allocation of the relevant assets across sectors

# Improving consistency of the sum-of-costs method (1)

- In the absence of market prices, application of **sum-of-costs method**, as an approximation of such market prices
- For **market producers** (output for own final use):
  - Intermediate consumption
  - Compensation of employees
  - Consumption of fixed capital
  - Net return to fixed capital
  - Other taxes (less subsidies) on production
- **Four issues in relation to the 2008 SNA**
  - For **non-market producers**, relevant output is valued **excluding return to fixed capital**
  - **Return to capital is excluded for non-financial assets other than fixed assets**
  - Inclusion or exclusion of **payments for rent** on, for example, land and natural resources
  - Inclusion or exclusion of **depletion**, in addition to consumption of fixed capital

# Improving consistency of the sum-of-costs method (2)

## 2025 SNA:

- **All relevant output valued including a return to capital**, thus also for non-market producers
- Inclusion of **return to non-financial assets other than fixed assets**, thus including inventories and non-produced non-financial assets
  - Note: Return to city parks and historical monuments to be excluded on pragmatic grounds
- **Inclusion of rent** as a cost element
- **Inclusion, if relevant, depletion** of natural resources
- Change may have a significant impact on GDP, and a more moderate impact on net worth

# Changes in the Measurement of the Output of Central Banks

## 2008 SNA:

- Possibility of **FISIM** included
- **Two types of services:**
  - Monetary policy services (non-market output)
  - Supervisory services (non-market or market, depending on fees paid for these services)
- **Non-market output allocated to government**, with a concomitant current transfer

## 2025 SNA:

- **FISIM excluded** on conceptual grounds
- **Further extension of services**, to include promoting financial stability and monitoring the payments system
- **All output considered as non-market output, with payments by financial corporations considered as current transfers**
- **Output recorded as output for own final use** by the central bank

**Change in GDP = change in recording of transfers**

# Another Minor Conceptual Changes to the 2008 SNA

- Treatment of **reinvested earnings of FDI-enterprises**: limited to payments related to the sales of assets
- **Extension of the definition of rent** (i.e., payments to the owner for putting certain non-produced assets at the disposal of another unit), by including non-produced non-financial assets other than natural resources
- Recording of **work-in-progress** for fixed assets partially transferred and for fixed assets produced for own final use
- Limitation of **concessional loans** to those provided by employers to employees
- All **equity in international organizations** to be considered as “other equity”
- **Securities provided as collateral**, which are not readily available for meeting balance of payments financing needs, to be excluded from the cash borrower’s reserve assets; for gold swaps, this reclassification leads to a demonetization of the gold bullion

# General Observations

- A distinction can be made between the following tables and data items:
  - **Sequence of economic accounts**: standard set of accounts and tables, the compilation of which is recommended
  - **Supplementary tables/items**
  - **Extended/thematic accounts/tables**
- The **SNA does not have the power of law**, but one of the main factors for the success of the SNA is the worldwide compilation of statistics according to its conceptual guidance
- The objective is that **as many countries as possible compile the sequence of economic accounts**
- Encouraged tables and accounts more dependent on national and regional priorities



# Accounting for Well-being

- To arrive at an improved analysis of the **distribution of income, consumption, saving and wealth across households**:
  - Standard breakdown of households by **income and wealth decile**
  - More detailed **labour accounts**
- In addition, various **other breakdowns of households** (e.g., household composition, main source of income) are put forward as supplementary items
- Extended/thematic accounts and tables:
  - **Unpaid household service work**
  - **Education and human capital**
  - **Health**



# Accounting for sustainability

- To arrive at an improved analysis of the **distribution of income, consumption, saving and wealth across households**:
  - Standard breakdown of households by **income and wealth decile**
  - More detailed **labour accounts**
- In addition, various **other breakdowns of households** (e.g., household composition, main source of income) are put forward as supplementary items
- Extended/thematic accounts and tables:
  - **Unpaid household service work**
  - **Education and human capital**
  - **Health**



# Accounting for Globalization

- To arrive at a better understanding of the impact of globalization on the generation and distribution of income, and also to arrive at an improved international comparison of fiscal balances, **standard breakdowns of corporations into:**
  - **Foreign-controlled corporations**
  - **Public corporations**
  - **National private corporations**
  - **Of which: Part of domestic MNEs**
- In addition, various supplementary items and tables are encouraged:
  - **Extended supply and use tables (eSUTs)**
  - Data on **Special Purpose Entities (SPEs)** for those countries where these entities are important

# Accounting for Digitalization

- To improve the visibility of the digital economy:
  - **More detailed breakdowns of certain asset categories** within intellectual property products, in the sequence of economic accounts
  - In addition, **digital supply and use tables** are encouraged as extended/thematic tables, also including **extended accounting for “free” services** (Facebook, Instagram, TikTok, etc.)
  - Further breakdowns of subsectors of financial corporations of **Fintech-related activities**, as supplementary items in countries where these activities are significant

# Accounting for Financial Risks and Vulnerabilities

- Since the Great Financial Crisis, it is considered important to arrive at an improved accounting for financial risks and vulnerabilities:
  - **Non-bank financial intermediation** (shadow banking): supplementary tables with more detailed breakdowns of financial corporations, as well as additional details for certain financial instruments
  - Breakdowns of **financial derivatives**
  - **From-whom-to-whom** (supplementary) **tables** (not included in the consolidated list)

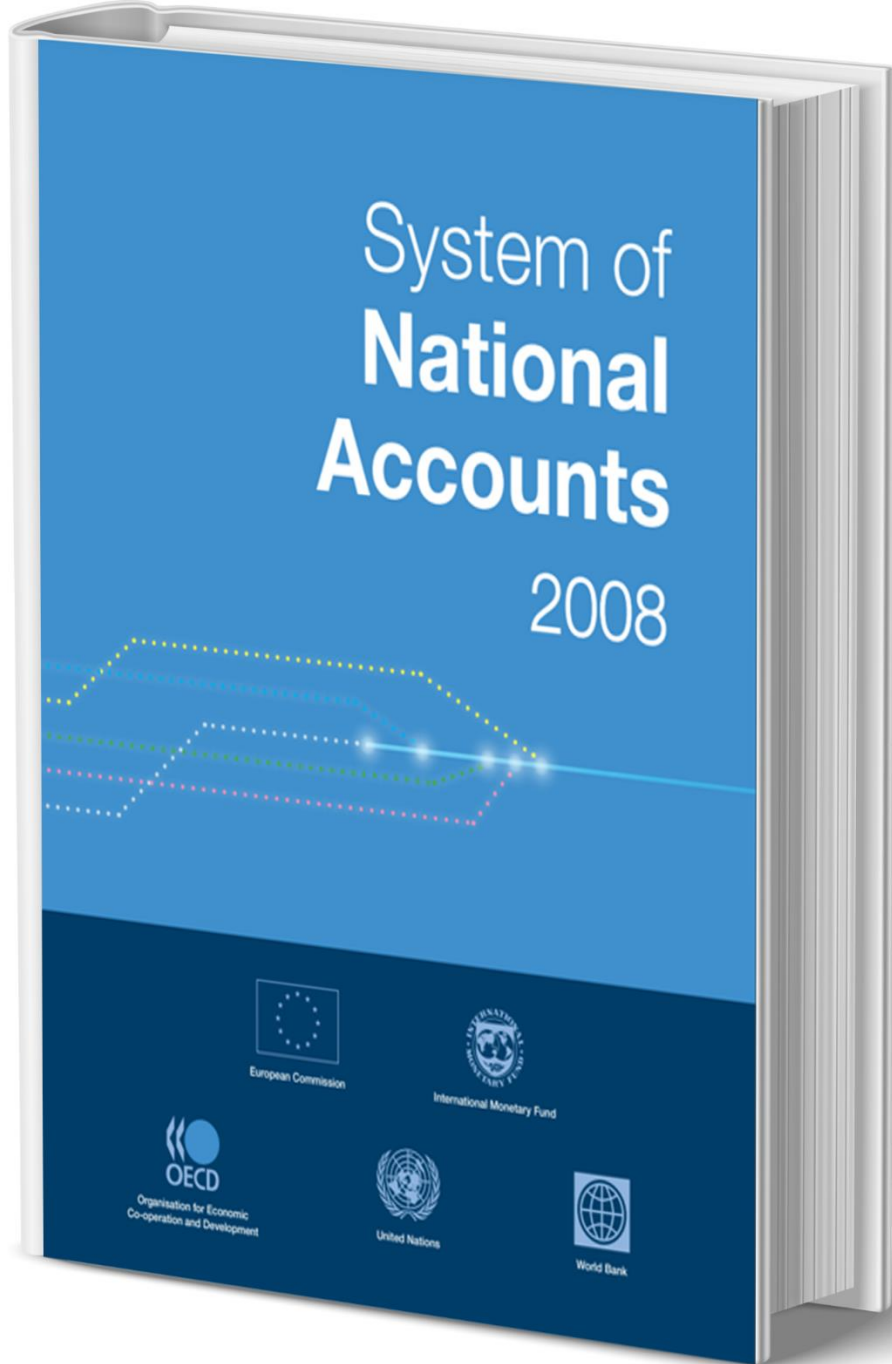
# Other supplementary Items and Tables

- **Concessional loans:** supplementary data on concessional loans provided by government and international organizations
- **Reinvested earnings:**
  - **Breakdown of FDI-related dividends** into payments as defined for non-FDI corporations and other payments
  - Supplementary data on **recording reinvested earnings for all equity in corporations**, direct investment as well as portfolio investment
- **Valuation of debt securities** at both market value and nominal value for liability positions
- Supplementary table on **provisions**, broken down into three categories: financial assets related, non-financial assets related, and provisions unrelated to assets

## Next steps

- At its 55th Session, to be held on 27 February - 1 March 2024, the United Nations Statistical Commission will be asked to **endorse the Report of the Intersecretariat Working Group on National Accounts on the recommendations for the update of the 2008 SNA**
- In the meantime, drafting of the 2025 SNA continues
  - The initial focus of this work has been **on new and substantially revised** chapters
  - These chapters are subject to **global consultation on a chapter-by-chapter basis**
- In May-July 2024 the **complete draft** of the 2025 SNA will be circulated for global consultation
  - The chapters that are not new or substantially revised will be shown in 'track changes'
- There is also a significant program of work that is developing **guidance materials to support the implementation** of the 2025 SNA

**THANK YOU FOR YOUR ATTENTION!**



**STATISTICS**

# **Financial Issues**

**DEC 12 – 14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

Emmanuel Manolikakis  
Senior Economist, Real Sector Division, IMF Statistics Department

# AGENDA



Financial  
Corporations  
(SNA Chapter 29)



Selected Issues  
on Financial  
Instruments  
(SNA Chapter 25)



From-whom-to-  
whom Tables and  
Related Financial  
Analysis  
(SNA Chapter 37)



# New Chapter 29 2025 SNA: Financial corporations

This new SNA 2025 chapter will include parts of what was covered in 2008 SNA Chapters 4 (Institutional units and sectors) and 21 (Measuring corporate activity).

It will also:

- Expand on the 2008 SNA Chapter 6 (The production account).
- A review of the Financial sectors and subsectors, including concise information on data sources, and discuss different corporate ownership structures.
- The important role placed on non-bank financial intermediaries (or shadow banking).
- Alignment with Monetary and Financial statistics (MFSM 2016)



# Overview of Financial Corporations and Financial Activity

**This section will discuss the role, diversity, and growth of financial corporations by reviewing:**

- The impact of technology innovations on financial industries including integrating financial technology companies into the existing framework and adding supplementary (of which) items (This will be closely aligned with SNA Chapter 22 on digitalization).
- The relationship of SNA sectors with nationality-based statistics, covering issues such as residency and consolidation.
- New “of which” breakdowns of Financial corporations and sub sectors by control

# Financial Corporations' Sectors and Subsectors

- A review of the detail subsectors of financial corporations, following the same structure used in 2008 SNA Chapter 4 (2025 SNA Chapter 5), providing much more detail analysis of their functions as financial intermediaries/auxiliaries.
- For each main subsector of financial corporations, the following structure will be provided:
  - Definition and key activities
  - Subcomponents
  - Source data
  - National accounts' considerations

# Non-Bank Financial Intermediation

Since the financial crisis, there has been much emphasis on intermediation that is occurring outside of the “regular” banking system – non-bank financial intermediaries (NBFIs). For the SNA, NBFIs comprise non-depository financial intermediaries.

The focus will be on the recommended supplementary breakdowns of NBFIs. In terms of new details:

- the insurance sector is broken down into life and non-life subsectors
- the pension fund sector is broken down into defined benefit and defined contribution schemes
- MMFs into constant NAV MMFs and variable NAV MMFs and non-MMFs, while central clearing counterparties which are part of the subsector other financial intermediaries.
- Supplementary breakdowns for captive financial corporations and special purpose entities.

# Link to Monetary and Financial Statistics

- The SNA financial corporations' sectors and subsectors are closely tied to the Monetary and Financial Statistics.
- This section replaces part of *2008 SNA Chapter 27 Links to monetary statistics and the flow of funds*.
- The discussion will include sectoring issues, sequence of accounts coverage and classification of financial instruments as well as any conceptual differences pertaining to specific instruments.

# 2025 SNA - Chapter 25 : Selected Issues on Financial Instruments

This chapter will include parts of what was covered in *2008 SNA Chapter 17* (Cross-cutting and other special issues). The chapter will provide additional details for specific instruments.

- The treatment of standardized guarantees
- Financial Derivatives
- Employee stock options; and
- The recording of flows associated with financial assets and liabilities



# 2025 SNA - Chapter 25 : Selected Issues on Financial Instruments

## Treatment of standardized guarantees

No material conceptual issues to underline with the treatment of standardized guarantees. To enhance the interpretability, additional numerical examples will be added.

## Financial Derivatives

- Discussion expanded to cover different classifications for financial derivatives and add more details on these types of instruments, under both exchange-traded and over the counter derivatives.
- Functions, accounting, and uses of derivatives in hedging, arbitration and speculation as well as the risks associated with these instruments will be discussed.



# 2025 SNA - Chapter 25 : Selected Issues on Financial Instruments

## Employee stock options (ESOs)

The guidance has not changed, except to note that by the new classification standards for derivatives the following applies:

- ESOs are equity instruments (market risk category). Numerical examples will be added to provide further clarity.



# 2025 SNA - Chapter 25 : Selected Issues on Financial Instruments

## Loan provisions, write-offs, and allowances

- Expand on the discussion of loans. It will explain the concept of provisions against loans booked in a specific period, including both general and specific provisions, and distinguish provisions from write-offs.

## The recording of flows associated with financial assets and liabilities

- The starting point for this section is Part 4 of the 2008 SNA Chapter 17. The outline for the section will be altered to start with a discussion of transactions versus other flows and linking these to the sequence of accounts.
- For each financial instrument, a discussion of other transactions as well as other changes in the volume of assets will be provided.

# 2025 SNA - Chapter 37: FWTW Tables and Related Financial Analysis

- This chapter is related to the flow of funds section of 2008 SNA Chapter 27. Emphasis will be on the from-whom-to-whom (FWTW) dimension of the relevant components in the sequence of SNA sector accounts as well as on a series of institutional sector related financial indicators.

## Overview of SNA Sector Accounts Table Structures and Derivation of FWTW Tables

- This section will first discuss, the FWTW tables that display the financial instruments for any given sector over time. Followed by the interconnectedness among the institutional sectors and a discussion of the key FWTW data sources in the form of counterpart data and security-by-security databases.



# 2025 SNA - Chapter 37: FWTW Tables and Related Financial Analysis

## From-whom-to-whom tables in the sequence of SNA accounts

- An overview of the main sectoral table structures and derivation of FWTW tables, including some of the underlying key data sources; FWTW tables in the sequence of SNA accounts; and, on financial indicators that can shed light on financial risks and vulnerabilities. These will include the non-financial accounts, the financial account, and the balance sheets.
- The non-financial accounts are a relatively new addition to FWTW tables. They are nonetheless closely linked to financial accounts and balance sheets, and their construction can provide for additional sub-category details for relevant items

# 2025 SNA - Chapter 37: FWTW Tables and Related Financial Analysis

## From-whom-to-whom tables in the sequence of SNA accounts

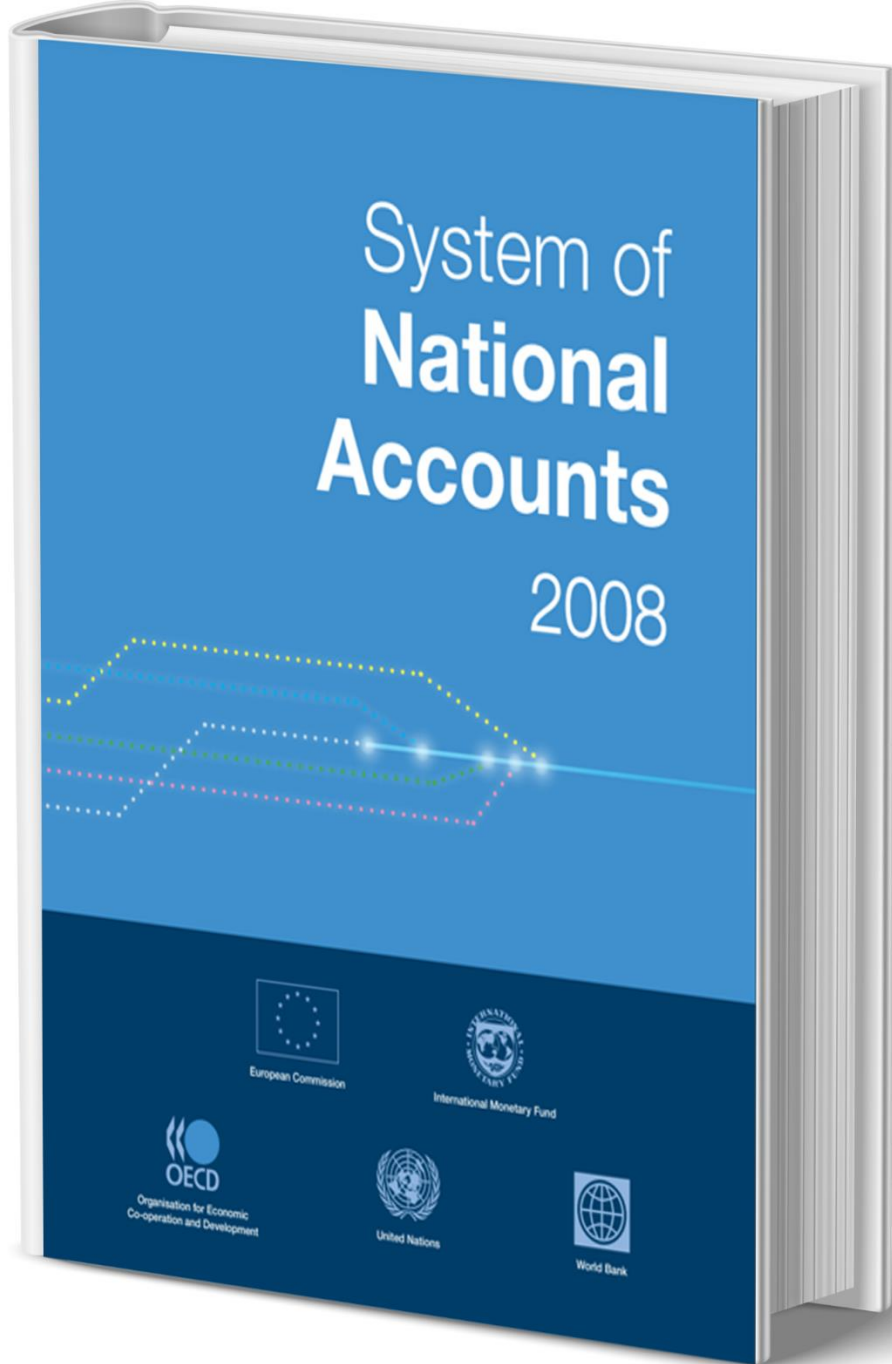
- The financial account FWTW tables highlight the details of new issues of loans, debt securities, equity, and investment fund shares, as well as borrowing via other instruments in relation to the acquisition of those assets
- The balance sheet FWTW tables highlight stock inter-relationships across the institutional sectors of the economy

# 2025 SNA - Chapter 37: FWTW Tables and Related Financial Analysis

## Related Financial Analysis

- The analytical usefulness of FWTW tables, which provide granular information that allows for identifying debtor-creditor relationships among institutional sectors is discussed.
- In addition, a summary of sectoral risk and vulnerabilities, including mechanisms for transmission, by referencing the sectoral balance sheets and the relevant FWTW tables. It will also present other macroeconomic financial indicators.
- Some current macroeconomic uses of institutional sector accounts will also be highlighted: (i) financial stability analysis; (ii) monetary analysis with respect to transmission mechanisms

**THANK YOU**



**STATISTICS**

# **Elaborating the Accounts, Thematic and Extended Accounts**

**DEC 12 – 14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

Francien Berry  
Economist, Real Sector Division, IMF Statistics Department

# AGENDA



Introduction  
to Chapter



Thematic  
and  
Extended  
Accounts  
Overview



Roles of  
Thematic  
and  
Extended  
Accounts



Tools to  
Develop  
Thematic  
Accounts



Steps to  
Develop  
Thematic  
Accounts



# Thematic and Extended Accounts

**Thematic and Extended Accounts** are flexible tools for increasing the visibility of key economic phenomena.

While maintaining coherence with the overall conceptual framework of the SNA, **Thematic and Extended accounts**:

- Bring together pertinent data in one place
- Present further disaggregation; and / or,
- Present alternative aggregations and approaches, and broader context

\*\*\*For topics that be topics that can be covered in a single table with a limited scope, a supplementary table can be used.



# Thematic and Extended Accounts

- The SNA provides the flexibility for economies to choose the topics for thematic or extended accounts.
- This would be based on the economy's structure and growth pattern, the key policy issues, and data availability.
- The 2025 SNA encourages extended and thematic accounts to fill important information gaps on aspects of well-being and sustainability. Including:
  - labor account
  - digital economy thematic account
  - household unpaid service work, health, and education and human capital extended accounts

# Thematic and Extended Accounts

- Both thematic and extended accounts provide complementary data that allow insight into a key activity or aspect of the economy that lacks visibility in the standard sequence of accounts.

**Increases the visibility of a certain activity included in standard national accounts aggregates or provide additional detail on its composition.**

**Thematic**

**Extended**

**Show the effects of expanding the standard national accounts boundary of production, consumption, income, and/or wealth.**

# Roles of Thematic and Extended Accounts

**Thematic Accounts e.g. Tourism, Health, Agriculture, Digitalization (NEW)**

**Visibility of key economic activity**

**Alternate aggregation to focus on key sector / industry / segment**

**Analyze key phenomenon in more details**

**Extended Accounts e.g. unpaid household work, education & human capital**

**Expand or modify the production / consumption / investment boundary**

**Test new or experimental methodologies**

**Analyze key phenomenon**



Roles of  
Thematic and  
Extended  
Accounts

# Tools to Develop a Thematic Account

**Key inputs into a Thematic Account include:**

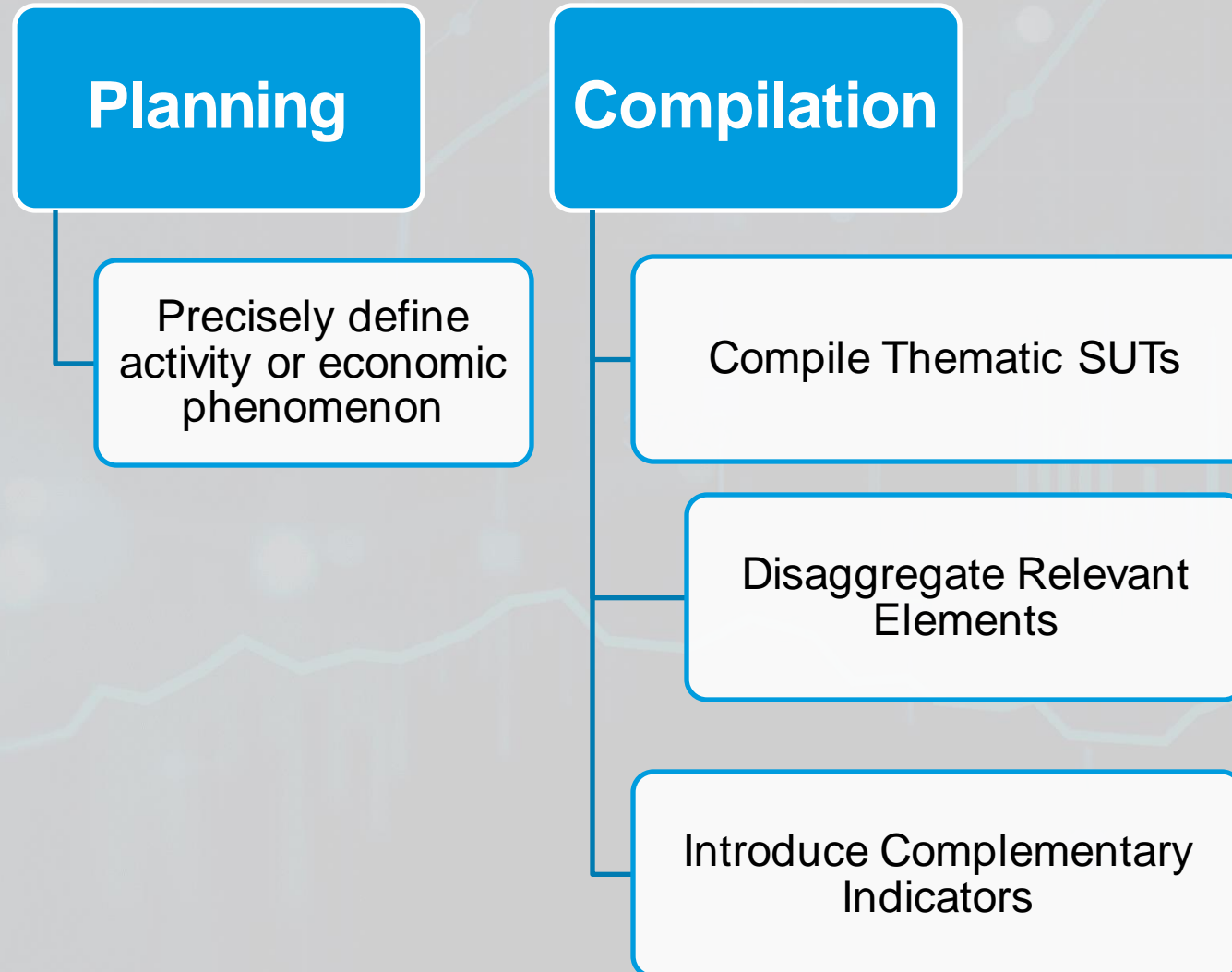
- Supply and Use Tables:
- Additional (More Granular) Source Data
- Alternative Classifications / Aggregations needed to better understand the scope / depth of economic activity being studied

**Data from the standard sequence of accounts and additional details from the SUTs will allow for deeper insights into specific activities.**

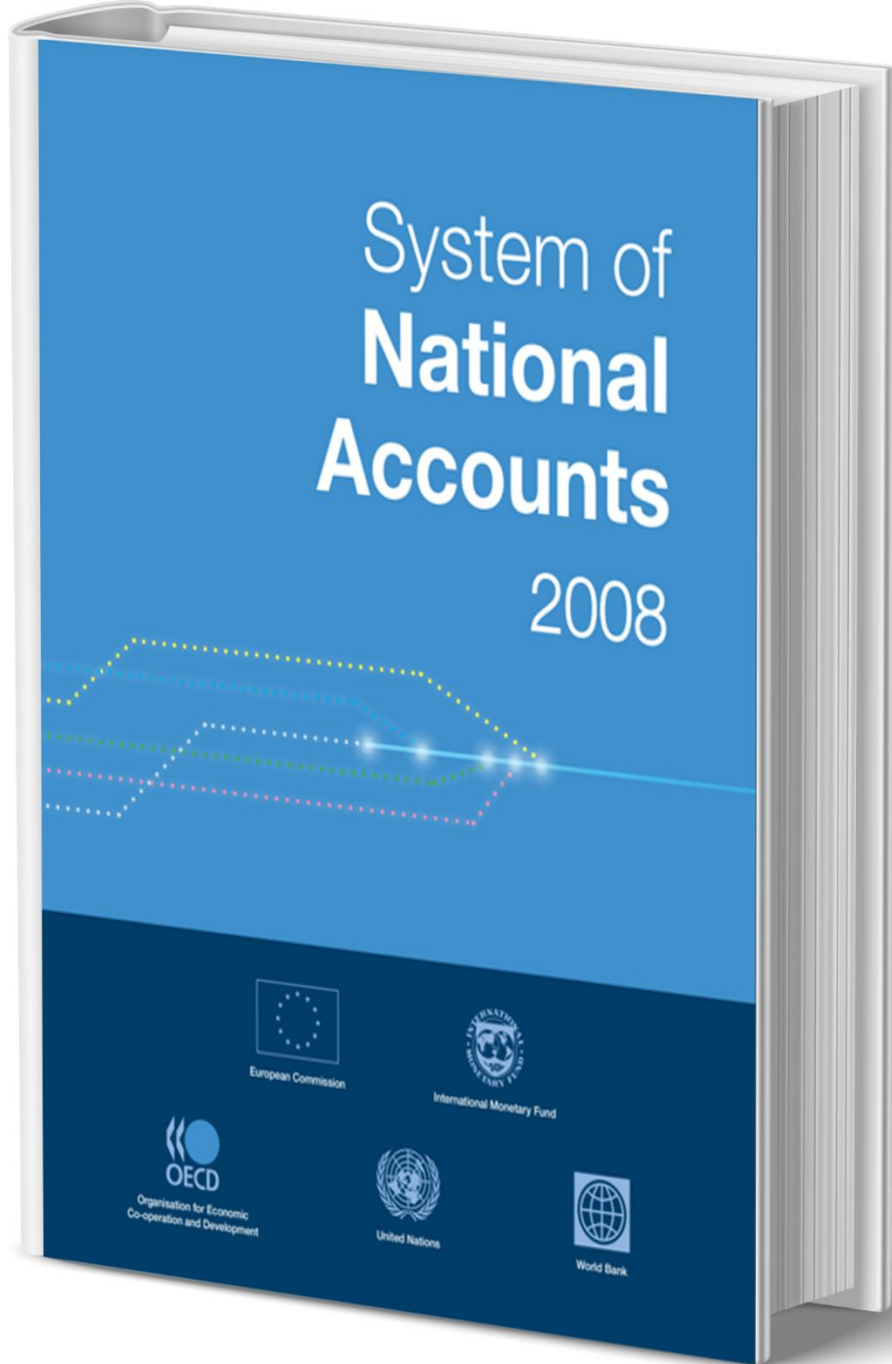


# Developing a Thematic Account

Developing a thematic account on a key activity include a planning phase and a multi-step compilation phase.



**THANK YOU FOR YOUR ATTENTION!**



**STATISTICS**

# **Accounting for Wellbeing and Sustainability**

**DEC 12 – 14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

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# AGENDA



Background



Concepts  
and SNA  
limitations



Existing SNA  
indicators of  
relevance



Core 2025  
SNA  
updates



Encouraged  
breakdowns  
and  
extensions

# Background

- Institutionalization of GDP as the standard international measure of economic performance over past 70 years has led to its misuse as a general indicator of how well a country and its people are doing, despite expert advice to the contrary
- **External view: SNA=GDP > GDP weak measure of wellbeing > hence SNA has little to offer**
- However, aim for the SNA to support wellbeing and sustainability analysis in two ways
  - Use of existing national accounts aggregates as inputs to wellbeing and sustainability analysis (e.g. income, consumption, savings, net worth...)
  - Use of SNA accounting rules and structures to organize social and environmental data outside of the SNA itself, which may be linked to form extended accounts

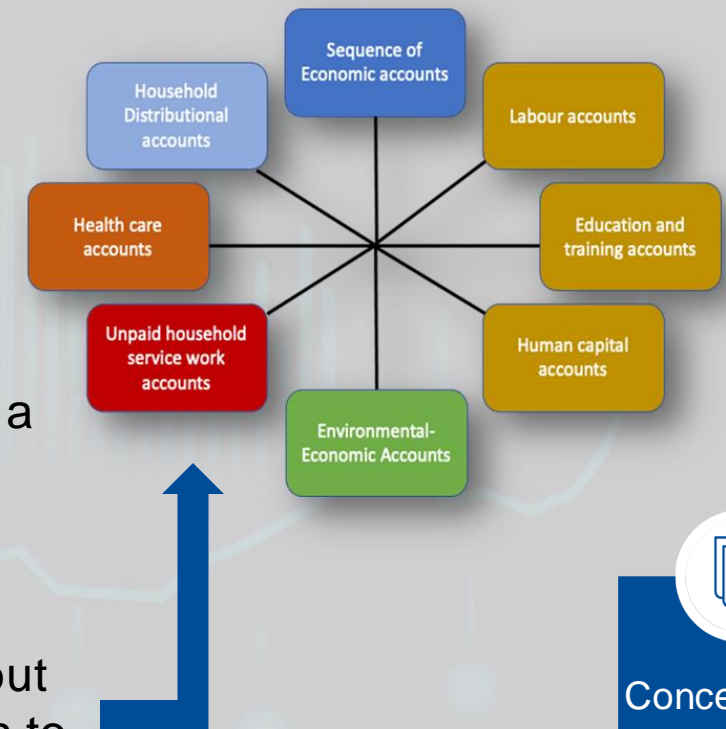


# Background

- This summarizes guidance provided in the following new chapters:
  - **Chapter 2: National accounts and measures of wellbeing and sustainability**
  - **Chapter 34: Measuring wellbeing**
  - **Chapter 35: Measuring sustainability**
- **Chapter 2 provides an overview while Chapters 34 and 35 give more detail**
- **Key points**
  - Recognition that the approaches to accounting for distinct aspects of wellbeing are at different levels of standardization and development of compilation practice.
  - Accordingly, chapters are neither prescriptive nor definitive, but encourage the compilation of extended accounts and additional breakdowns by using SNA aggregates with other frameworks and data sources

# Concepts and SNA limitations

- Wellbeing and sustainability embody economic, environmental and social dimensions
  - Wellbeing** - material wellbeing of households, impacted by education, health, labor, wealth, social, environmental, freedom and other factor
  - Sustainability** - ability to satisfy the needs of the present without impacting on the needs of future generations
- Sustainability implies a time dimension, where we need an accounting framework to estimate stocks and flows of economic, human, environmental, and social capitals.
- An accounting-based approach addresses the challenges by compiling a set of composite indicators (based on core dimensions) that may not otherwise provide a coherent connection among the dimensions
- SNA captures only some human and environmental stocks and flows, but can exploit linkages (e.g. SEEA, SAET, SHA) and derive new measures to create extended accounts and further breakdowns.



# Concepts and SNA limitations

- SNA aggregates only measure part of material wellbeing:
  - *Outputs but not outcomes (e.g. food production and consumption versus overeating)*
  - *Does not cover subjective wellbeing, or related spiritual or environmental preferences*
  - *Includes defensive expenditures, excludes externalities – both affect wellbeing*
- SNA records exchange values, not welfare values - which include consumer surplus > the internalization of all externalities
- Changes in production and consumption therefore linked to wellbeing, but not directly > *utility from consumption of a product ≠ change in wellbeing*
- Also note that present production boundary excludes most HH services
  - *2025 SNA will extend this to include unpaid household services*
- Overall, no framework, SNA or otherwise, can capture all aspects of wellbeing in a single number - *multiple perspectives need to be considered*

# Existing SNA indicators of relevance

## Income and consumption

- Relate to current measures of wellbeing
- Importance of net rather than gross measures to account for user cost of capital in generation of income (see Chapter 21)
- Key focus on HH (adjusted) final consumption and disposable income, and saving
  - *Must also consider changes in mix of products consumed, types of income earned*
- Also need to consider
  - Impact on wellbeing of expenditures on collective govt services
  - Prices and volume measures to look at wellbeing trends

## Wealth

- Relates to current and future wellbeing and hence sustainability
- Accumulation accounts include variety of especially important for HHs
  - *Must consider changes in mix of assets, measures of consumer durables in HFCE*
- Also need to consider
  - Real terms and per capita measures
  - Other broader assets outside SNA but included in comprehensive wealth measures (environmental, human, social – alternate asset boundaries for extended accounts
    - Public infrastructure:
      - roads, schools, hospitals etc.
      - impacts on HH wellbeing





# Existing SNA indicators of relevance

## Environmental accounts

- While SEEA provides most comprehensive framework, the 2008 SNA already includes measures of:
  - Asset stocks and flows of owned natural assets, including
    - resource rents
    - other changes in value
    - other changes in volume (e.g. mineral discoveries, depletion)
  - Environmental expenditures
  - Environmental taxes and subsidies

# Core SNA 2025 updates

## Environmental accounts

- 2025 SNA includes updates and additions to these driven by SEEA principles:
  - ✓ Inclusion of stocks/flows of renewable energy resources (revised asset boundary)
  - ✓ Revised approach to measuring natural resource rents
    - ✓ The 'split-asset approach'
  - ✓ Depletion of natural resources to be recorded as cost of production
    - ✓ Moved from other changes in volume account
  - ✓ Clarification of production boundary for biological resources
    - ✓ Including migratory animal/fish stocks
  - ✓ Updated recording of emissions trading schemes and provisions





# Core SNA 2025 Updates

## Inclusion of unpaid household labor within the production boundary

- Work within and between households that could be performed by another (the ‘third party’ criterion) to be included – covering
  - Caring, cooking, transport, laundry, household management, shopping, volunteering, information services
- Rationale that as per already-included owner-occupied housing and domestic services, inclusion prevents distortions in levels and growth when switches between self and market provision
- Minimum recommendation for such activity to be measured at least every five years as additional element of productive activity in supply and use tables
- Valuation requires (i) time-use information and (ii) appropriate market sector wage rates
- *[NB – Labor accounts form new core element of 2025 SNA – see Chapter 16]*

# Encouraged breakdowns and extensions

## Distributional accounts

- Relate to current and future wellbeing and hence sustainability
- Need to break down income, consumption, wealth for households by e.g.
  - Gender, age, education level, employment status, geography...
  - ...wealth deciles, home ownership, industry of employment...
- Use of these and other breakdowns depend on analytical questions being asked

Household final consumption expenditure by COICOP    Household actual final consumption    Unpaid household service work    Ecosystem services

All households

Type of household  
1st income quintile  
2nd Income quintile  
3rd income quintile  
4th income quintile  
5th income quintile



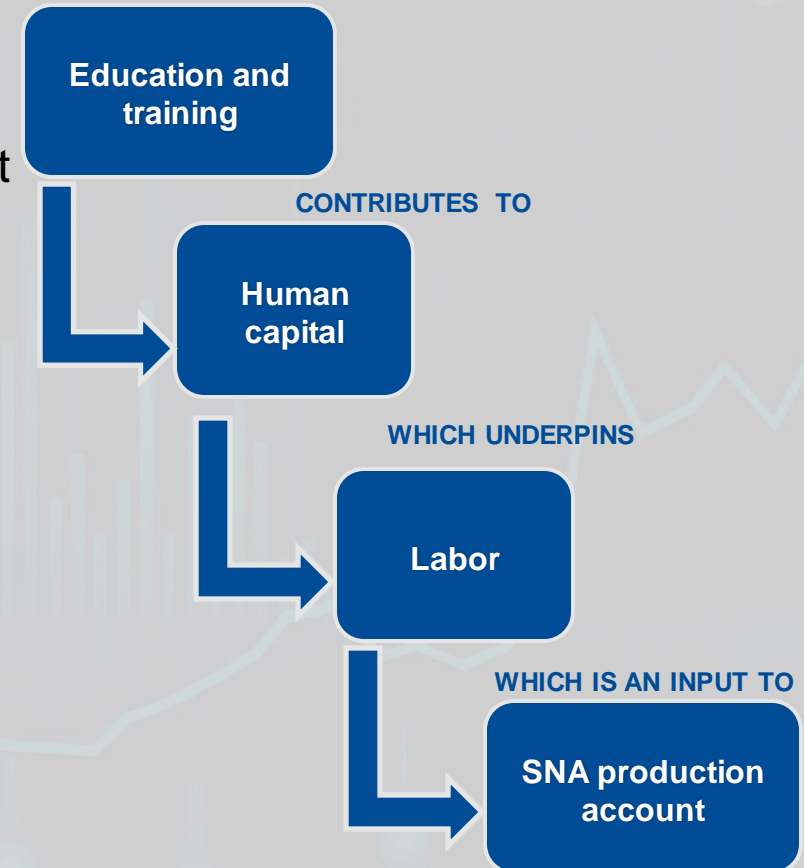
Encouraged  
breakdowns and  
extensions

# Encouraged Breakdowns and Extensions

## Education and human capital accounts

### Human capital is key to wellbeing:

- Outside the SNA asset boundary (self-embodied, nontransferable) but can be considered an asset, and link to the SNA, in an extended account
- Can be estimated via input cost or lifetime income approaches – though no consensus on best models or modeling assumptions so far (See *UNECE 2016 Guide*)
- Education and training form a key input to human capital, labor (Ch.16) and production
  - UNECE Satellite Accounts for Education and Training (SAET) are fully SNA consistent and can be developed to provide a wealth of SUT-type breakdowns



**THANK YOU FOR YOUR ATTENTION!**

# Additional slide – Household Distributional Accounts

- Key balancing items to be broken down are:
  - Primary income; disposable income; adjusted disposable income
  - Final consumption expenditure; actual final consumption expenditure
  - Net worth; net financial worth
- ..though distributional measures also useful for wellbeing topics (health, education etc.)
- Unit of analysis = standard definition of a household (private or institutional) with equivalization - but individual member characteristics should be also recorded
- Estimation requirements will include
  - Maintenance of drill-down links between HH survey data and final NA aggregates
  - Linking of multiple data sources via unique identifiers and matching techniques
  - Allocation of macro items like NOE, FISIM to ensure conceptual alignment
  - Appropriate deflation by HH type
  - Inclusion of estimates of consumer durable ownership by HH

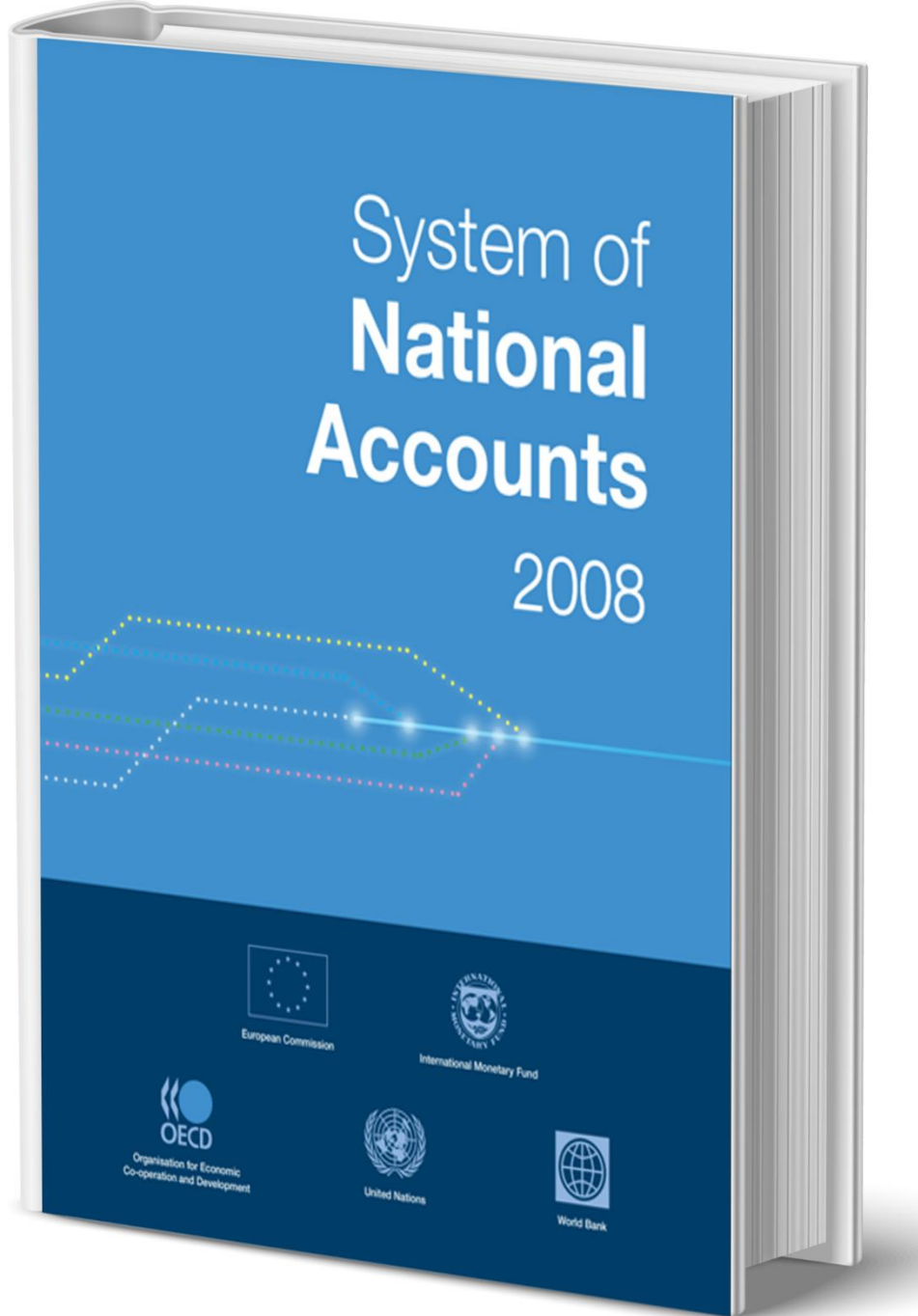
# Additional slide –extensions to the consumption and production boundaries

- Boundary already includes own-account production/storage and self-consumption of goods –food, clothing, tools, energy – important to wellbeing measures
- For wellbeing analysis can be extended to include:
  - **(Core) Unpaid household service work** on health, education, maintenance, transportation, care of others etc. Monetary value and time-use measures required (see UNECE 2017 guide; ICATUS classification)
  - **(Extended) Non-productive activities undertaken by individuals** such as sleeping, eating and leisure. No monetary values, but time spent key to wellbeing
  - **(Extended) Ecosystem services** including provisioning of crops, livestock and timber; cultural services such as recreation; and regulating services regarding air, water, soil climate and noise quality

## Additional slide – social capital

- Social capital is generally understood as the combination of formal and informal institutions and networks that support the functioning of our societies and economies.
- Measurement of social capital is a developing area but, as yet, its measurement from an accounting perspective is has not well progressed in practice and hence the 2025 SNA does not include any core recommendations or guidance regarding extended or thematic analysis
- Future research may identify ways in which social capital can be effectively defined and measured for accounting purposes.





**STATISTICS**

# **Labor Accounts**

**DEC 12-14, 2023**

**IMF Statistics Department – Arab Monetary Fund  
SNA / BPM Joint Virtual Outreach Seminar**

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Senior Economist, Real Sector Division, IMF Statistics Department



# AGENDA



Introduction



Structure  
of the  
Chapter



Objectives



Overview and  
Relevance of  
Labor Accounts



Framework of  
the Labor  
Accounts



Enhanced  
Measures of  
Labor Inputs

# Introduction

This chapter covers the topic of labor accounts.

- It replaces Chapter 19 in the 2008 SNA with a revised title and revised content
- Places labor in the same position as other primary inputs into the production process
- Supports extensions to the accounts such as valuing human capital.
- Discusses different forms of employment that have become more relevant in view of changes in the labor market in relation to globalization and digitalization.
- Discusses labor in the national accounts context but recognizes and draws on the international standards for labor statistics presented in the ILO Resolutions on Labor Statistics.



# Structure of the Chapter

- Section I Introduction
- Section II covering the labor account framework and its four quadrants
- Section III covering the types of labor
- Section IV covering the enhanced measures of labor inputs
- Section V covering the labor market data links to Supply and Use Tables
- Section VI discussing specific issues
- Section VII covering the labor accounts links to education, training and human capital

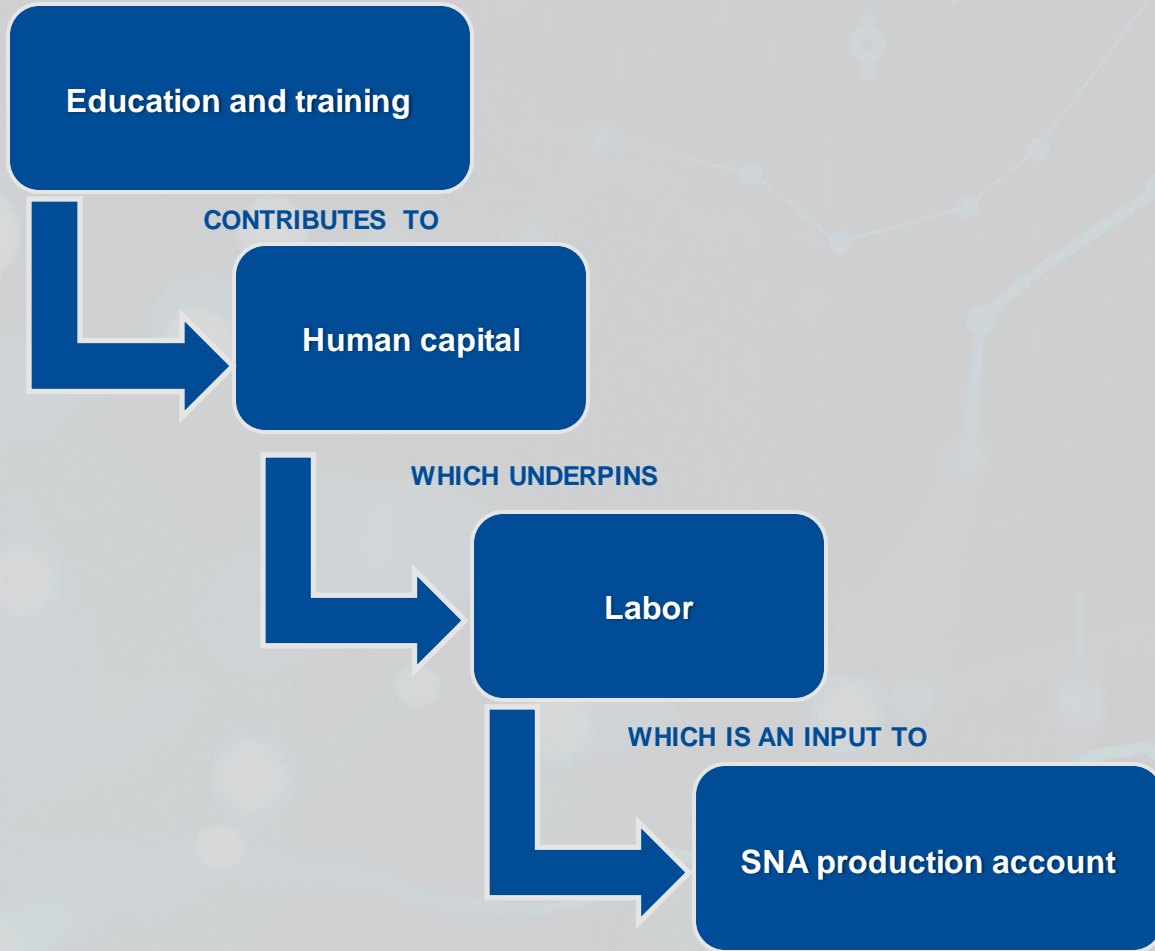


# Objectives

- The chapter has the following objectives:
- **Highlight the importance of the work:** Labor is at the heart of production, forming a primary input alongside capital. Providing employment and income is of fundamental importance to policymakers. Household's economic 'experience' is to a large degree shaped by their labor 'experience'.
- **Present the scope and coverage of the proposed accounts:** The labor accounts will be based on the SNA production boundary and should, at a minimum, cover remunerated work captured through four dimensions: **jobs, people, volume (hours), and payments.**
- **Link the labor accounts to other relevant accounts:** The chapter will describe the links to other relevant SNA chapters, in particular chapters covering production and various income accounts. It will also describe links to other related material such as productivity, population and unpaid household work.
- **Discuss measurement issues.**



# Overview and Relevance of Labor Accounts



- Labor accounts are quite distinct from education and human capital, although a link could be made to measuring human capital as representing the stock of the (available) ‘labor’ capital.
- Labor builds on the other dimension of human capital, which in turn, builds on the dimension of education and training as an input into the SNA production account.
- Education/training and human capital are addressed in other sections of the SNA.



# Overview and Relevance of Labor Accounts

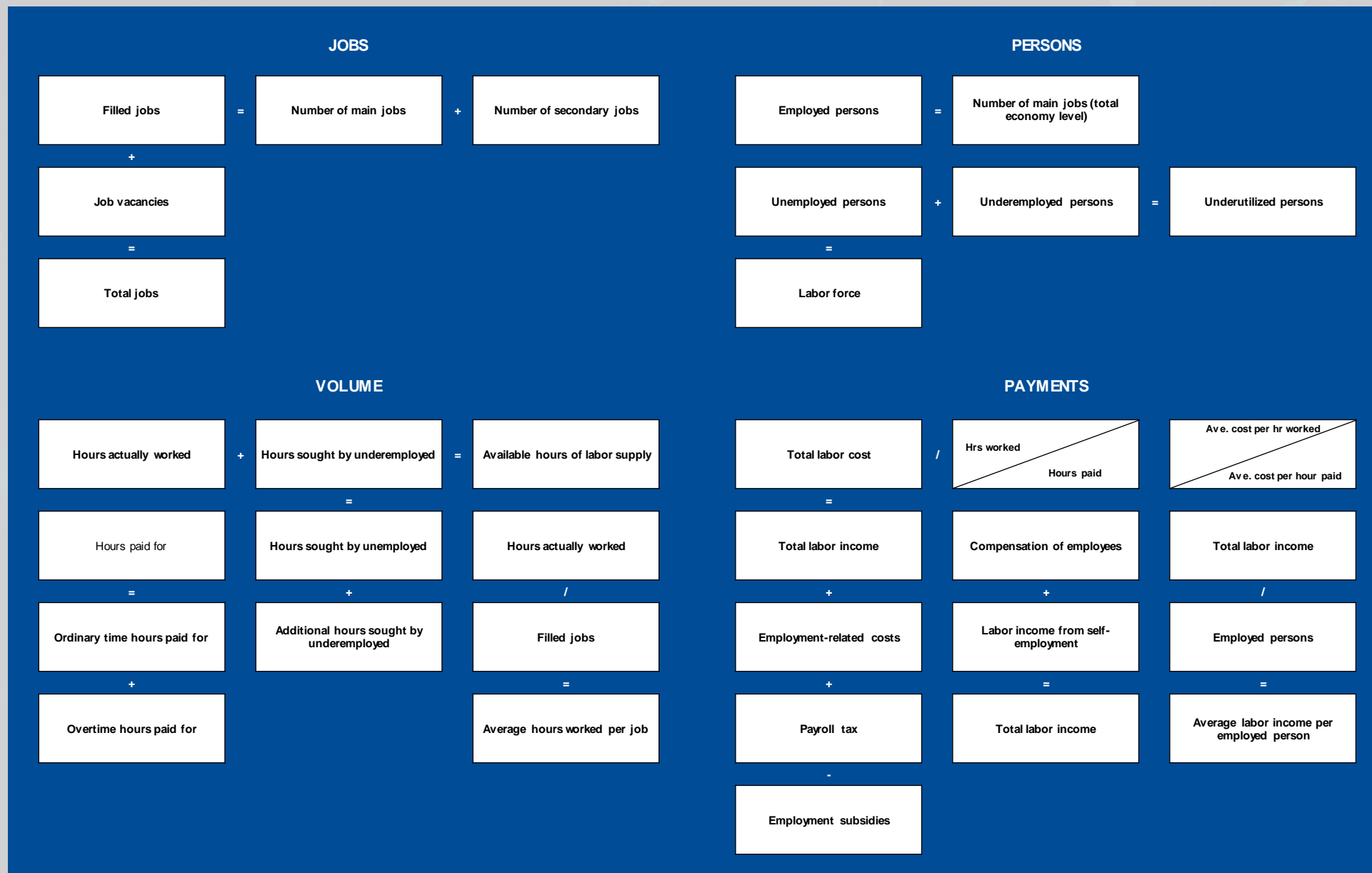
- Labor accounts provide a conceptual framework through which existing labor market data from diverse sources can be confronted and integrated, with the aim of producing a coherent and consistent set of labor market statistics.
- These statistics will provide users with detailed information on various aspects of the labor market, linked to the information included in SUTs (by industry), ISAs and other national accounts' tables.
- Labor accounts help to address data coherence by:
  - bringing together related labor statistics from multiple sources in a single set of tables; and
  - applying a consistent set of concepts across the data to generate comparable data and consistent data that can be compared with other data in the national accounts (aligning underlying micro data).

# Framework of the Labor Accounts

- The chapter will present a framework of the labor accounts consisting of (four) quadrant tables: **jobs, persons (both employees and self-employed), volumes (i.e., hours worked) and payments.**
- **A key distinction in the framework:** The number of jobs in the economy exceeds the number of persons employed to the extent that some employees have more than one job.
- The data on volumes provide a direct link to national accounts and productivity statistics, as volumes measure labor input used in the production of goods and services.



# Framework of the Labor Accounts





# Enhanced Measures of Labor Inputs

This section will discuss different types of labor market measures, including:

- Employment measured on a full-time equivalent basis

*Full-time equivalent employment is the number of fulltime equivalent jobs, defined as total hours actually worked by all employed persons divided by the average number of hours actually worked in full-time jobs.*

- Employee labor input at constant compensation

There will be reference to the possibility of extending the accounts to also include elements that go beyond the SNA production boundary such as the relevance of unpaid household activities (in terms of hours worked).

*Will provide a link to the framework for the informal economy*



Enhanced  
Measures  
of Labor  
Inputs

**THANK YOU FOR YOUR ATTENTION!**