

**STATISTICS**

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

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**Joint Virtual Outreach Seminar on the Updates of  
the Statistical Manuals (BPM7 and SNA 2025)**

# **BPM7 Main Features (I)**

- 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 and country experiences** to test some proposals before agreeing them
- The **overall framework of the sixth edition remains mostly unchanged** in BPM7
- The **integrated framework** will be at the center of the *Manual*

## **BPM7 Main Features (II)**

- Guidance on the statistical treatment of **emerging phenomena**, e.g., related to globalization and digitalization
  - Changes to address new developments, e.g., related to globalization and digitalization, will be handled **mostly through supplementary presentations**.
- For both current and capital accounts:
  - The term “**credits/revenues**” replaces “credits”
  - The term “**debits/expenditures**” replaces “debits”
- The term “**statistical discrepancy**” replaces “net errors and omissions”
- The title of the Manual is changed to **Balance of Payments and Integrated International Investment Position Manual**
- **Anticipating future developments**, e.g., the use of invoice values for goods and reinvestment of earnings for portfolio investment in *BPM8*

# 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**)

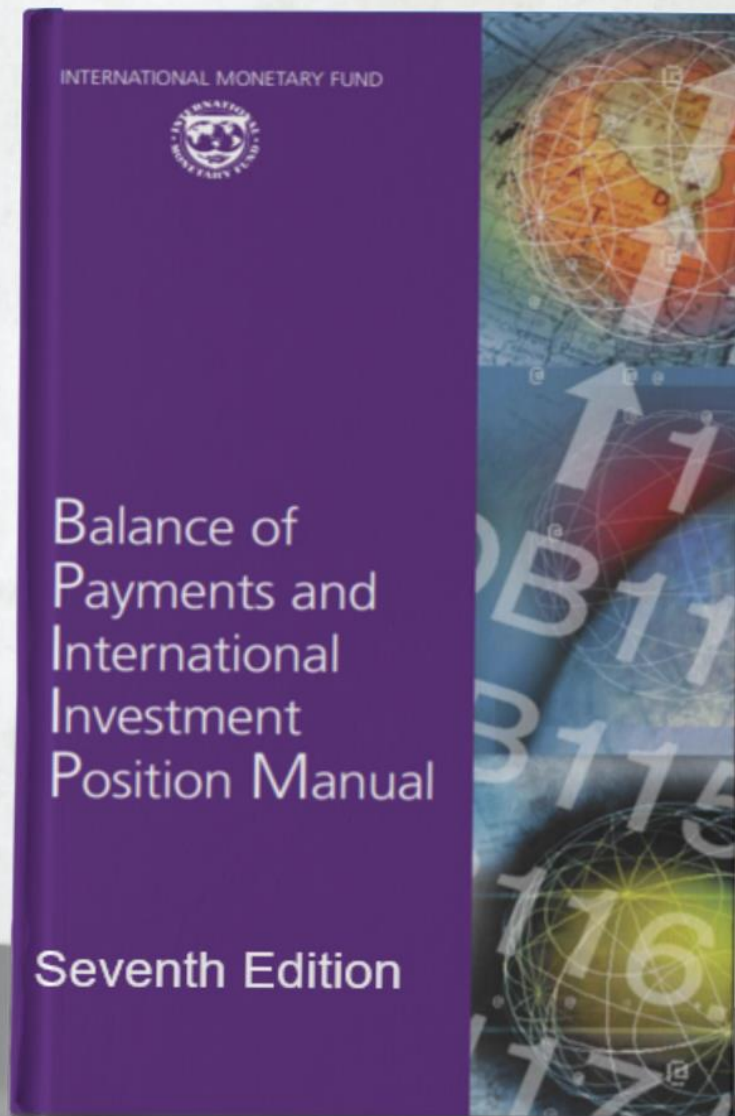
## Annexes in *BPM7* (I)

- 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

**THANK YOU FOR YOUR ATTENTION!**



**STATISTICS**

# ***BPM7:* Cross-cutting themes**

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**SNA / BPM Joint Virtual Outreach Seminar**

# Agenda

- **Introduction**
- **Integrated Framework**
- **Sector breakdowns**
- **partner economy**
- **Special Purpose Entities (SPEs)**
- **Other cross-cutting issues**
- **Supplementary items**



# Introduction

- *BPM7* provides flexibility for compilers to provide further information on selected topics for analytic value
- Some recommendations are extensions from BPM6 within the core framework; some extend beyond the core framework
- Guidance on various topics are presented in new chapters and annexes (such as on the informal economy and partner economy attribution) as well as references with the text to supplementary items
- *BPM7* encourages compilers to use this guidance to fill important information gaps
- Compilers would choose topics based on their importance within the economy's structure, key policy issues, and data availability



Introduction  
Cross-  
cutting  
themes

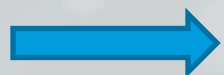
# Introduction

- **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 (example: Interest before FISIM or implicit financial services)

- **Supplementary Items**

- Items outside the standard presentation that are compiled depending on circumstances in the particular economy (example: Total remittances and transfers to NIPISHs).



*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.



Introduction -  
Standard and  
supplementary  
items

# Integrated Framework

- **The Integrated IIP framework** is an important **new standard presentation** integrating the IIP with the balance of payments
- The integrated IIP shows how the IIP positions at the start of the period plus balance of payments transactions plus revaluations and other changes sum to the closing positions in the period

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 sector breakdowns in the **standard components**, supplementary items

- 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 General  
Principles,  
Structural and  
Cross-Cutting  
Issues

# Sectoral breakdown for DI

- BPM7 de-emphasizes the breakdown by investment relationship (direct investor in direct investment enterprise; direct investment enterprises in direct investor (reverse investment); and between fellow enterprises) in favor of sectoral breakdown
- Aligns DI with other functional categories
- Applies to financial account transactions and IIP

## Direct investment **standard components**

### Equity and investment fund shares

#### *By residential sector*

Central Bank

Deposit-taking corporations, except the central bank

General government

Other sectors

Other financial corporations

Nonfinancial corporations

Households and NPISHs

#### *Direct investment memorandum and supplementary items*

Direct investment

(m.) Direct investor in direct investment enterprises

(m.) Direct investment enterprises in direct investor (reverse)

(m.) Between fellow enterprises

(s.) if ultimate controlling parent is resident

(s.) if ultimate controlling parent is nonresident

(s.) if ultimate controlling parent is unknown



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

# Data by partner economy I

- BPM7 will encourage compilers to enhance analytical value by publishing data by partner economy for specific balance of payments components:
  - Goods (with reference as before other sources such as IMTS)
  - Services
  - Direct investment
  - Remittances –
    - closely related to migration between two economies, and
    - may often require estimations
- Supplementary data on DI based on the ultimate investing economy (UIE) and the ultimate host economy (UHE) as well as identification of pass-through funds



# Data by partner economy II

- BPM7 will elaborate on some cases where data by partner economy may be challenging such as:
  - Goods on consignment and economy of origin
  - Merchanting and other Global manufacturing arrangements where the physical movement of the goods differs from the change of ownership
    - Adjustments to bring source data that exhibits physical cross border flow of goods to a change of economic ownership basis may also require adjustments to the partner economy
  - Intermediation services and contracting
  - Securities
    - transactor v debtor for assets held
    - Securities under reverse transactions (legal versus economic owner)



*Cross-cutting  
issues*

# Other cross cutting issues

## Fintech

- Introduce “of which” category for instruments or services classifications where necessary to separate out fintech-related instruments and services.
  - ▶ For example, the activities are classified as financial services or insurance services with a further “of which”

## Crypto

- 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)
- Record **crypto assets with a counterpart liability** as a financial asset
  - The functional category would depend on the nature of the underlying claim

# Special Purpose Entities (SPEs)

- A 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)
  - ▶ Direct investment statistics that **look through SPEs to the first operating unit** as a first step in presenting data ultimate host economy
- IPP owned by SPEs - how they are treated

# Supplementary presentation of trade and investment income

- Goods trade by **enterprise characteristics (TEC)**
- Services trade by **enterprise characteristics (STEC)**
- Investment income by **enterprise characteristics**
  - Data linkage with business register
  - These supplementary tables are recommended in the context of globalization.  
The characteristics recommended are
    - Industry
    - Ownership (domestic/foreign control)
    - Firm size



*supplementary  
items*

# Supplementary presentation of trade

- **Currency Breakdowns**

- Total Goods by the currency of denomination.
- Total Services by the currency of denomination.
  - ◆ Domestic / foreign
  - ◆ Domestic and SDR basket
  - ◆ Domestic, SDR basket and other currencies
- ◆ An unallocated item can also be included to address currency allocation difficulties



*supplementary  
items*

# \*\*\*New supplementary items I

- **Sustainable Finance**

- Geographical and industrial sector breakdowns of direct investment
- Introduce a separate table for the ESG related 'of which' categories of the IIP and BOP as part of Annex 14 of the BPM7
- International cooperation grants to low-income countries
- Aligned with the work by the DGI-3 Recommendation 4 in terms of labelling, taxonomy, classification
- Countries are encouraged to compile data as relevant



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

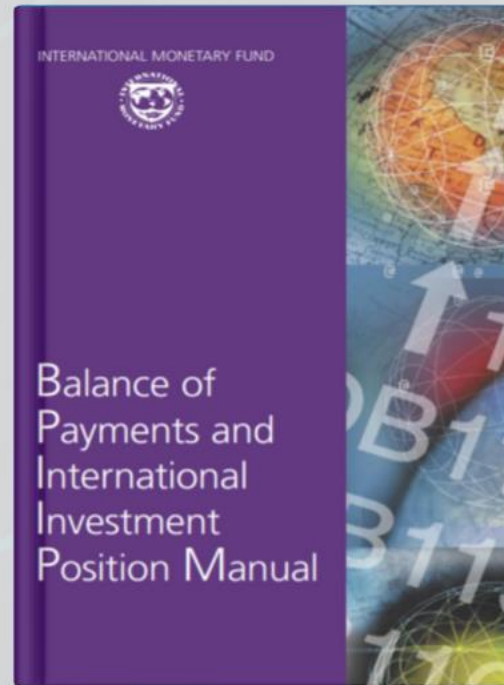


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# IMF DATA

Empowering the world with data



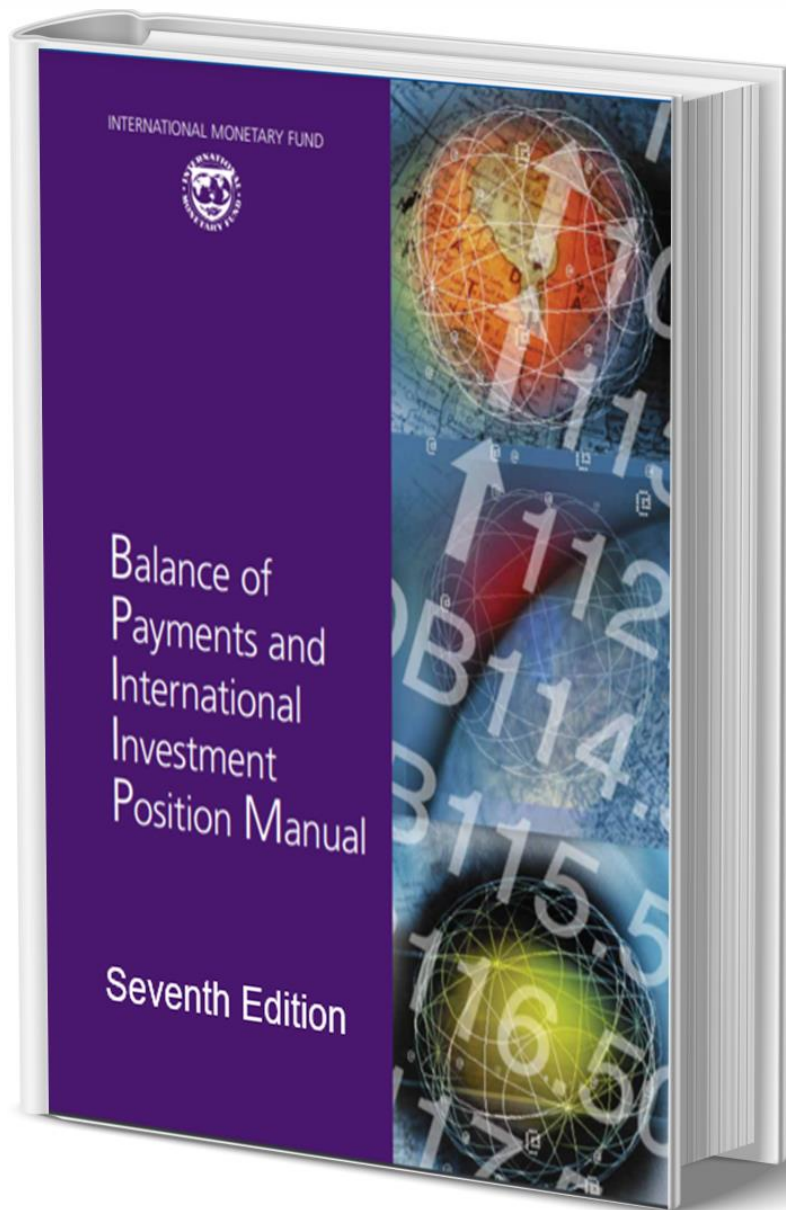
Coming soon

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



IMF Data LinkedIn





**STATISTICS**

# **Current and Capital Accounts**

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**Joint Virtual Outreach Seminar on the Updates of  
the Statistical Manuals (BPM7 and SNA 2025)**

# AGENDA



*BPM7*  
Chapter 10  
Goods  
Account



*BPM7*  
Chapter 11  
Services  
Account

# AGENDA



*BPM7*  
Chapter 12  
Earned  
Income  
Account



*BPM7*  
Chapter 13  
Transfer  
Income  
Account



*BPM7*  
Chapter 14  
Capital  
Account

# Chapter 10 - Goods 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*
- The new manual will follow the structure of *BPM6* Ch 10: Goods (para 10.13 to 10.40)
- **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**
- Note: Crypto assets (CAWLM) no longer recommended to be classified in goods account

Table 10.1 Overview of the Goods Account	Exports / Revenue	Imports / Expenditure
General merchandise on a balance of payments basis		
<i>Of which: Re-exports</i>		<i>n.a.</i>
<i>Of which: Goods traded within a global manufacturing arrangement</i>		
Net exports of goods under merchanting		<i>n.a.</i>
<i>Goods acquired under merchanting (negative exports)</i>		<i>n.a.</i>
<i>Of which: Material Inputs acquired abroad from third parties by the principal within a global manufacturing arrangement</i>		<i>n.a.</i>
Goods sold under merchanting (exports)		<i>n.a.</i>
<i>Of which: Material Inputs sold to Contractor abroad within a global manufacturing arrangement</i>		<i>n.a.</i>
Nonmonetary gold		
Total goods		
Balance on trade in goods		





# Chapter 10 - General Merchandise

- Some new items under *inclusions*
  - **Inverse merchanting**: when a merchant in Country A purchases goods from a resident of Country B and resells these goods to another resident of Country B without the goods leaving Country B.
  - Trade of finished **goods under a factoryless goods production (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, could be introduced as the standard in the next version of the manuals



# 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



**BPM7**  
Chapter 10  
Goods  
Account

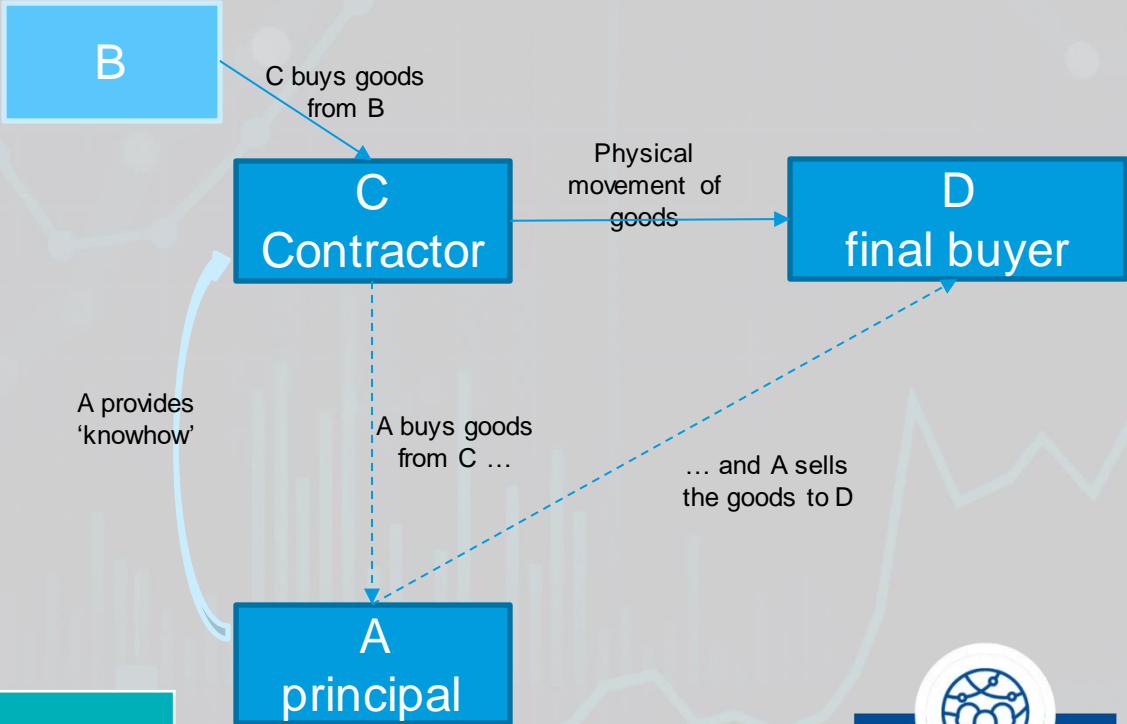
# Chapter 10 - Global Manufacturing Arrangements - Factoryless Goods Production (FGP)

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 considered 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 from C, exports to D	none	Positive adjustment to IMTS

## 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



*BPM7*  
Chapter 11  
Services  
Account



# Chapter 11 – Services, Changes from *BPM6*

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

1.A.b.9 Telecommunications services
1.A.b.10 Computer, and information services
1.A.b.10.1 Computer services
1.A.b.10.2 Information services

- Computer and information services—to include cloud computing services and data and databases (incl. data as an asset)

## 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

## Manufacturing services on physical inputs owned by others

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

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

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



# Chapter 11 – Services

## 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
- Clarification on health and education related travel
  - Scope of “medical reasons” follows the definition of “health and medical care” from International Recommendations for Tourism Statistics (*IRTS*) 2008
  - Travel expenses of patients’ companions to be included under “other personal travel”
  - 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

## **Intermediation services** (including digital intermediation)

- 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

## **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 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**

- Additional (supplementary) breakdown to separately identify Constructions goods and Construction services



# Goods and services topics to be covered elsewhere

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



# 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
  - Direct investment relationship will be de-emphasised (i.e. income broken down by direct investment in DIE, reverse investment, between fellows), and is a memorandum item of the standard components



# Types of Earned Income 1

Structure as in the *BPM6 Ch 11*.

- A. Compensation of Employees** – no significant changes except to be renamed “**remuneration of employees**” throughout BPM and SNA
- B. Dividends and Withdrawals of Quasi-Corporations**
  - New treatment of superdividends:
    - For DI: Income includes distributions of earnings from the current period or accumulated earnings from previous periods
    - For PI: dividends paid on PI such as to IF shareholders or domestic dividends received are up to the amount of current earnings, the rest will be considered withdrawals of equity
    - For both DI and PI: Exceptional distributions related to the sales of assets should be recorded as withdrawals of equity
- C. Reinvested Earnings**
  - Supplementary recording of portfolio share of retained earnings in enterprises
    - This gives a complete picture of nonresident claims
  - Clarification of calculation of RIE of collective investment funds (IFs)
    - Expenses of IFs are treated as being paid by the 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.
- 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 as a negative asset is recorded when on-selling takes place and results in the recording of negative interest and dividend credit/revenue



## 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 payments
  - 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
- Nonrefundable contributions to government under citizen-by-investment (CBI) programs are either current or capital transfers based on the specific features of the program

# Chapter 14 - Capital Account

The structure will be maintained as in the *BPM6 Ch 13*

## ***New items***

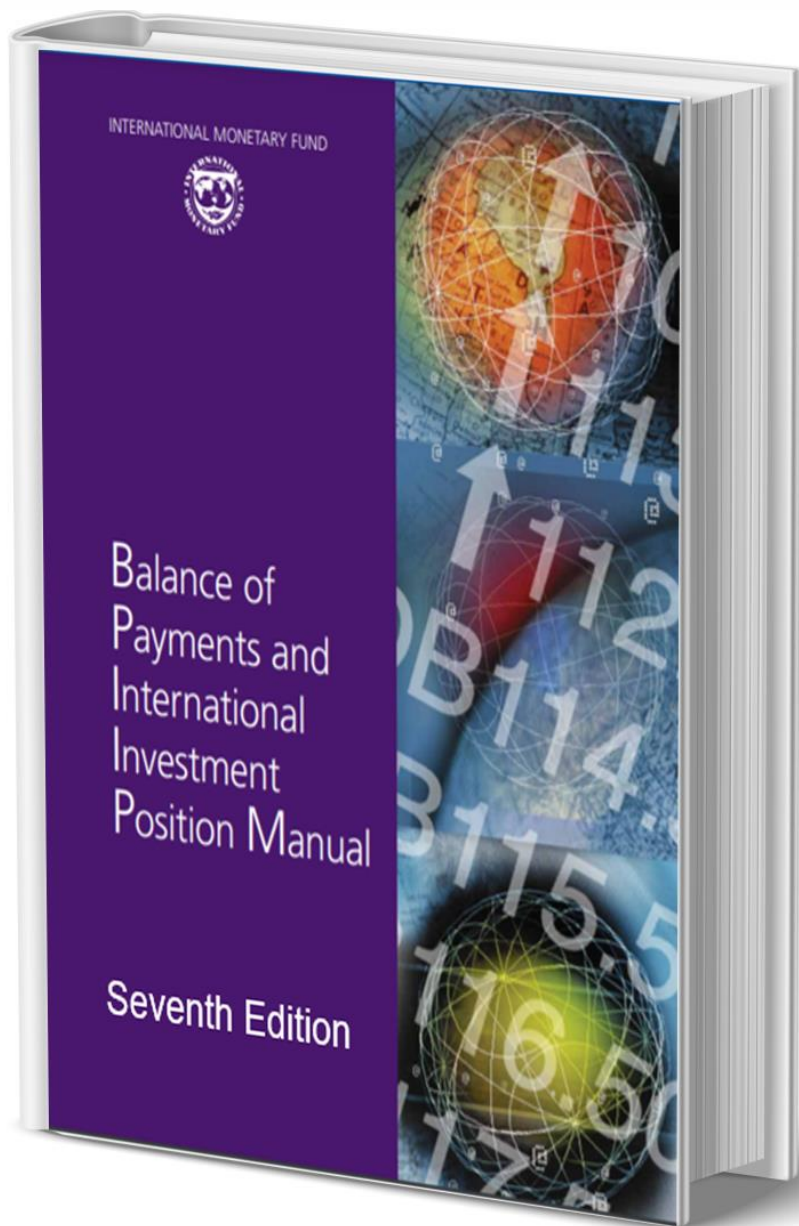
- Crypto assets without a corresponding liability recorded as nonproduced, nonfinancial assets
- Non-fungible tokens (NFTs) that convey limited commercial rights recorded under contracts, leases, and licenses
- Marketing assets remain in the Capital Account
- Concessional lending and transfer element – only as a supplementary item
- 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



**BPM7**  
Chapter 14  
Capital  
Account

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**STATISTICS**

# **Integrated IIP: Direct Investment and Portfolio Investment**

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**SNA / BPM Joint Virtual Outreach Seminar**

# Themes of this presentation will be mainly covered in the following chapters of BPM7



Chapter 5.  
**Classifications of  
Financial Assets  
and Liabilities**



Chapter 6.  
**Functional  
Categories**



Chapter 7.  
**International  
Investment  
Position**



Chapter 8.  
**Financial Account**



Chapter 9.  
**Other Changes  
in Financial Assets  
and Liabilities  
Account**

## ...and these Annexes



Annex 6.  
**Selected Issues on  
Direct Investment**



Annex 7.  
**Selected Financial  
Issues**

# Integrated Framework

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**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



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# **Integrated IIP: Direct Investment**

# Direct Investment: Main Changes

- Breakdown of **direct investment data by sector** as **new standard components**
  - Breakdowns by direct investment relationship (e.g., reverse investment) and reinvestment of earnings → *memorandum items* (in 'standard items')
- **Dividends and withdrawal of equity**
  - The concept of **superdividends** will no longer apply to direct investment.
  - 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**.



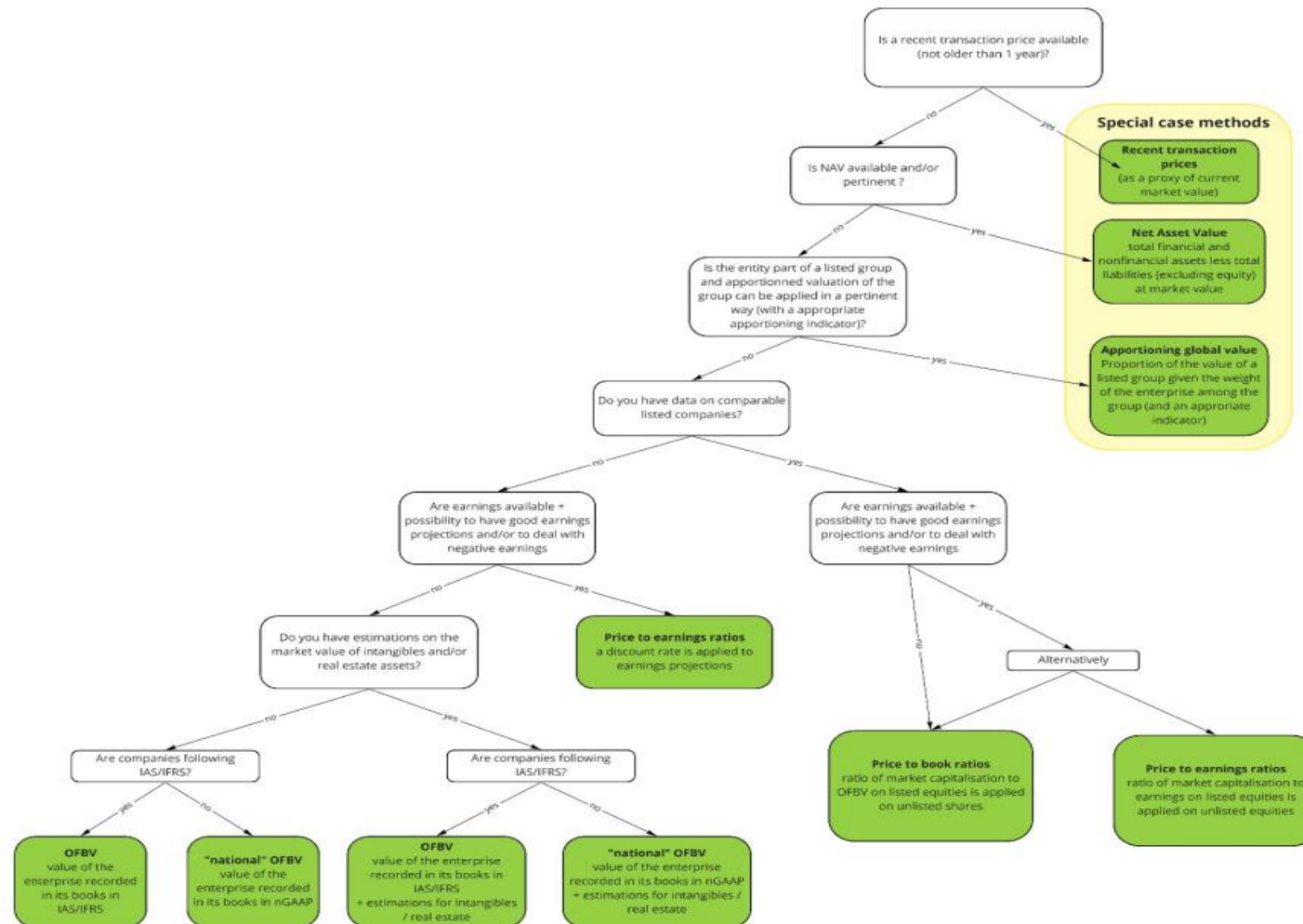
# Direct Investment: Main Changes (2)

## ■ Valuation of unlisted equity

- **Three preferred methods** (with a **decision tree** for implementation guidance)
  - *Own funds at book value*
  - *Recent transaction price*
  - *Market capitalization*
- **Equity in quasi-corporations**—three preferred methods approach.
- Treatment of **negative equity**—to be elaborated.
  - *Discussions at BOPCOM and AEG:*
    - *Allow negative equity as the default option*
    - *Zero out only in exceptional cases (“strictly limited liability”)*



# Decision tree for the valuation of unlisted equity



# Direct Investment: Clarifications

- **Investments in investment funds shares**
  - Always portfolio investment irrespective of the equity held.
  - However, investments by the fund are still to be treated as direct investment, should they fulfil the criterion regarding *significant influence/control*
- **Equity in international organizations**
  - Excluded from DI ➡ *Other Equity and Equity in International Organizations* in ***other investment***.
- **Differences between transaction prices and the values recorded in positions** should be treated as ***other price changes*** (e.g., unlisted equity).



# Direct Investment:

## Updated Annex on Direct Investment (Annex 6)

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



# Direct Investment: New Supplementary Data

- 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 by ultimate host economy
- Direct investment statistics identifying **pass-through funds**
- Data on **superdividends** may be reported on a supplementary basis
- Direct investment **inter-company lending** (as supplement to the reconciliation table)



New Data  
Related to Direct  
Investment



The background of the slide features a light gray grid with various financial data visualizations. There are several line graphs with circular markers, some showing upward trends and others more fluctuating. A candlestick chart is visible in the lower right quadrant. Faint numerical values like '18.34' and '37.93' are scattered across the background. The overall aesthetic is clean and professional, typical of a financial report or presentation.

# **Integrated IIP: Portfolio Investment**

# Portfolio Investment: New Data and Concepts

- A new subsection on **superdividends** introduced in Portfolio Investment
  - **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**.
- **Reinvestment of earnings**
  - Added as a **supplementary item** in BPM7.



# Portfolio Investment: New Supplementary Data

- **Debt securities at nominal values** as a supplement to market valuation.
  - Report debt securities at nominal value as a supplement to market valuation.
  - Introduce table to reconcile nominal and market valuation of debt securities liabilities.
- **Reinvestment of earnings**

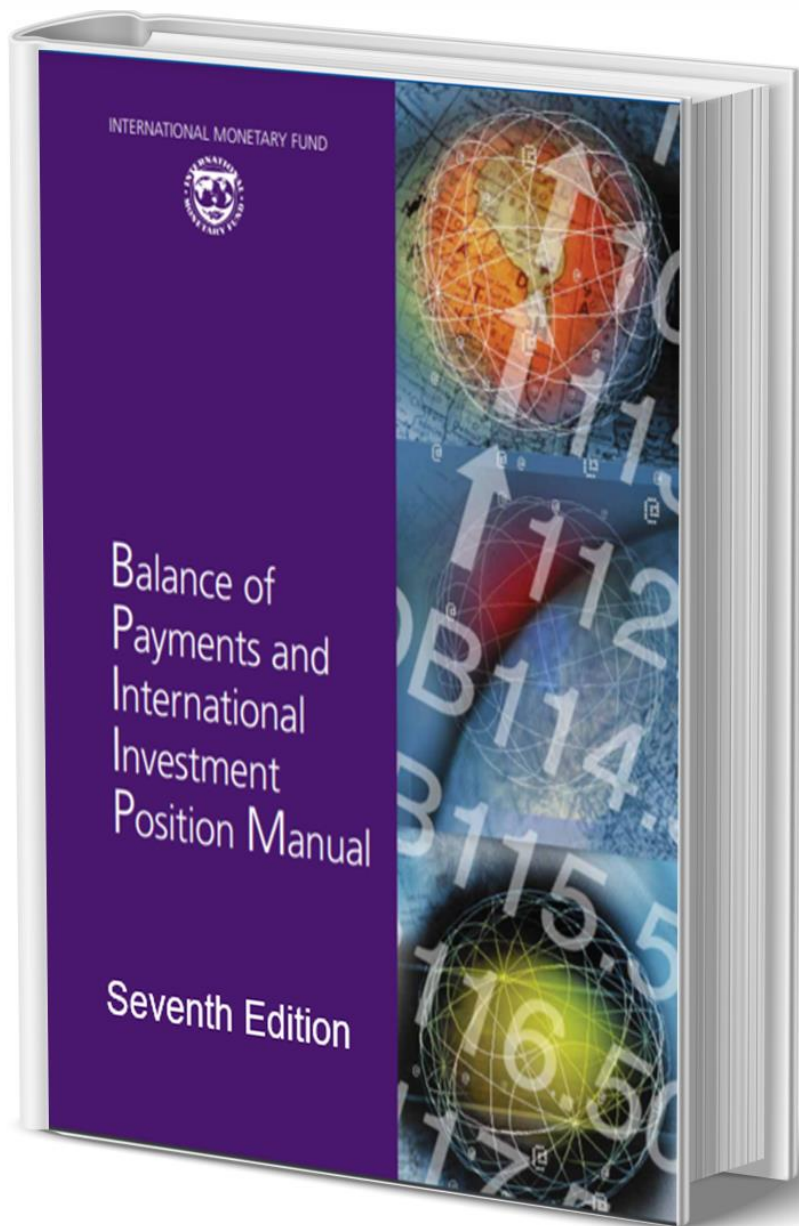


# Portfolio Investment: Clarifications

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



**THANK YOU FOR YOUR ATTENTION!**



**STATISTICS**

# **Integrated IIP: Financial Derivatives, Other Investment, and Reserve Assets**

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**SNA / BPM Joint Virtual Outreach Seminar**

# Themes of this presentation will be mainly covered in the following chapters of BPM7



Chapter 5.  
Classifications  
of Financial  
Assets and  
Liabilities



Chapter 6.  
Functional  
Categories



Chapter 7.  
International  
Investment  
Position



Chapter 8.  
Financial  
Account



Chapter 9.  
Other Changes  
in Financial  
Assets and  
Liabilities  
Account



## ...and these Annexes



Annex 7.  
**Selected Financial  
Issues**



Annex 8.  
**Insurance and  
Pensions**

# Integrated Framework

- **The Integrated IIP framework** is an important **new standard presentation** integrating the IIP with the balance of payments
- The integrated IIP shows how the IIP positions at the start of the period plus balance of payments transactions plus revaluations and other changes sum to the closing positions in the period

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

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# **Integrated IIP: Financial Derivatives**

# Financial Derivatives: New Breakdowns

- **New breakdowns of Financial Derivatives (supplementary) by**
  - Instrument
  - Market risk category
  - Trading venue
  - Clearing status



New Data  
Related to  
Financial and  
Payments  
Systems

# Financial Derivatives: Further Guidance and Clarifications

- Recording of **transactions on a net basis** is acceptable where separate data on transactions in assets and liabilities are not available.
- All **revaluation effects** are due to ***other price changes*** (rather than *exchange rate changes* in BPM6) for those types of derivatives where it may not be practical to separate exchange rate changes from other revaluations.
- Methodological guidance for the **recording of novation and portfolio compression** as financial transactions, including the role of central counterparties
- Clarifications on classifying **credit default swaps** (CDS)



# New Annex 7 on Selected Financial Issues

- **Financial derivatives** will be discussed comprehensively with new recommendations (e.g., classification by risk category).
  - Definitions and explanations on different types of derivative instruments
  - Recording of positions and transactions
  - Valuation
  - Specific Issues
- **Reverse transactions** (e.g., repos) will also be discussed comprehensively with clarifications.
  - More comprehensive discussion on *definitions, recording, income, valuation*
  - Specific Issues



The background features a light gray grid with several faint, stylized financial charts. These include line graphs with circular markers, a bar chart, and a candlestick chart. Some data points are highlighted with larger, semi-transparent circles. The overall aesthetic is clean and professional, typical of a financial report or presentation.

# **Integrated IIP: Other Investment**



# Other Investment: Subscription Rights, Equity in International Organizations, and Factoring

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



## Other Investment: 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.



# Other Investment: Valuation

- Valuation of nonnegotiable instruments
  - **Nominal valuation principle for loans** will be **maintained**.
    - Strengthen the existing framework to **allow 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.



# Other Investment: Clarifications and additional guidance

## ■ Remaining maturity

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





# **Integrated IIP: Reserve Assets**

# Reserve Assets: New Guidance

- **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.
- **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).
- **Unallocated gold accounts** recorded only in the reserves if between Monetary Authorities (MA) or between MA and International Organizations



# Reserve Assets: Clarification and New Presentation of Net International Reserves

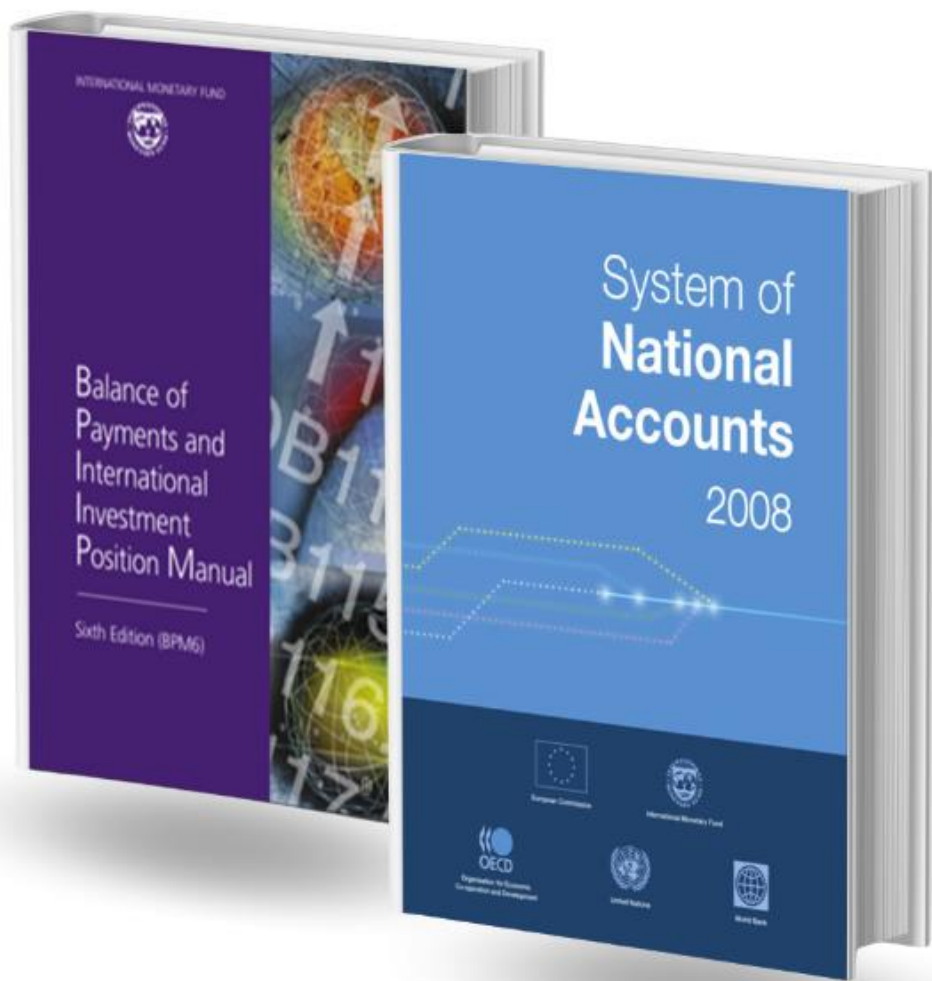
- **Standard statistical definition of Net international reserves (NIR) based on the framework of the Reserves Data (IRFCL) Template.**

**$$\text{NIR} = \text{Reserve assets} - \text{Net short-term foreign currency drains}$$**





**THANK YOU FOR YOUR ATTENTION!**



**STATISTICS**

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

**MARCH 13-15, 2024**

**IMF Statistics Department, European Central Bank (ECB)  
and Eurostat**

**SNA / BPM Joint Virtual Outreach Seminar**

**Carlos Sanchez-Munoz**  
**Assistant Director, IMF Statistics Department**

# AGENDA



Why Update  
the  
Standards?



Key Update  
Themes



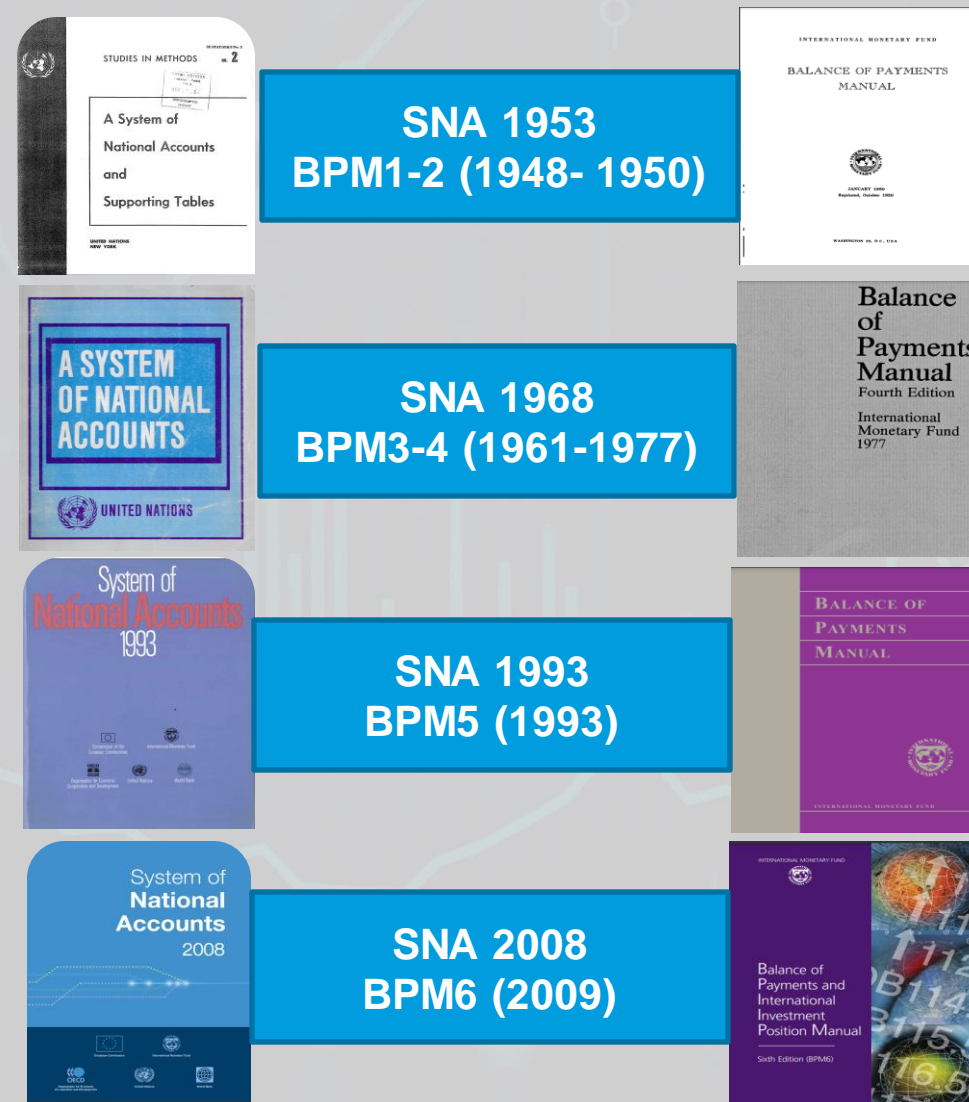
Update  
Process



Support to Our  
Members and  
Recommendations

# 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)
  3. **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)



## Uber (ride-sharing)



Credit: thanakorn/Adobe Stock



# AirBNB (accommodation-sharing)



Credit: wbtiky /Adobe Stock



# Self-driving car





# Electric car



Credit: Michael Flippo/Adobe Stock

# Carbon emissions



Credit: Justlight/Adobe Stock



# Bitcoin



Credit: Rodnea Productions / Pexels



# Crowdfunding



Credit: lemontreeimages/Adobe Stock

## Mobile phone in 2008



Credit: thanakorn/Adobe Stock

# Complex Global Value Chains



Credit: delectus/iStock by Getty Images



# Special Purpose Entities





# OpenAI



# 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**

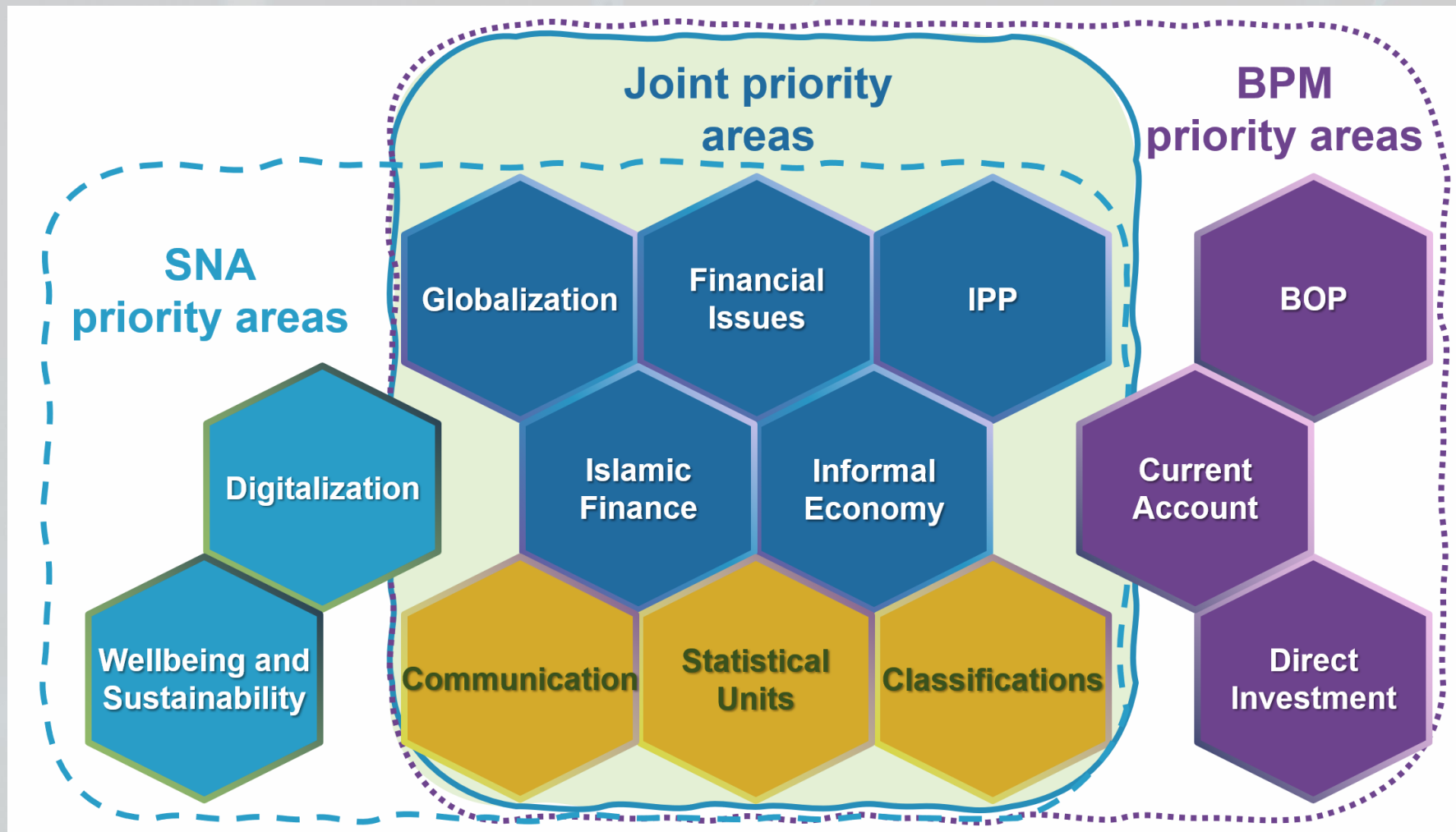
- The G20 Data Gaps Initiative
- The Stiglitz-Sen-Fitoussi Commission

**Ensure that policymakers have access to data to help them achieve financial stability and economic growth objectives.**



Why Update  
the  
Standards?

# Update Priority Areas



Key Update Themes

# Digitalization and Financial Innovation

## Policy needs

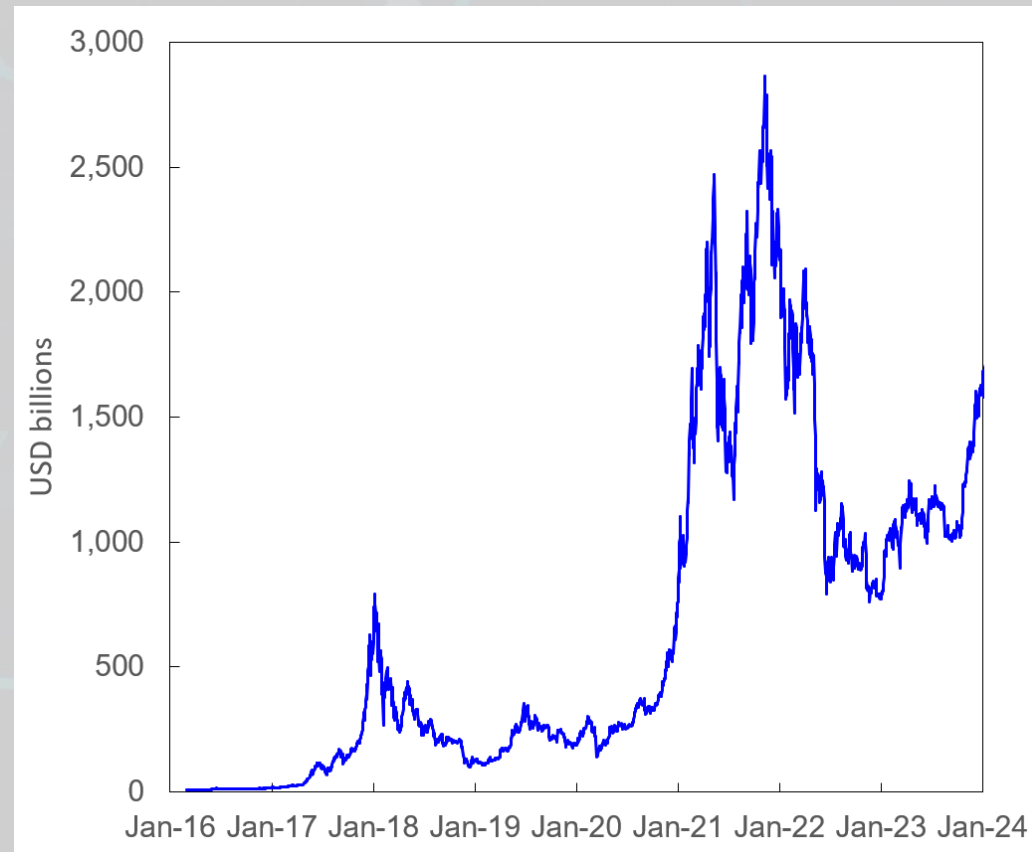
- Macrofinancial surveillance
- Fintech
- Digital money



## Selected Update Issues

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

Global market capitalization of crypto assets  
(In USD billions)



Source: Coin Dance.

# Globalization

## Policy needs

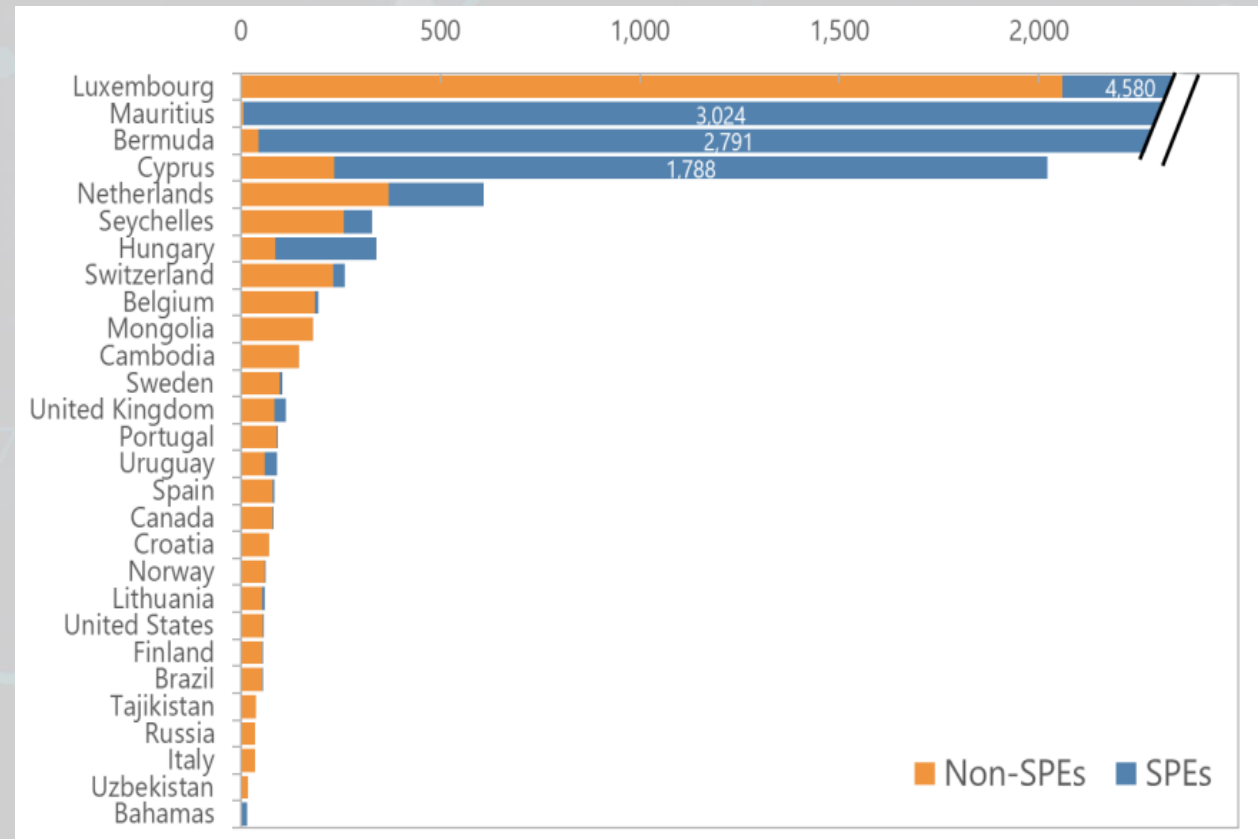
- Global trade
- International taxation
- Capital flows



## Selected Update Issues

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

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



Source: IMF staff calculations based on the IMF SPE Database.

# External Sustainability

## Policy needs

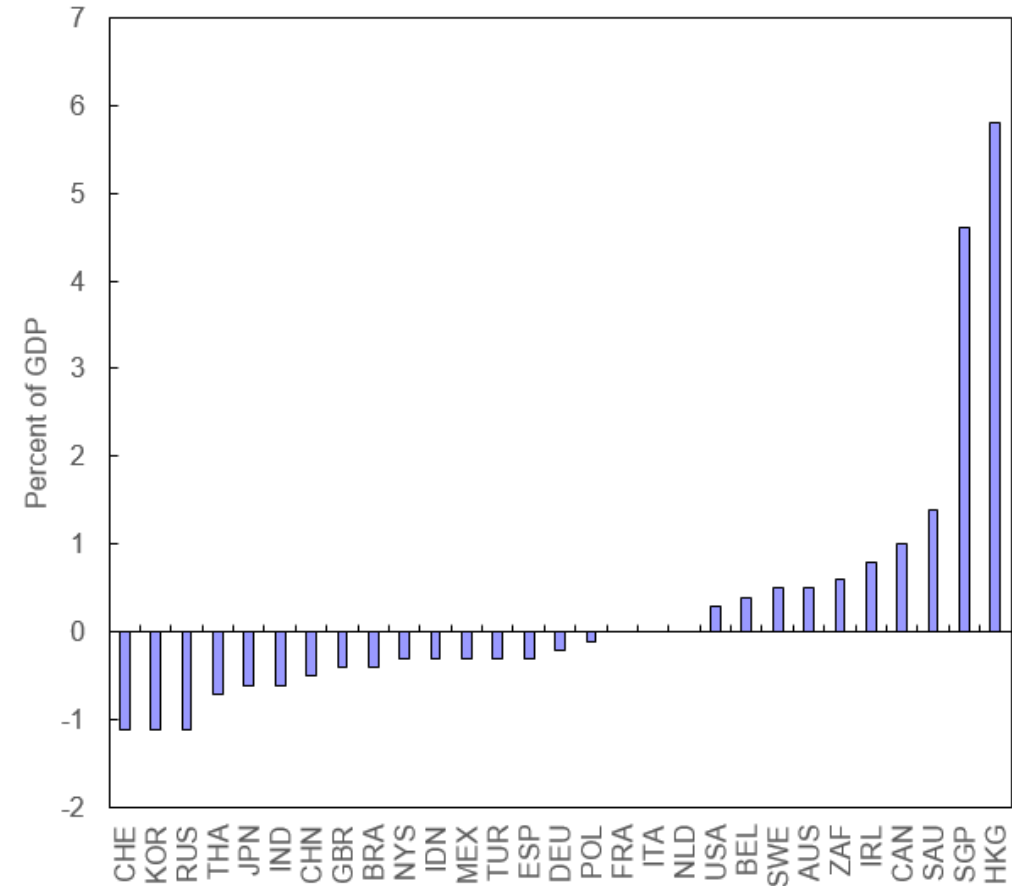
- External sector stability and interconnectedness



## Selected Update Issues

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

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

## Policy needs

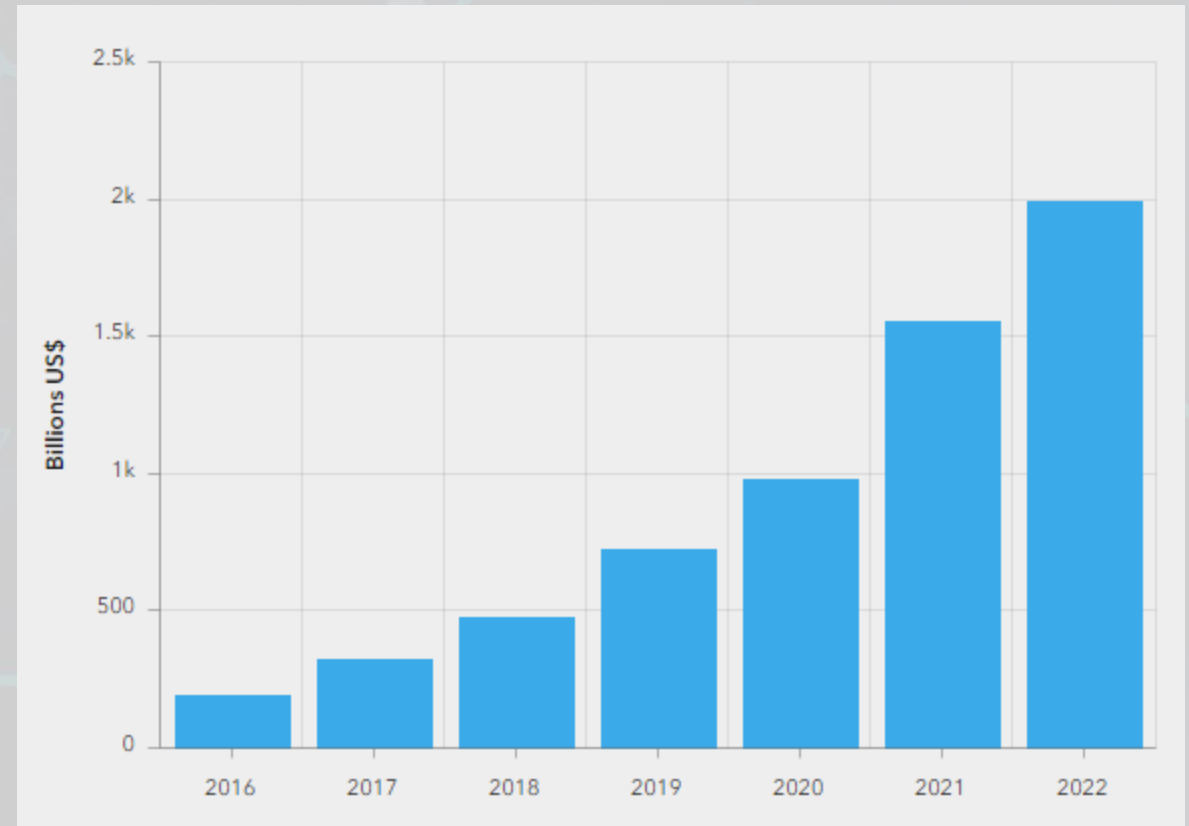
- Inequality and inclusive growth
- Climate change



## Selected Update Issues

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

**Green bonds outstanding**  
(In USD billions)



Source: IMF Climate Change Indicators Dashboard (Refinitiv; Country authorities; IMF staff calculations).



# Informal Economy

## Policy needs

- Gender analysis
- Domestic revenue mobilization
- Inclusive growth



## Selected Update Issues

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

Informal economy by region  
(In percent of GDP)

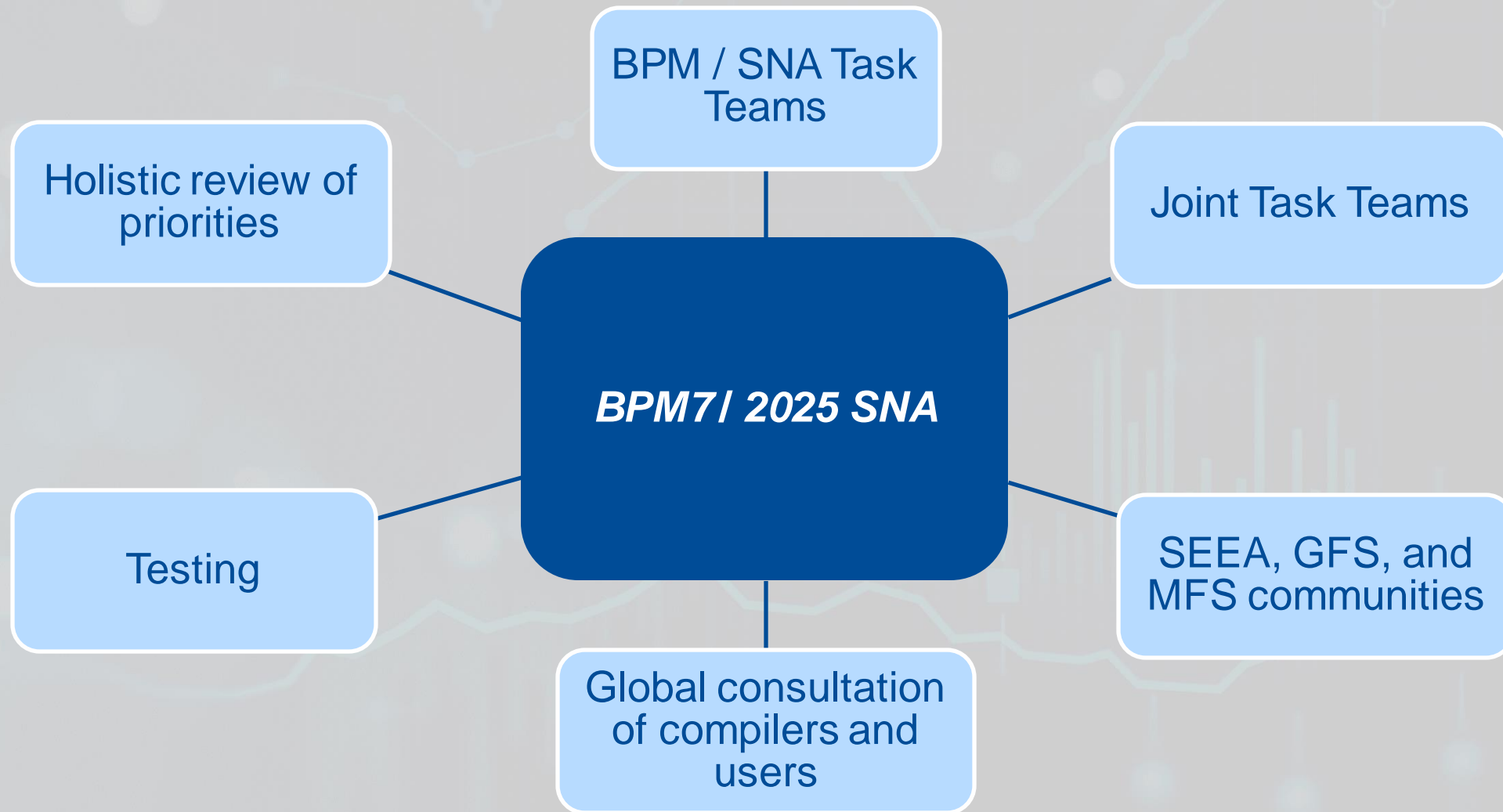


Source: Medina, Leandro and Friedrich Schneider, "Shedding Light on the Shadow Economy: A Global Database and the Interaction with the Official One," CESifo Working Paper No. 7981, 2019.

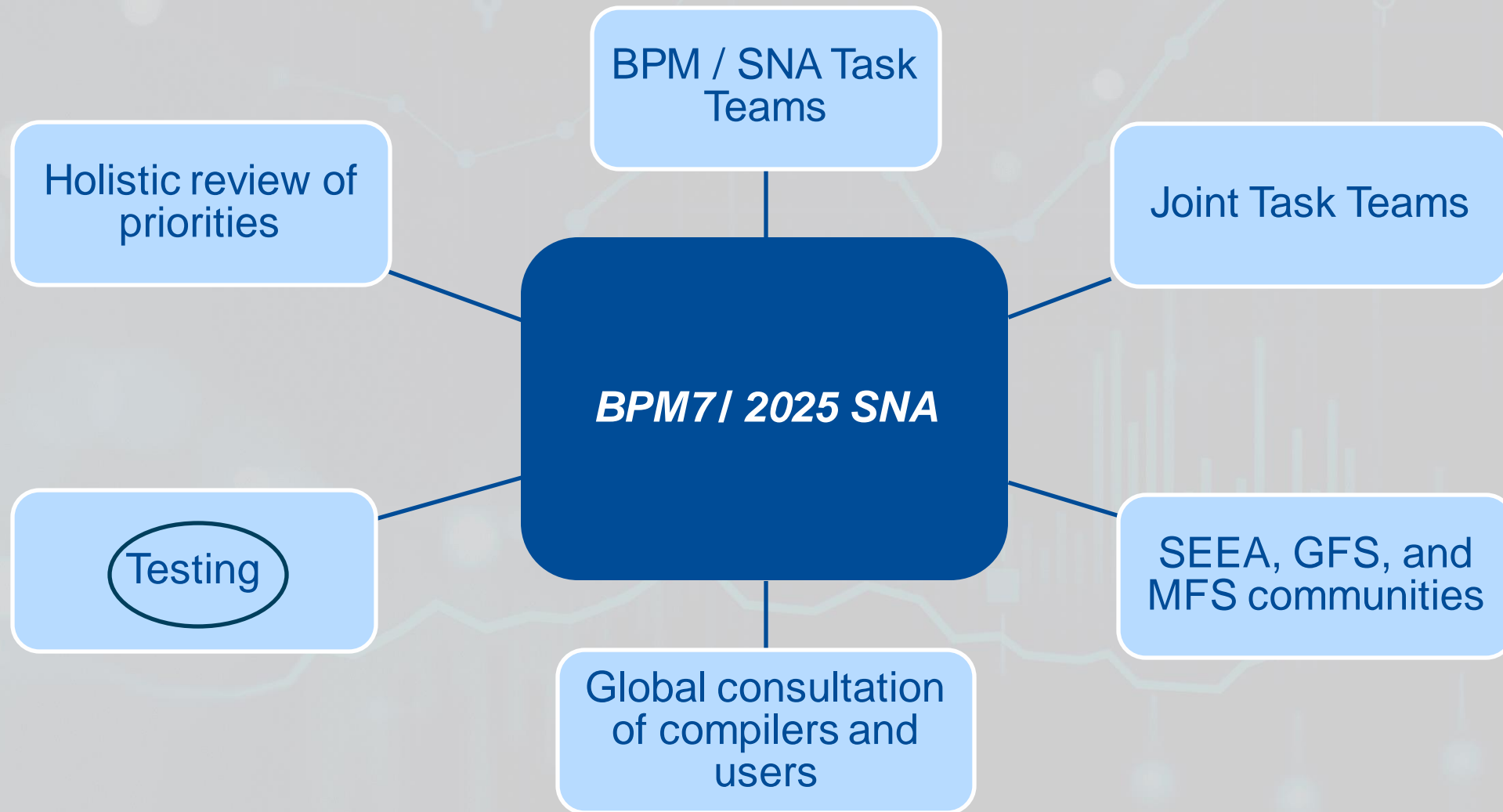
# Update Process and Cooperation between the BPM and SNA Drafting Teams

- **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)**
  - Four joint SNA/BPM chapters and common text for general principles in other chapters
  - AOs circulated for global consultation
- **Common glossary of terms and definitions**

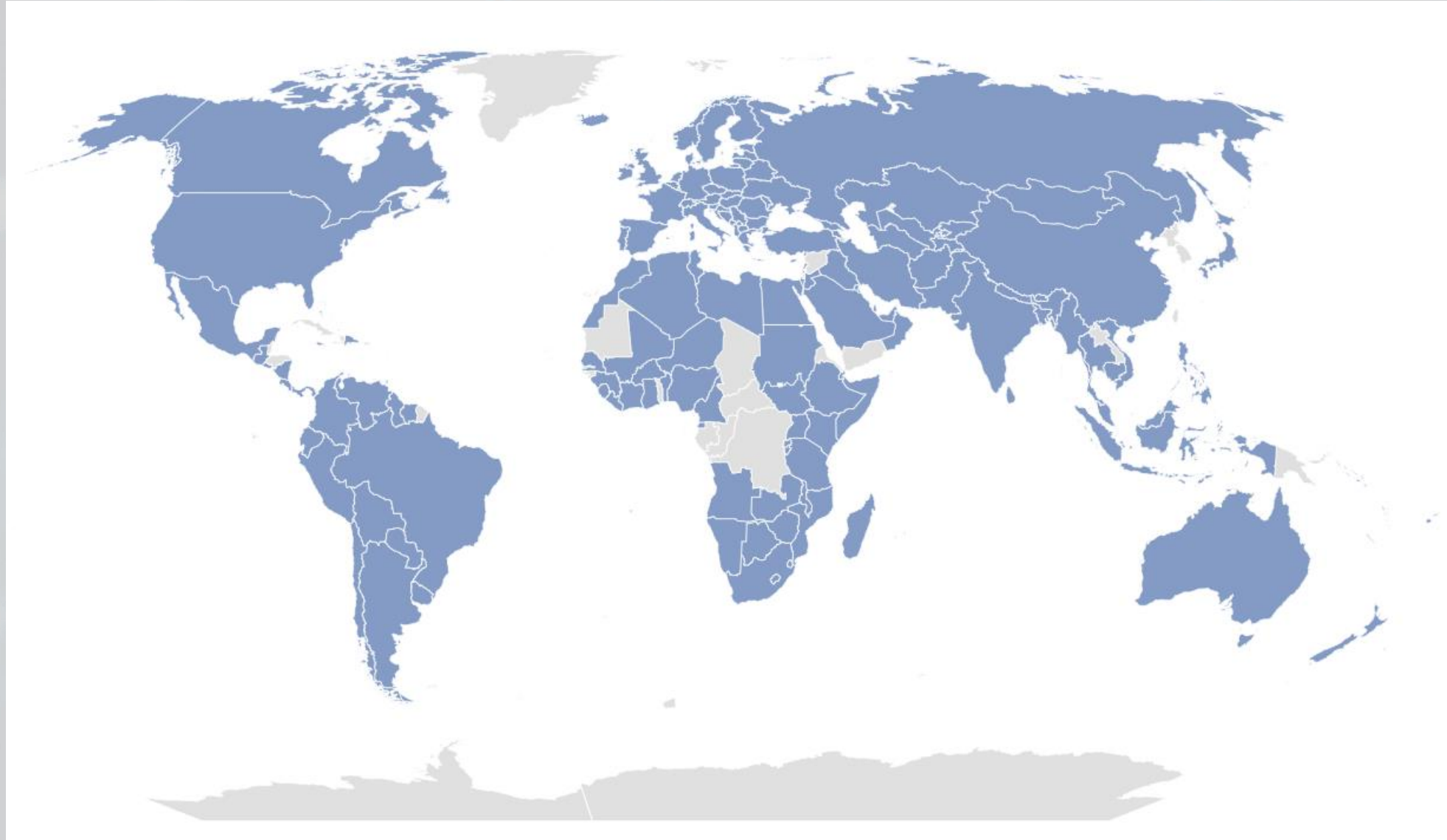
# Coordination and Involvement of Stakeholders



# Coordination and Involvement of Stakeholders

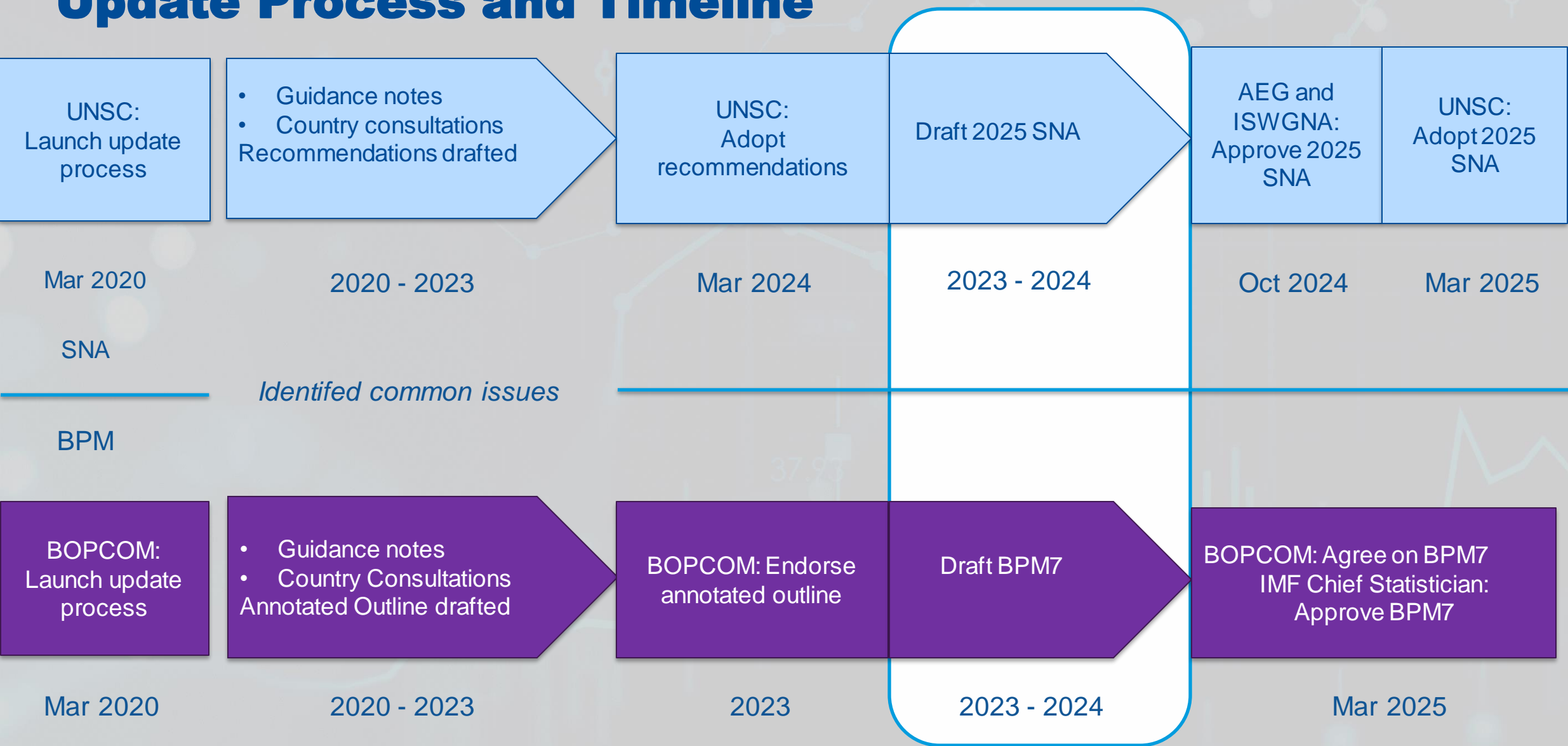


# Worldwide Participation in SNA/BPM Global Consultations



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

# Update Process and Timeline



# Supporting implementation

- **Implement multipronged strategy**

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

**Tailor implementation  
approach to user  
needs and materiality**

- **Utilize new digital platform for collaboration**

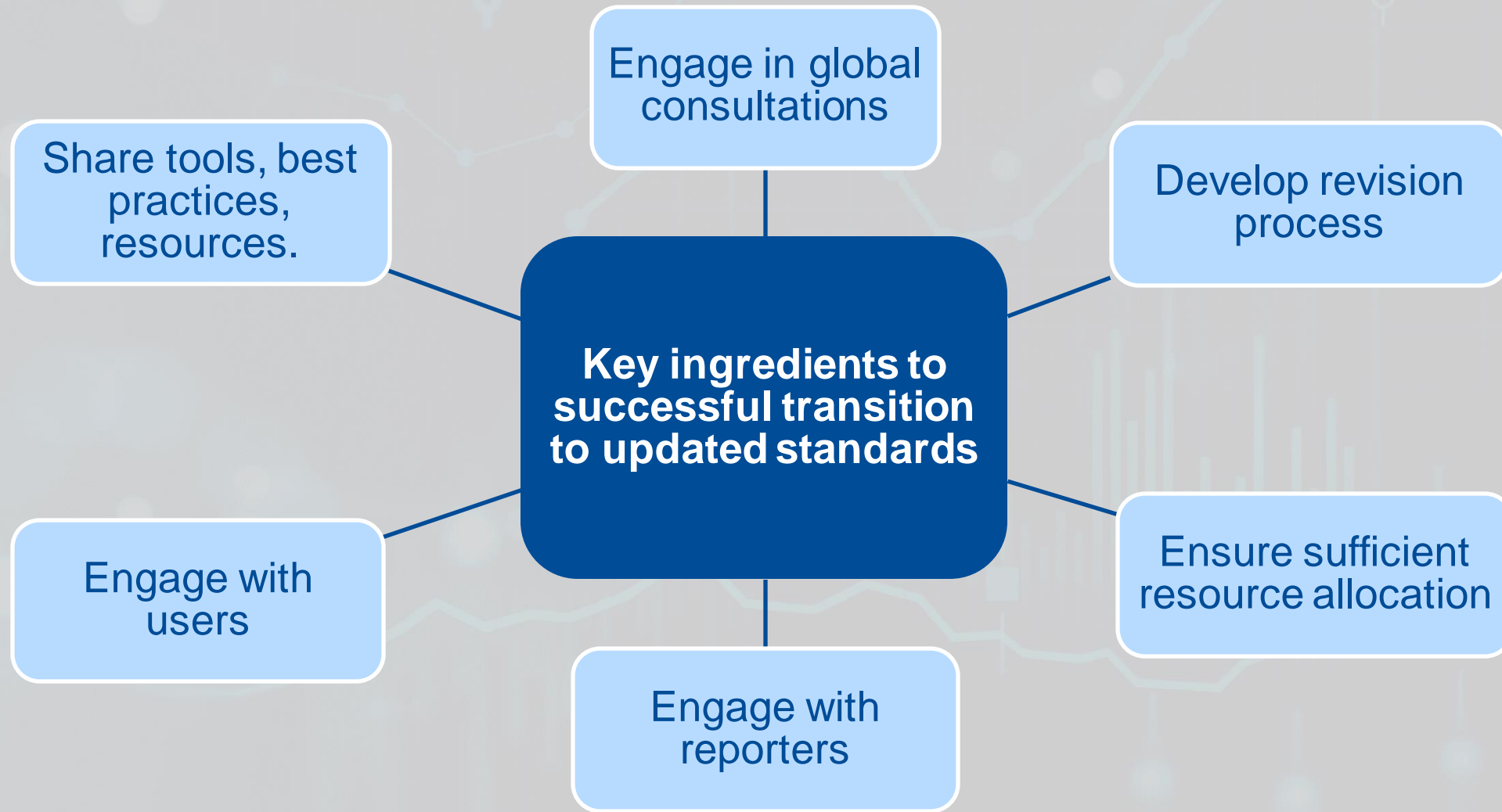
- Development of a compilers' hub to facilitate sharing of best practices
- Forum for interaction between compilers and users and for peer-to-peer collaboration
- Transition to electronic publications
- Share common concepts across all statistical domains, including common glossary of terms and definitions



Supporting  
implementation



# Supporting implementation



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

The background of the slide features a light gray grid with various faint financial data visualizations. These include several line graphs with circular markers, a candlestick chart, and a bar chart. Some data points are highlighted with larger circles or squares. The overall aesthetic is clean and professional, typical of a financial or economic presentation.

# **BACKGROUND SLIDES**

# 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

# More Information on the Update of the 2008 SNA

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



United Nations Statistics Division

[Home](#) [SNA](#) [ISWGNA](#) [Knowledge Base](#) [Data](#) [Capacity development](#) [Publications](#)

You are here: [ISWGNA](#) >> [Updating the SNA](#) >> [Towards the 2025 SNA](#)

## Towards the 2025 SNA

### 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>

The screenshot shows the IMF website's header with the logo, social media icons, and a search bar. The main navigation menu includes links for ABOUT, RESEARCH, COUNTRIES, CAPACITY DEVELOPMENT, NEWS, VIDEOS, DATA, PUBLICATIONS, and COVID-19. The page features a prominent blue banner with the title 'UPDATE OF THE SIXTH EDITION OF THE BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION MANUAL (BPM6)'. Below this, the left sidebar lists various research and task teams, while the main content area provides a detailed overview of the BPM6 update process, including its phases and key elements.

**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 (BPTT) ►
- 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**

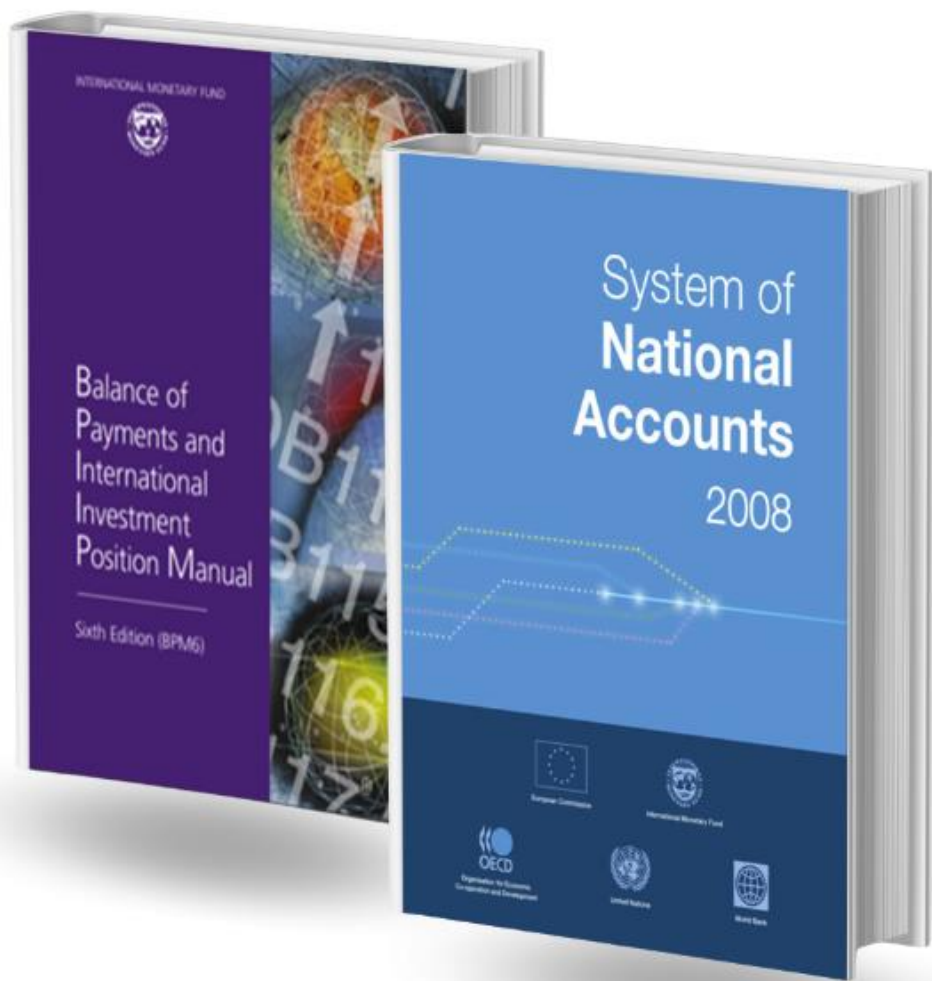
**Update of the sixth edition of the Balance of Payments and International Investment Position Manual (*BPM6*)**

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**

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**Joint Virtual Outreach Seminar on the Updates of  
the Statistical Manuals (BPM7 and SNA 2025)**



# 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/transactions
  - Two examples (use of a car by households for production, travel packages and tours)

## ■ 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)

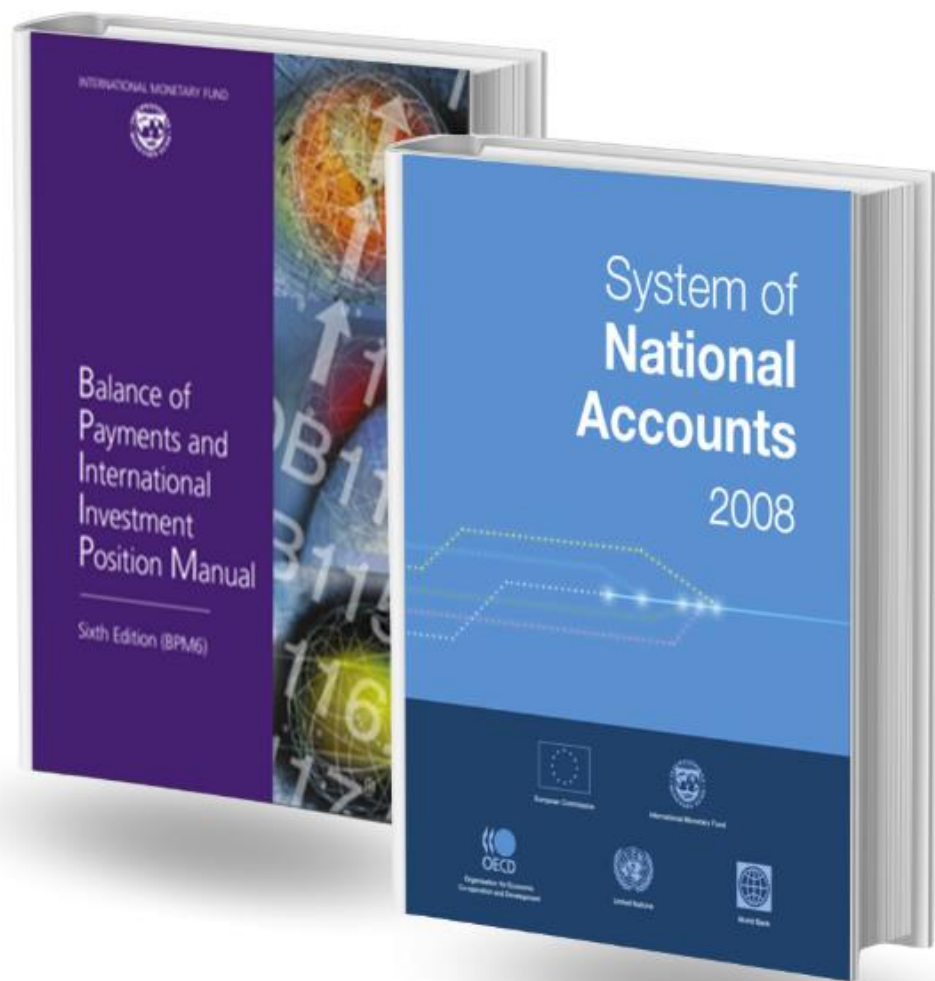
- The term SPEs should be used only for those entities with direct and indirect foreign control
- Special purpose units of general government—general government sector
  - Non-resident are treated as separate units—introduce enhanced imputations to better reflect the fiscal operations of government controlled 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 of the slide features a light gray grid with several faint, stylized financial charts. These include line graphs with circular markers, a bar chart, and a candlestick chart. Some data points are highlighted with larger circles or squares. The overall aesthetic is clean and professional, typical of a financial or statistical presentation.

**THANK YOU FOR YOUR ATTENTION!**



**STATISTICS**

## **Thematic session: Globalization**

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**Joint Virtual Outreach Seminar on the Updates of  
the Statistical Manuals (BPM7 and SNA 2025)**

# 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 or otherwise fragmenting parts of the production process.

- **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

# 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.



Multinational  
Enterprise  
(MNE) Groups

# Measurement Challenges

- **Allocation of production to different economies**
  - MNEs often operate seamlessly across borders.
  - Distorted transfer pricing.
- **Cross-border mobility of corporate assets**
  - IPPs 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.

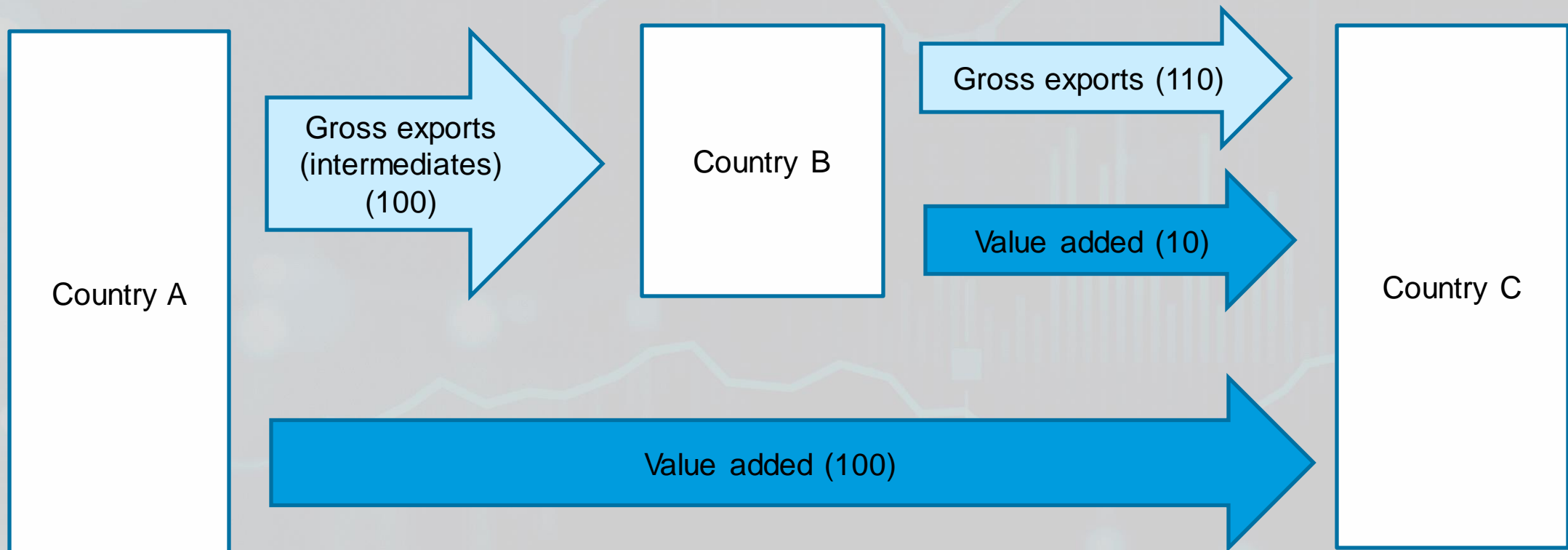


Measurement  
Challenges



# 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)



Analytical  
Tools

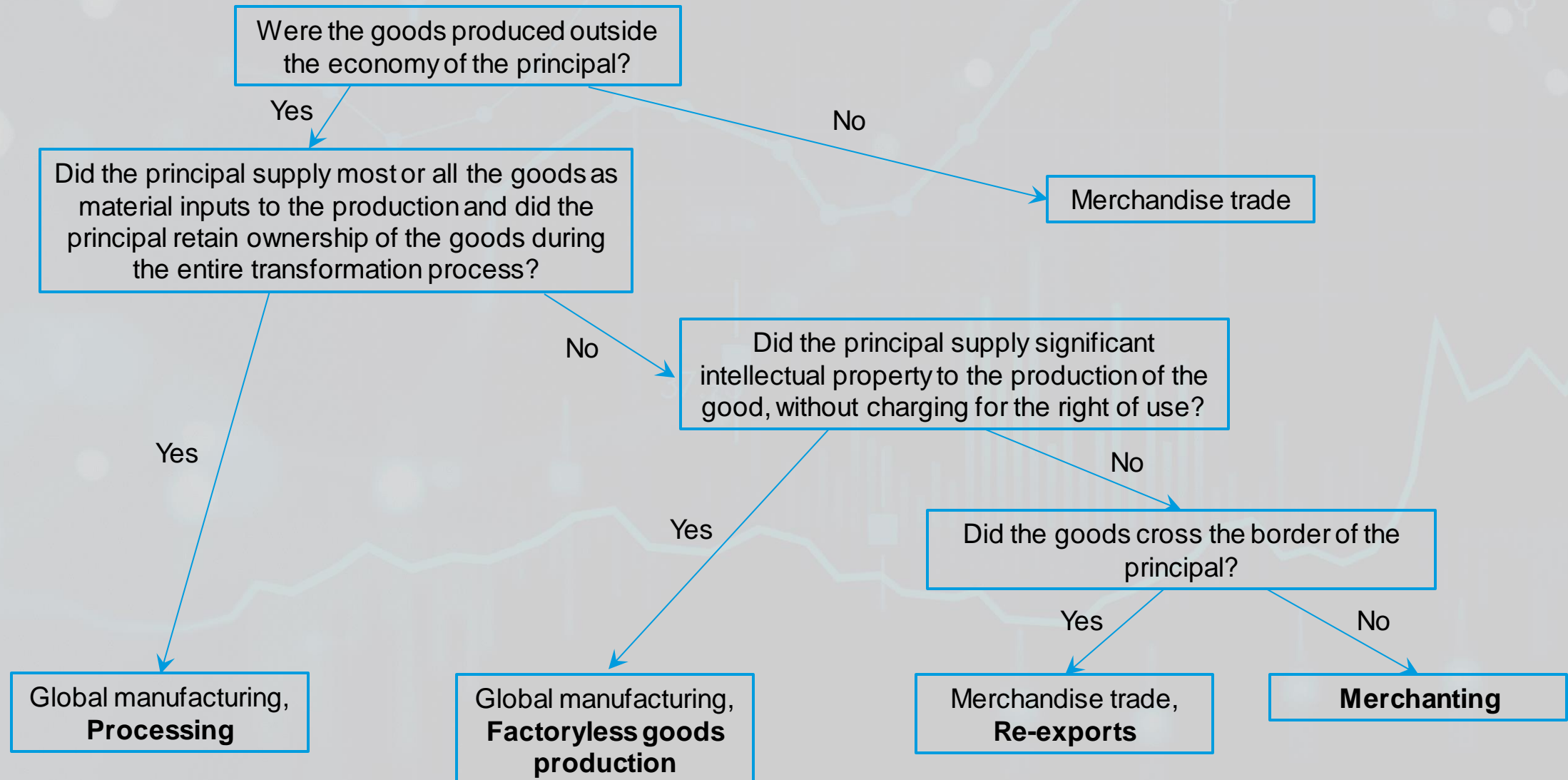
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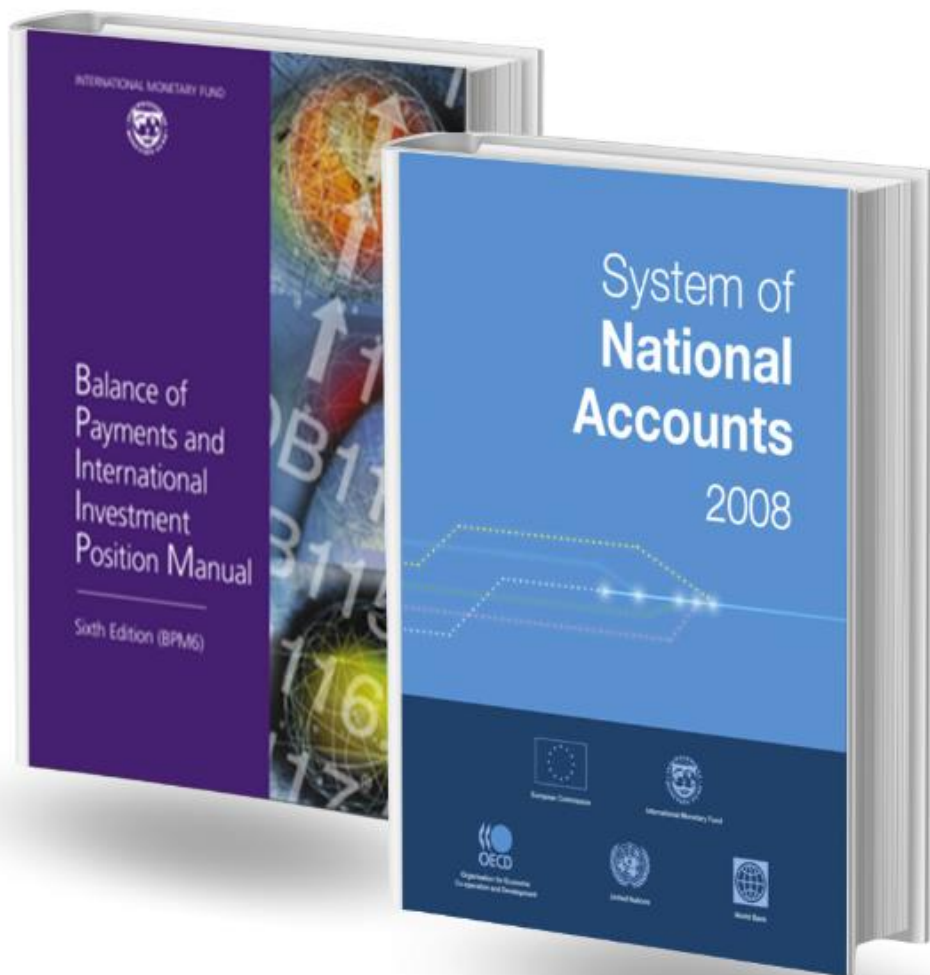


## **Additional Slide**



# Global Production: Decision Tree





**STATISTICS**



**EUROPEAN CENTRAL BANK**  
EUROSYSTEM

# **Thematic session: Financial Issues**

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# AGENDA



Financial  
Corporations  
(SNA Chapter 5,  
29; BPM Chapter  
4, 19, Annex 12)



Financial  
Instruments  
(SNA Chapters  
12, 13, 14, 25;  
BPM Chapters 5,  
7, 8, 9, Annex 7 )



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).



Financial  
Corporations

# Overview of Financial Corporations and Financial Activity

## 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 is closely aligned with SNA Chapter 22/ BPM Chapter 17 on digitalization).
- The relationship of institutional sectors with nationality-based statistics, covering issues such as residency and consolidation.
- New breakdowns of Financial corporations by control (domestic vs foreign controlled; private vs government controlled) and other MNE-related breakdowns and of/which detail.



Financial  
Corporations

# Financial Corporations' Sectors and Subsectors

- A review of the detail subsectors of financial corporations, 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 in 2025 SNA Chapter 29:
  - Definition and key activities
  - Subcomponents
  - Source data
  - Macroeconomic statistics' considerations
- Further subsector detail in BPM7 supplementary items compared with BPM6.



Financial  
Corporations



# 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). In macroeconomic statistics, NBFIs comprise non-depository financial intermediaries.

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

- the pension fund sector is broken down into defined benefit and defined contribution schemes
- MMFs into constant NAV MMFs and variable NA.
- MMFs broken down by investment category and into closed end/ open end.
- Further detail of other financial intermediaries.



Financial  
Corporations

# Link to Monetary and Financial Statistics

- The financial corporations' sectors and subsectors flows and positions are closely tied to concepts in Monetary and Financial Statistics.
- 2025 SNA Chapter 29 and BPM7 Annex 12 elaborates on such links.
- The discussions will cover sectoring issues, interrelation with the sector accounts and external accounts and classification of financial instruments, as well as any conceptual differences pertaining to specific instruments.



Financial  
Corporations

# Financial asset and liabilities classifications and financial flows

- 2025 SNA Chapters 12 (financial account), 13 (other flows) and 14 (balance sheets) and BPM7 Chapter 5 (asset classification) and 9 (other changes in assets) detail the treatment of financial assets following institutional features.
- BPM7 Chapters 6 (Functional categories), 7 (IIP) and 8 (financial account) provide the functional perspective.
- SNA Chapter 25 and BPM7 Annex 7 discuss specific issues, including financial derivatives, standardized guarantees and reverse transactions



Financial  
Instruments

# Main novelties in financial instruments

## Factoring

- Claims by the factor to be classified as loans; changes from payables to loans to be recorded as transactions.
- Reserve considered cash collateral; recourse considered a guarantee.
- Income: fee payments by the creditor to the factor.

## Financial Derivatives

- Discussion expanded to cover different classifications for financial derivatives and the characterization of the various types of derivatives.
- Preferred classification: by risk category
- Accounting, margin trading and uses of derivatives will be discussed.



# Main novelties in financial instruments

## Reverse transactions

- Clarification on short-sales: stocks as negative assets of the securities borrower; manufactured payments as negative payments by the securities borrower to the securities lender .

## Asset management industry

- Clarification of criteria to identify a separate statistical unit (form the beneficiaries and the service provider) for the assets pooled and managed: (i) who bears the risks; (ii) how many beneficiaries exist.
- Decision trees proposed for investment funds/ trusts and pension funds.
- Real estate funds to be classified as non-financial institutions (except if investing abroad); crypto funds to be classified as financial institutions.



# Main novelties in financial instruments

## Miscellaneous changes

- Crypto assets with liabilities attached (other than tokenized assets) included as new financial assets.
- CO2 emission permits, new category of financial assets within other accounts receivable/payable.
- Pension schemes organized by professional association to be considered as social insurance under certain conditions.
- Negative equity may be recorded when there are loans or guarantees (explicit or implicit) from the shareholder or its affiliates.
- Claims arising in cash-collateral agreements to be classified as non-tradable instruments.
- Subscription rights to be classified as equity.
- New supplementary detail (also on sectors): EU to set priorities.



Financial  
Instruments



# 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 related financial indicators.

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

- This section will first introduce the FWTW concept(s) which serve to display the interconnectedness among the institutional sectors by financial instrument and/or income flow. It will also discuss the key data sources for compiling FWTW tables (e.g. 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

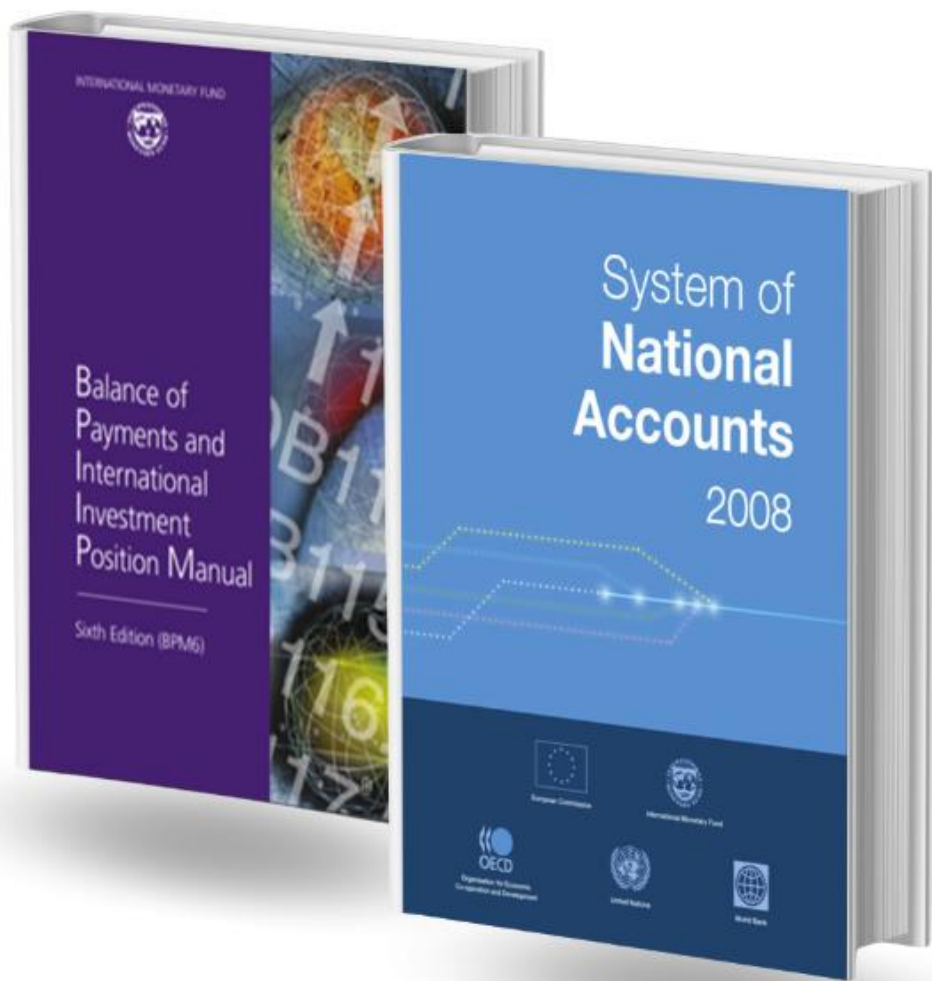
- An overview of the various FWTW tables: balance-sheets, transactions, other flows, non-financial.
- Description of FWTW tables in the sequence of SNA accounts, including relationships with the balance of payments presentation of cross-border flows.

## Related Financial Analysis

- Uses of FWTW tables: exposures and vulnerabilities, flow of funds, transmission of monetary policy signals, portfolio shifts, propagation and spillovers of shocks.
- Focus on the use for financial stability analysis and IMF balance-sheet approach (BPM7 Chapter 19 also to address these issues).
- Other indicators that can be constructed from the sector accounts, some of which can be enhanced by FWTW tables (BPM7 Chapter 19).



**THANK YOU**



**STATISTICS**

# **Communicating and Disseminating Macroeconomic Statistics**

**MARCH 13 – 15, 2024**

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**Introduction  
to the Chapter**



**Communication  
Policy &  
Dissemination  
Strategy**



**Communication  
with Suppliers**



**Statistical  
Confidentiality**



**Framework for  
Measuring  
Alignment with  
Macroeconomic  
Statistical  
Standards**



**Taxonomies  
and Metadata**



**Prominence  
of Net  
Measures**

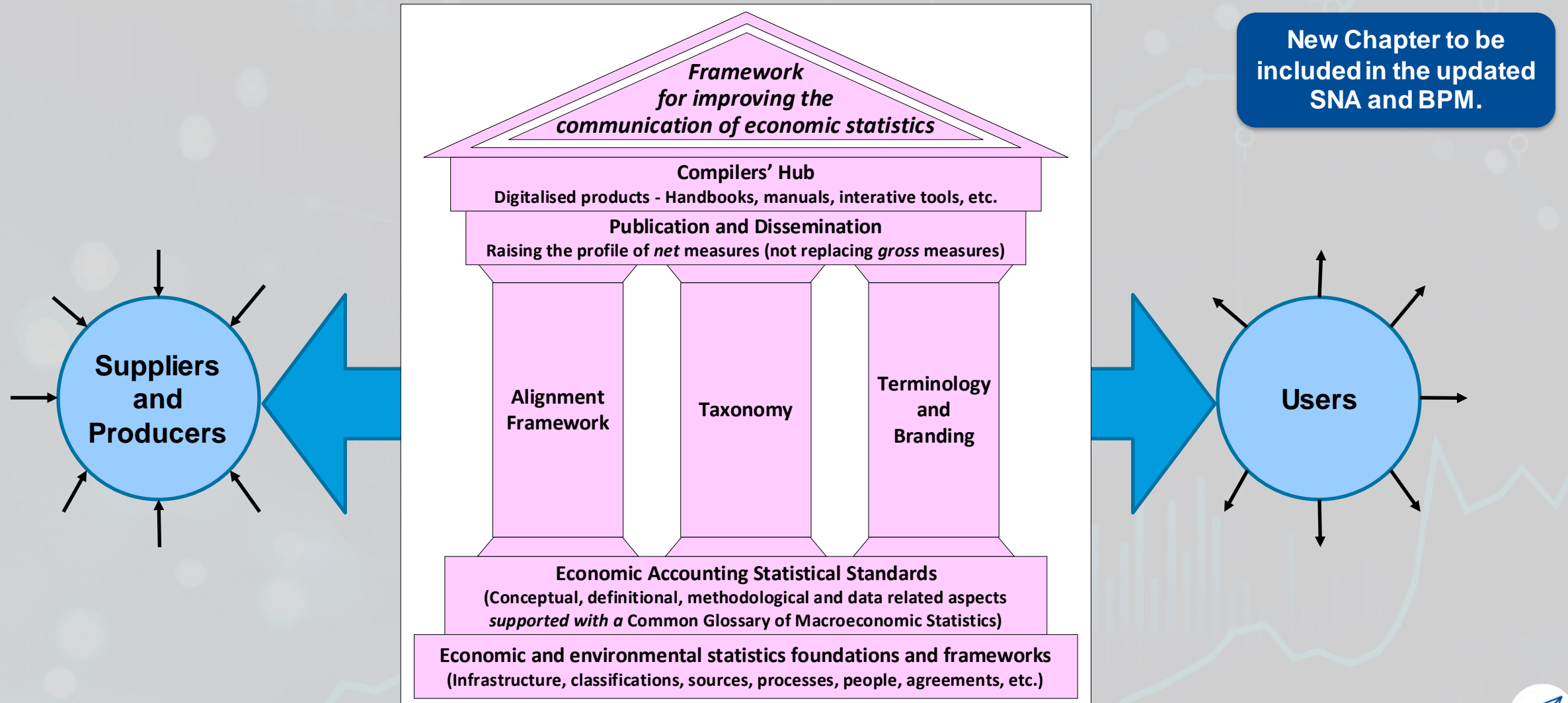


**User-friendly  
Terminologies**



**Summary  
and  
Next Steps**

# Introduction



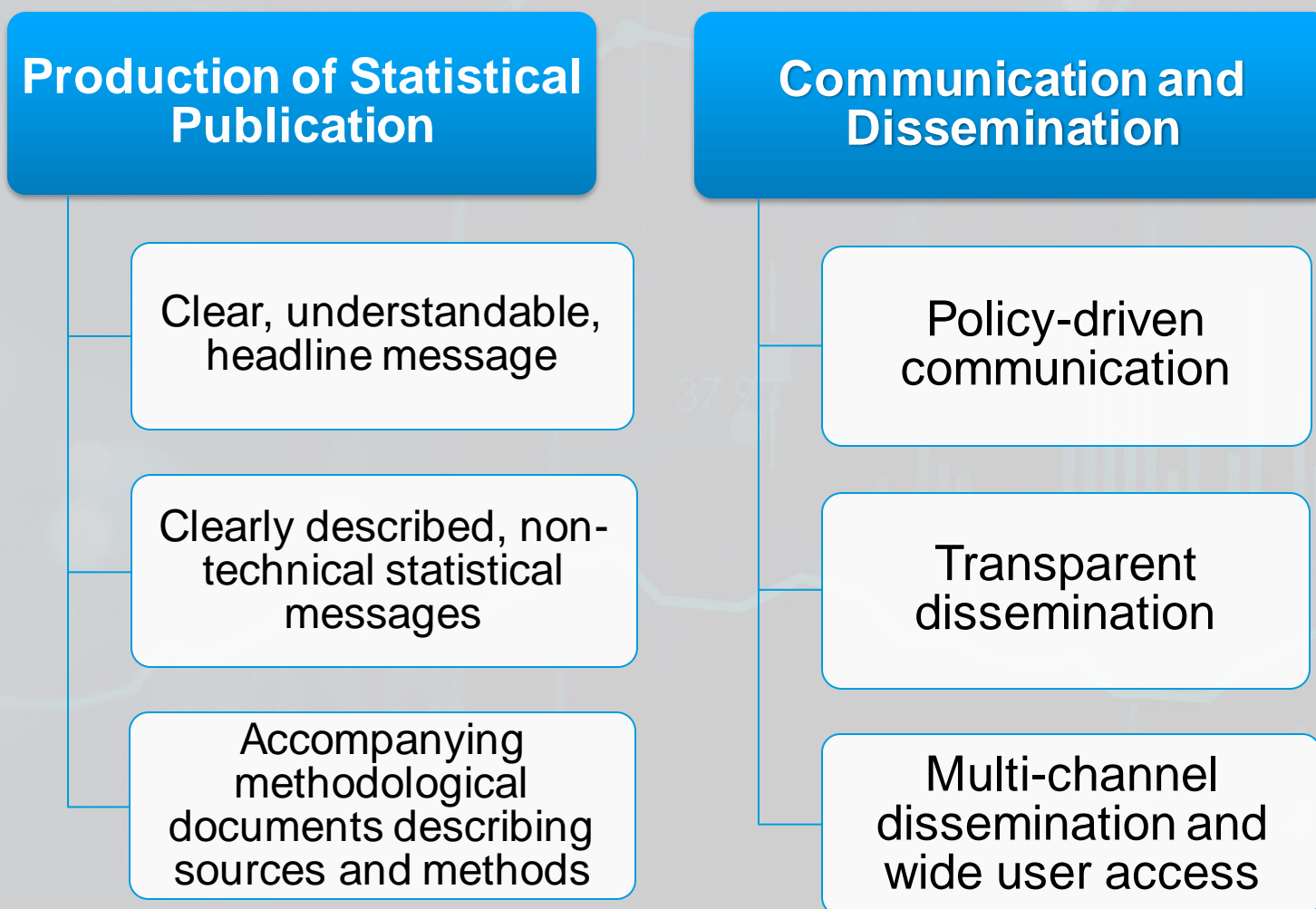
- Highlights importance and role of dissemination and communication as key components of the production chain of official statistics.
- Presents broad-based innovative strategies to help producers of macroeconomic statistics communicate the statistics to their users.





# Dissemination Strategy and Communication Policy

- 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, anonymisation 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 maximise 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:

Concepts



Methods



Classifications



Framework for  
Measuring  
Alignment with  
Macroeconomic  
Statistical  
Standards

# 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						





# Taxonomies and Metadata

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

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

Quality

Timeliness

Frequency

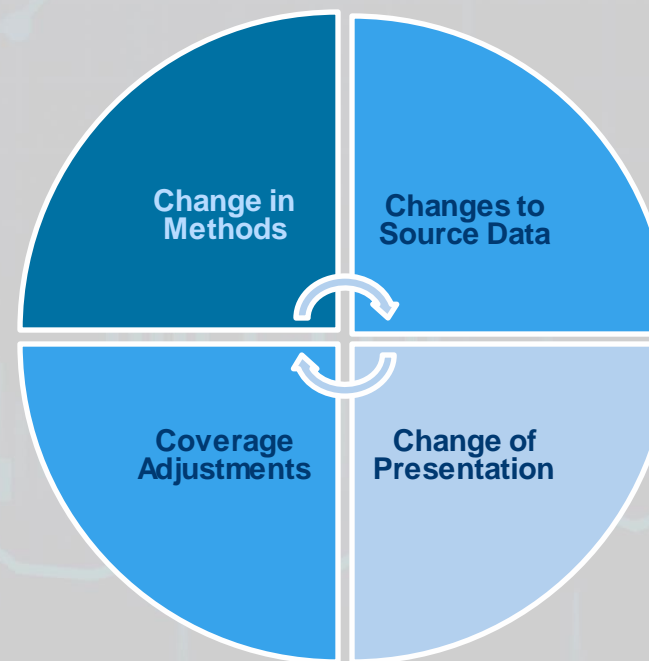
Reference Period

**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)



# Prominence of Net Measures Compared to Gross Measures

- Encourages the focus on net measures (e.g., NNI) as conceptually better measures (not replacing gross measures but complementing them).
- Examines challenges of net measurement and support the need for higher quality and reliable net estimates and recommends steps on the way forward.
- Encourages the:
  - *Improvement of the estimation of ~~consumption of fixed capital~~ depreciation and measures of depletion of natural resources (additional guidance being developed).*
  - *Expansion of the accessibility and practical guidance on capital measurement to a wider range of countries.*



# Use of Easier to Understand Terminology

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 harmonised definitions across the macroeconomic statistical standards primarily for producers.
- Single, harmonised 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 of Macroeconomic Statistics

- This product is important as it ensures further harmonisation across international statistical standards and provides users with a clear and consistent understanding of key economic terms and definitions.
- The aim is to publish the final **Common Glossary of Macroeconomic Statistics** as a separate electronic publication.



User-friendly  
Terminologies

# Examples of Easier to Understand Terminology

Terminology SNA 2008 / BPM6	Terminology SNA 2025 / BPM7
Accumulation accounts	Accumulation of economic assets account
Adjusted disposable income	Disposable income adjusted for social transfers in kind
Allocation of (other) primary income account	Allocation of (other) earned income account
Balance on goods/services/goods and services	Balance of international trade in goods/services/goods and services
Balance of primary incomes	Balance of earned incomes
Compensation of employees	Remuneration of employees
Constant prices	In volume terms
Consumption of fixed capital	Depreciation
Distribution of income account	Earned income account
Financial intermediation services indirectly measured (FISIM)	Implicit financial services on loans and deposits
Financial lease	Finance lease
Generation of income account	Generation of earned income account
Imputed rental of owner-occupied dwellings	Owner-occupied housing services
Net errors and omissions	Statistical discrepancy
Net fees	Fees less service charges
Net guarantees	Guarantees less service charges



User-friendly  
Terminologies

# Examples of Easier to Understand Terminology (Cont'd)

Terminology SNA 2008 / BPM6`	Terminology SNA 2025 / BPM7
Net (non-life) insurance premiums	Non-life insurance premiums less service charges
Net re-insurance premiums	Re-insurance premiums less service charges
Net social contributions	Social contributions less service charges
Other changes in assets account	Other changes in assets and liabilities account
Other changes in the volume of assets account	Other changes in the volume of assets and liabilities account
Primary income	Earned income
Product balance	Balance of the supply and use of products
Purchases less sales of goodwill and marketing assets	Acquisitions less sales of goodwill
Redistribution of income account	Transfer income account
Redistribution of income in kind account	Social transfers in kind account
Resource lease	Natural resource lease
Resources	Revenues
Secondary distribution of income account	Income transfers other than social transfers in kind account
Trade margin	Distribution margin
Use of adjusted disposable income account	Use of disposable income adjusted for social transfers in kind account
Uses	Expenditures



User-friendly  
Terminologies

# 2025 SNA and BPM 7

## Significant developments on communication and dissemination

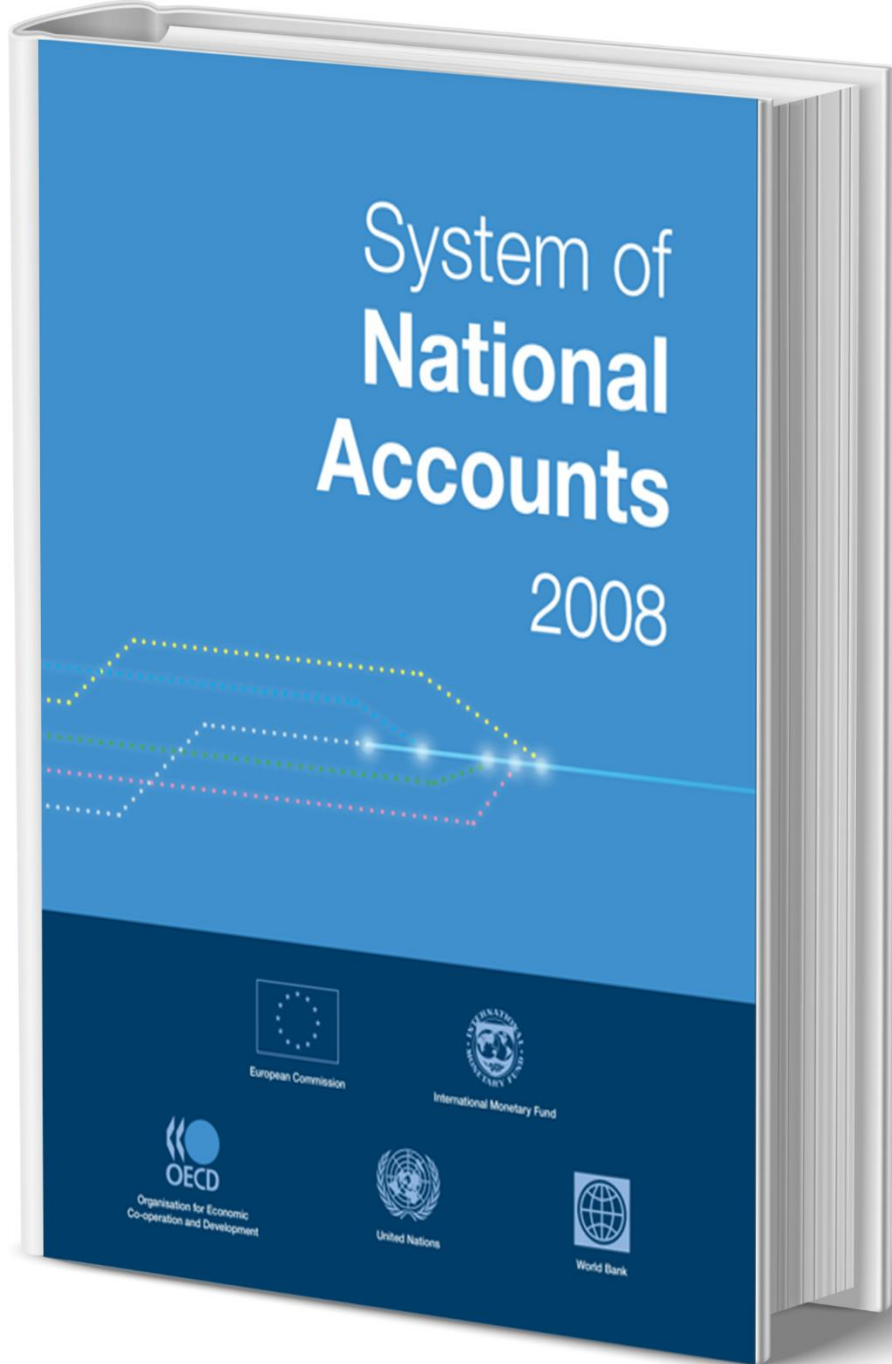
- New Chapter dedicated to Communication and Dissemination of Macroeconomic Statistics.
  - ▶ Reflect the outcomes of the Communication Task Team - Guidance Notes, global consultation and feedback from AEG / BOPCOM.
- Common glossary of macroeconomic statistics.
  - ▶ Focused on SNA and BPM.
  - ▶ Key inputs from six other domains: ESA, GFS, MFS, SEEA, IPSAS and BIS.
- Branding – Macroeconomic Statistical Standards.
- Development of a Compilers Hub.
  - ▶ Producer and user forum – information sharing.
- Digitalised version of 2025 SNA and BPM 7.
  - ▶ Digitisation of past and present MSS.





The background of the slide features a light gray grid with several faint, stylized financial charts. These include line graphs with circular markers, a candlestick chart, and a bar chart. Some data points are highlighted with larger circles or squares. The overall aesthetic is clean and professional, typical of a financial or statistical presentation.

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**STATISTICS**

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

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**Joint Virtual Outreach Seminar on the Updates of the  
Statistical Manuals (BPM7 and SNA 2025)**

Pete Harper  
SNA Update Project Manager

Peter van de Ven  
SNA Update Lead Editor

# 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			
A. Generic issues														
A.4	IE.1 Statistical framework for the informal economy													
B. Further specifications of statistical units and revisions in institutional sectoring														
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													
C. Further specifications of the scope of transactions including the production boundary														
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 Concessionalality													
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													
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														
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													
E. Further refinement of the treatment and definition of financial corporations, financial instruments and financial assets														
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													
G. Broadening the framework of national accounts to capture wellbeing and sustainability														
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													
H. Other issues														
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	AI.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.53 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~~ NOT AGREED AT 2024 UNSC
- 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)



Recommendations  
for Conceptual  
Changes



# 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: It was proposed to **recognize marketing assets as produced assets**, thus significantly extending the asset (and production) boundary with assets produced for own final use
- However, this **recommendation was not agreed** to by the 2024 UNSC because of conceptual and practical concerns, so the 2008 SNA treatment will be retained in the sequence of economic accounts
- The topic will remain on the **research agenda**; however, countries with significant marketing assets will be encouraged to compile **extended accounts** with marketing assets treated as produced assets
- **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

# 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

# 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 accounting of (environmental) sustainability, **SEEA Central Framework 2012 and SEEA Ecosystem Accounting** are important frameworks which can be viewed upon as systematic frameworks complementary to and consistent with the SNA
- Within the SNA sequence of economic accounts, in addition to recording depletion as a cost of production:
  - **Natural capital as a separate category**, including both produced and non-produced non-financial assets
  - **More detailed breakdowns of non-financial assets and financial assets**
  - **Focus on improving the estimation of natural resources**

# 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

# 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



Recommendations  
for Additional  
Tables/Data Items

# 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

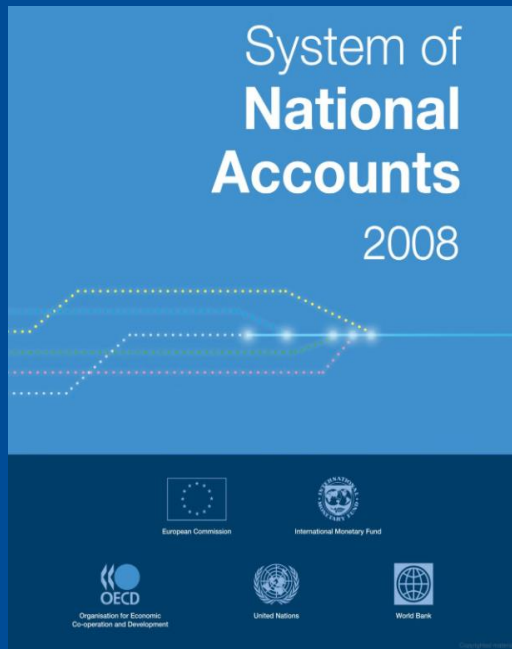
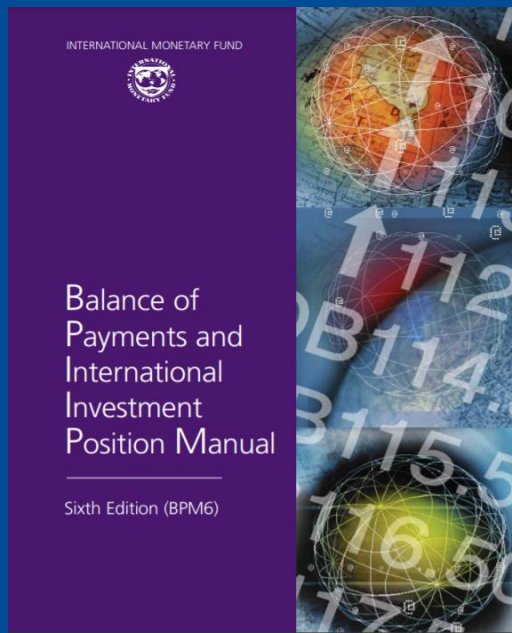
- **Concessional loans:** supplementary data on concessional loans provided by government and international organizations
- **Reinvested earnings:**
  - **Breakdown of FDI-related dividends** into payments as defined for non-FDI corporations and other payments
  - Supplementary data on **recording reinvested 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 **endorsed the Report of the Intersecretariat Working Group on National Accounts on the recommendations for the update of the 2008 SNA** with the exception of the capitalisation of marketing assets.
- 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
- The **2025 SNA will be submitted to the 2025 UNSC meeting** for its endorsement, along with a **strategy for implementing** the 2025 SNA

**THANK YOU FOR YOUR ATTENTION!**





**STATISTICS**

**eurostat** 

# **Thematic session: Digitalization**

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**Joint Virtual Outreach Seminar on the Updates of  
the Statistical Manuals (BPM7 and SNA 2025)**

# 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 ver
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



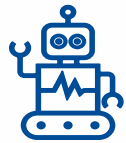
**Data has become an important type of produced intangible asset.**

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)

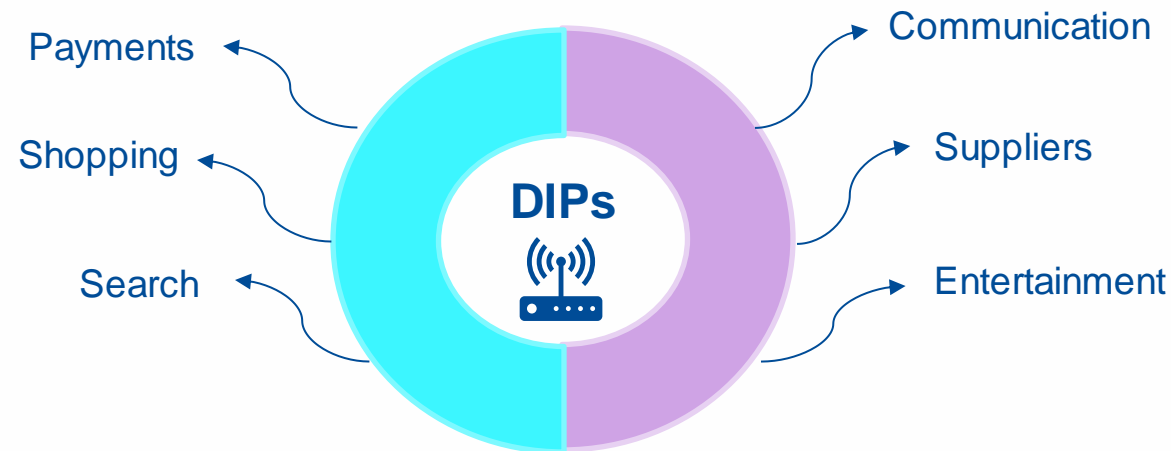


## B. Digital Platforms

- 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.

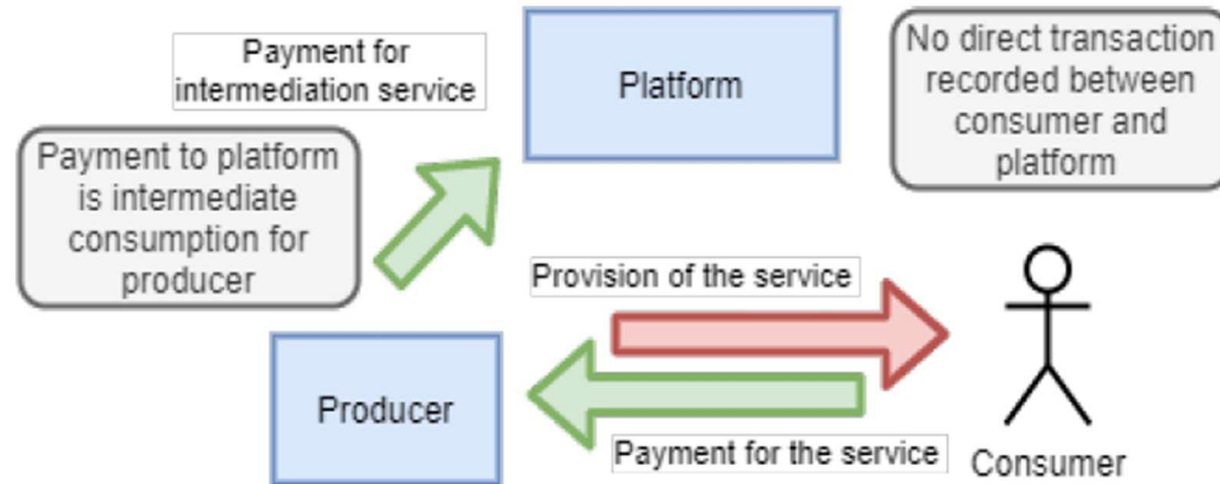
There are three types of digital platforms:

- 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.

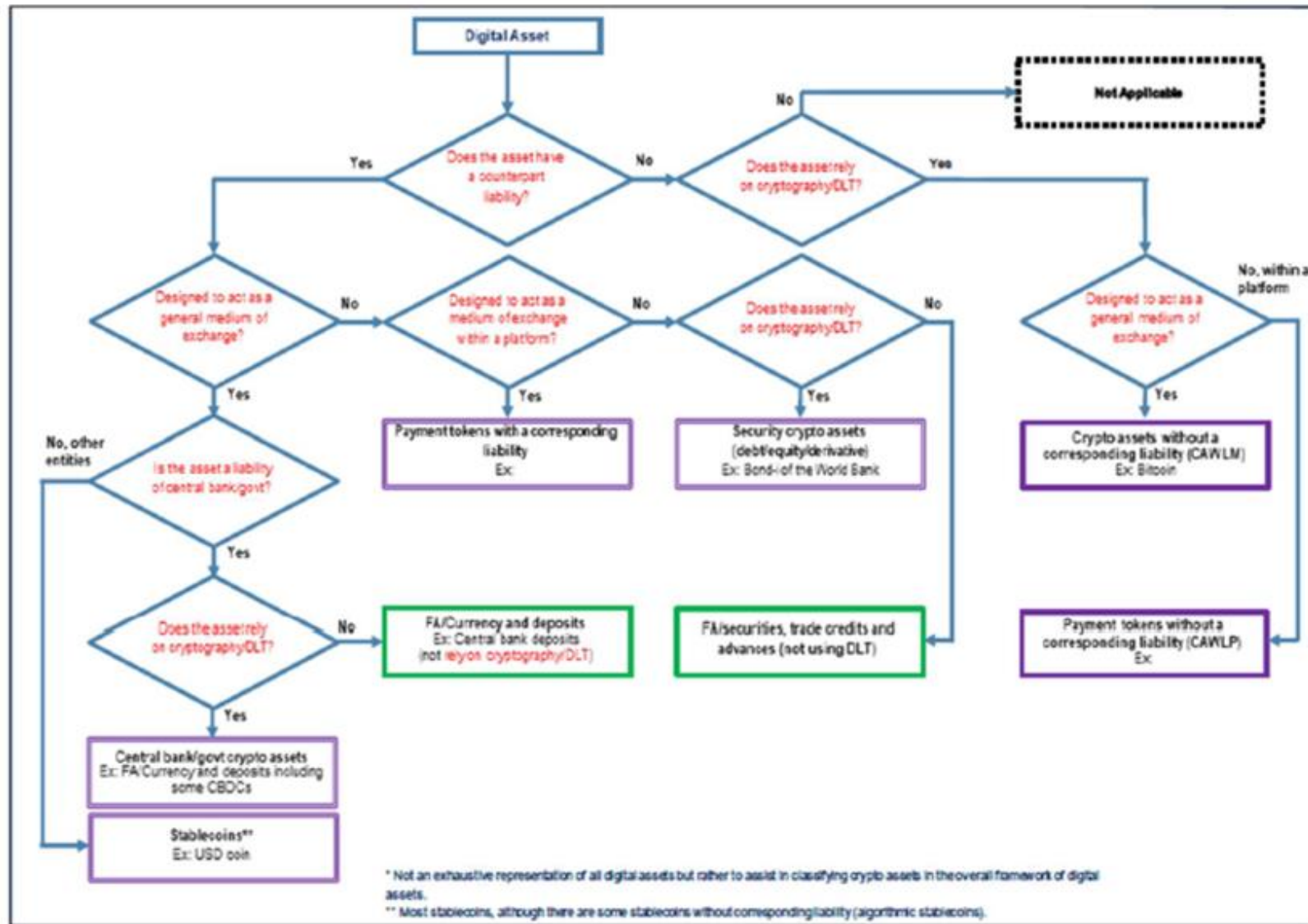
Include crypto assets and CBDCs, which may be designed as crypto assets, but which do not necessarily use crypto asset technology.

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.

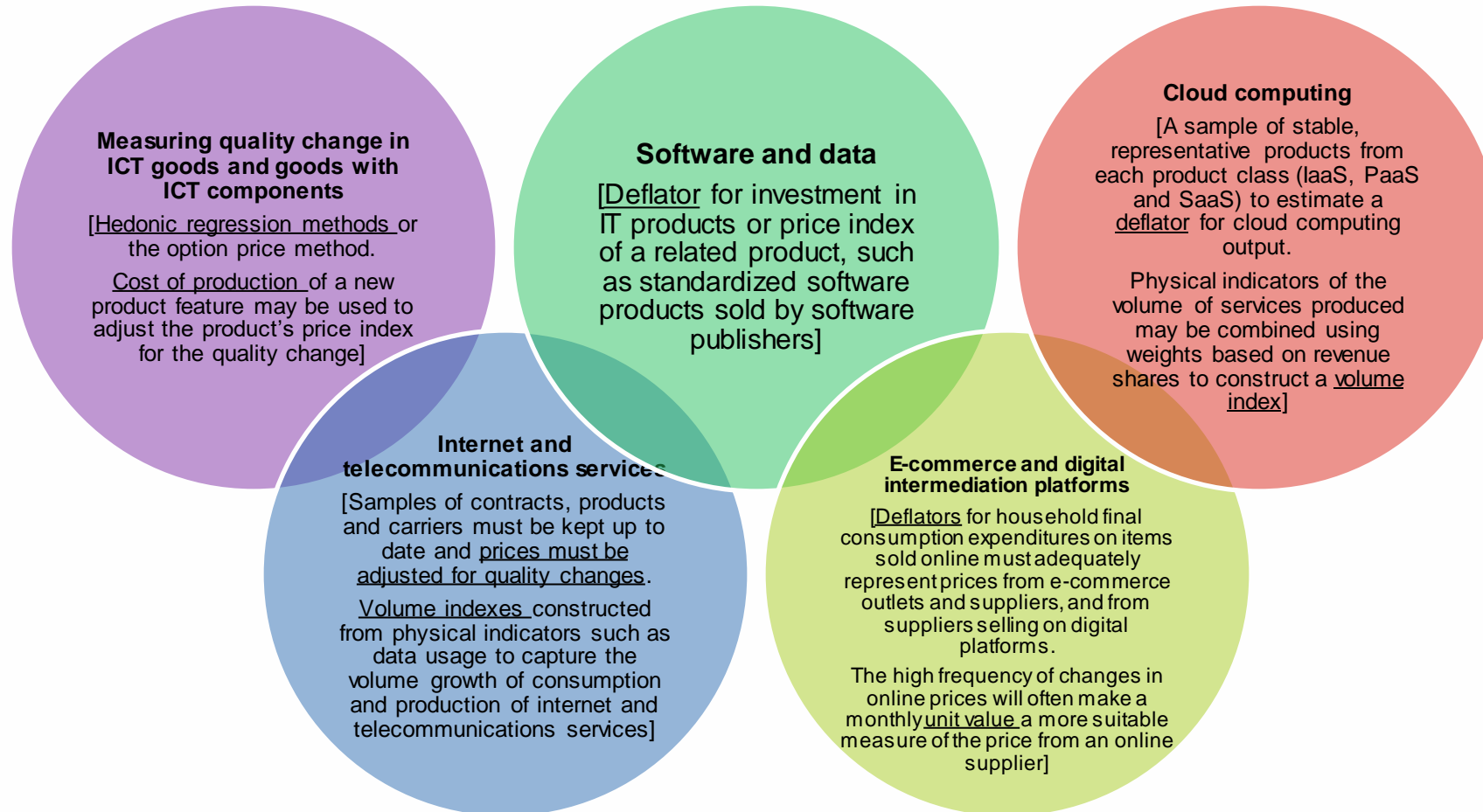
# C. Decision tree to classify digital assets



## 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.

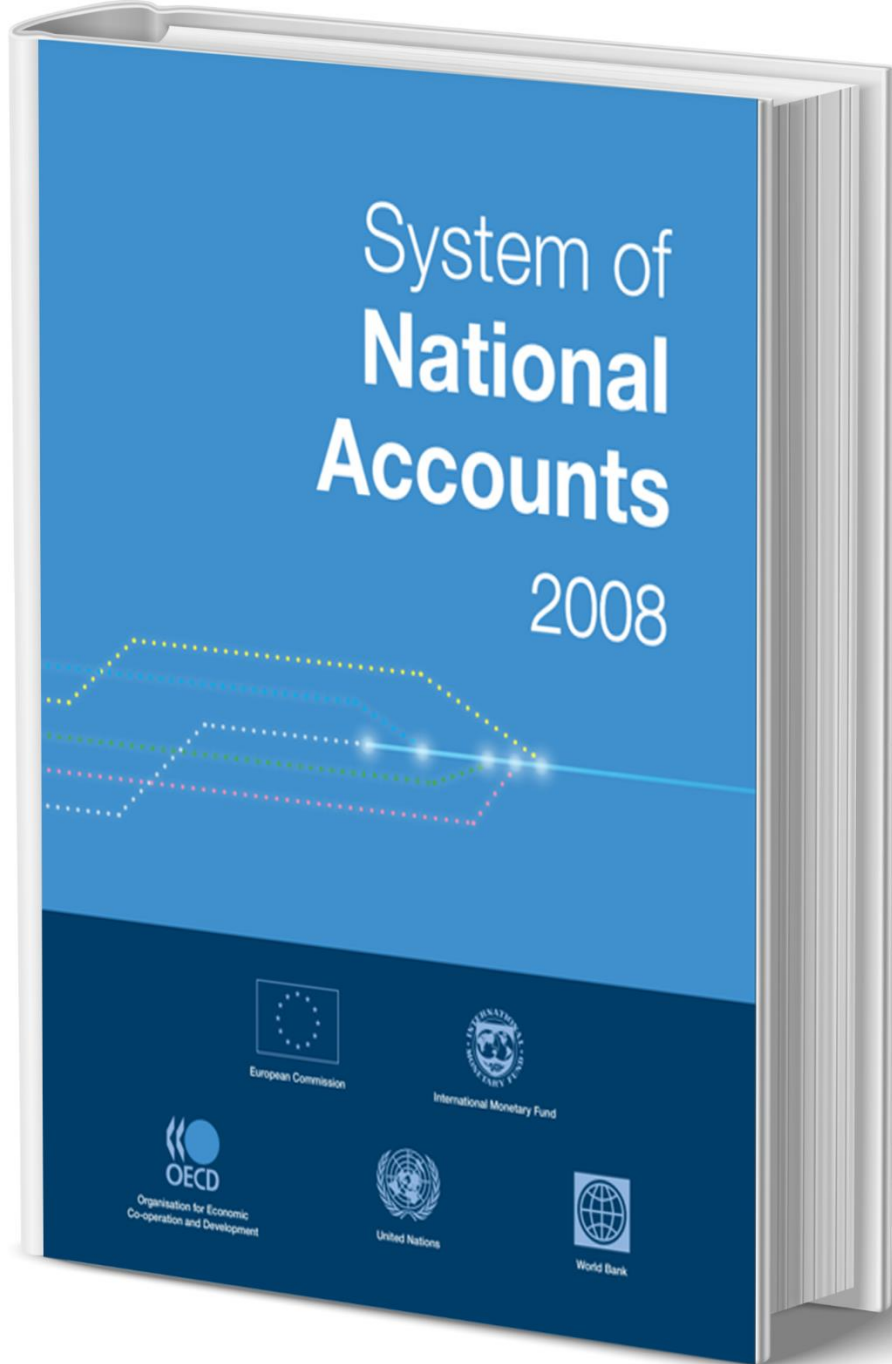
### Extended Account to Increase the Visibility of the Free Services of Digital Platforms Consumed by Households

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**

# **Accounting for Wellbeing and Sustainability**

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**Joint Virtual Outreach Seminar on the Updates  
of the Statistical Manuals (BPM7 and SNA 2025)**

Real Sector Division, IMF Statistics Department

# 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



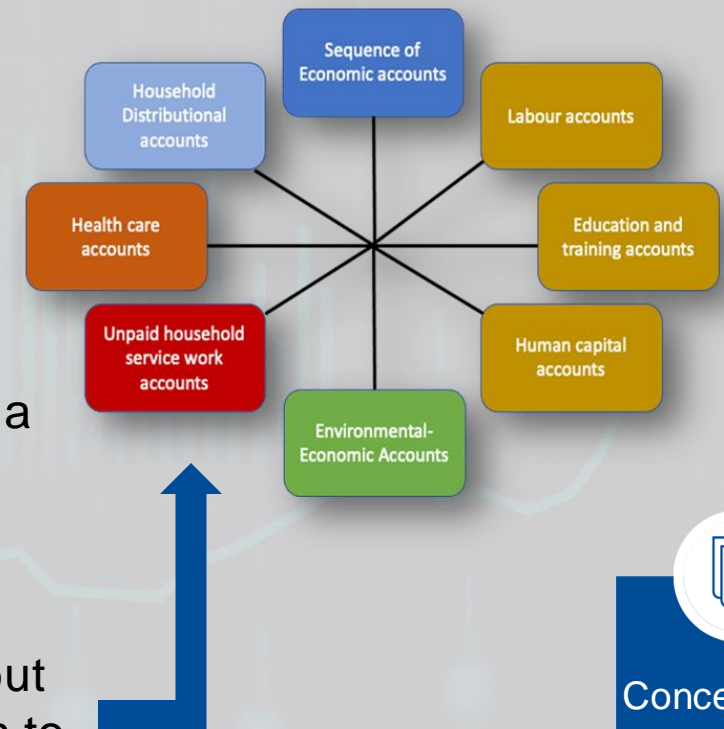
Background

# 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

# 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  $\neq$  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

# 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 2025 SNA  
updates

# Core SNA 2025 Updates

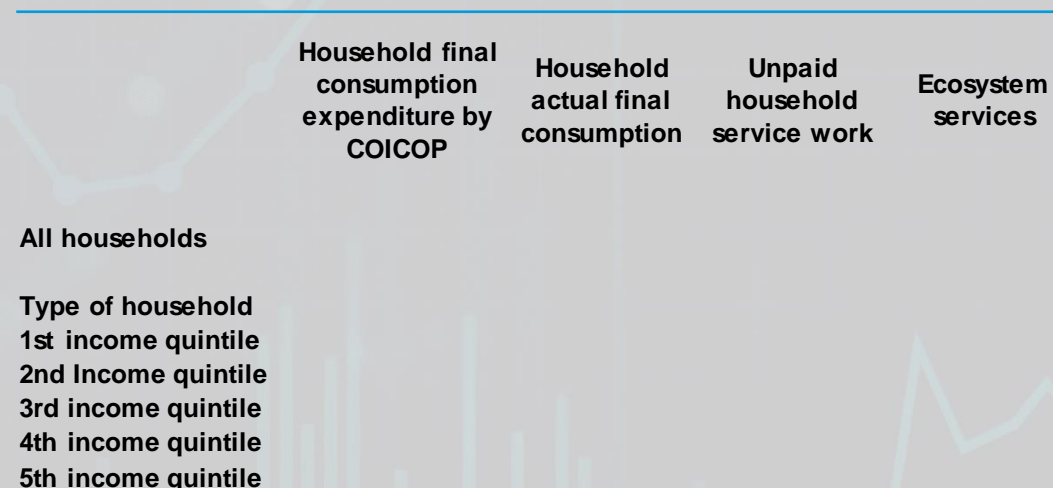
## Inclusion of unpaid household labor within the production boundary

- 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



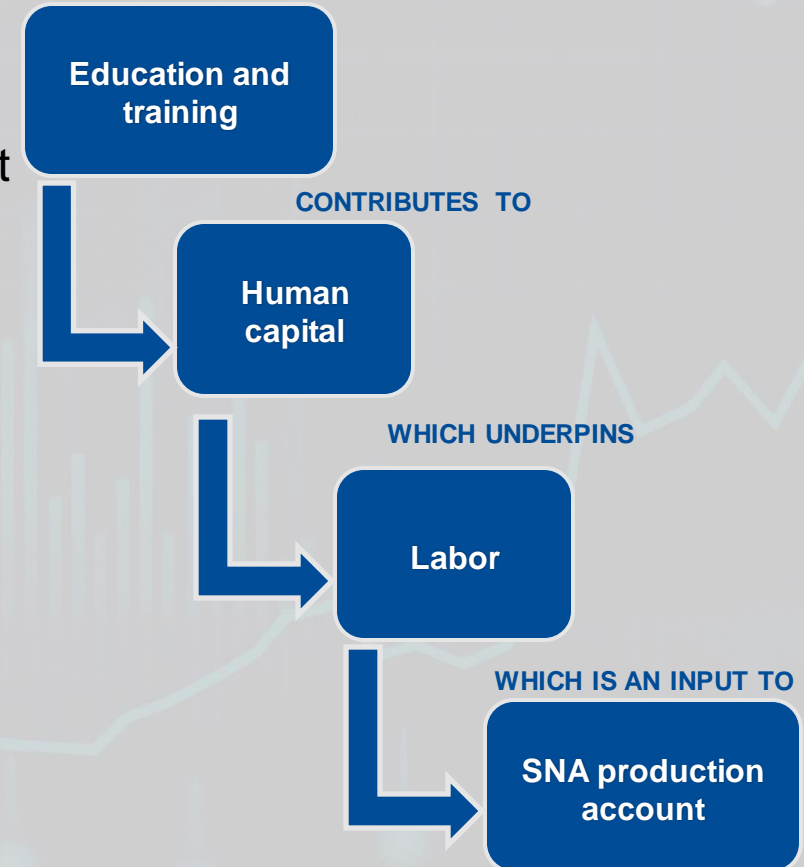
Encouraged  
breakdowns and  
extensions

# 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

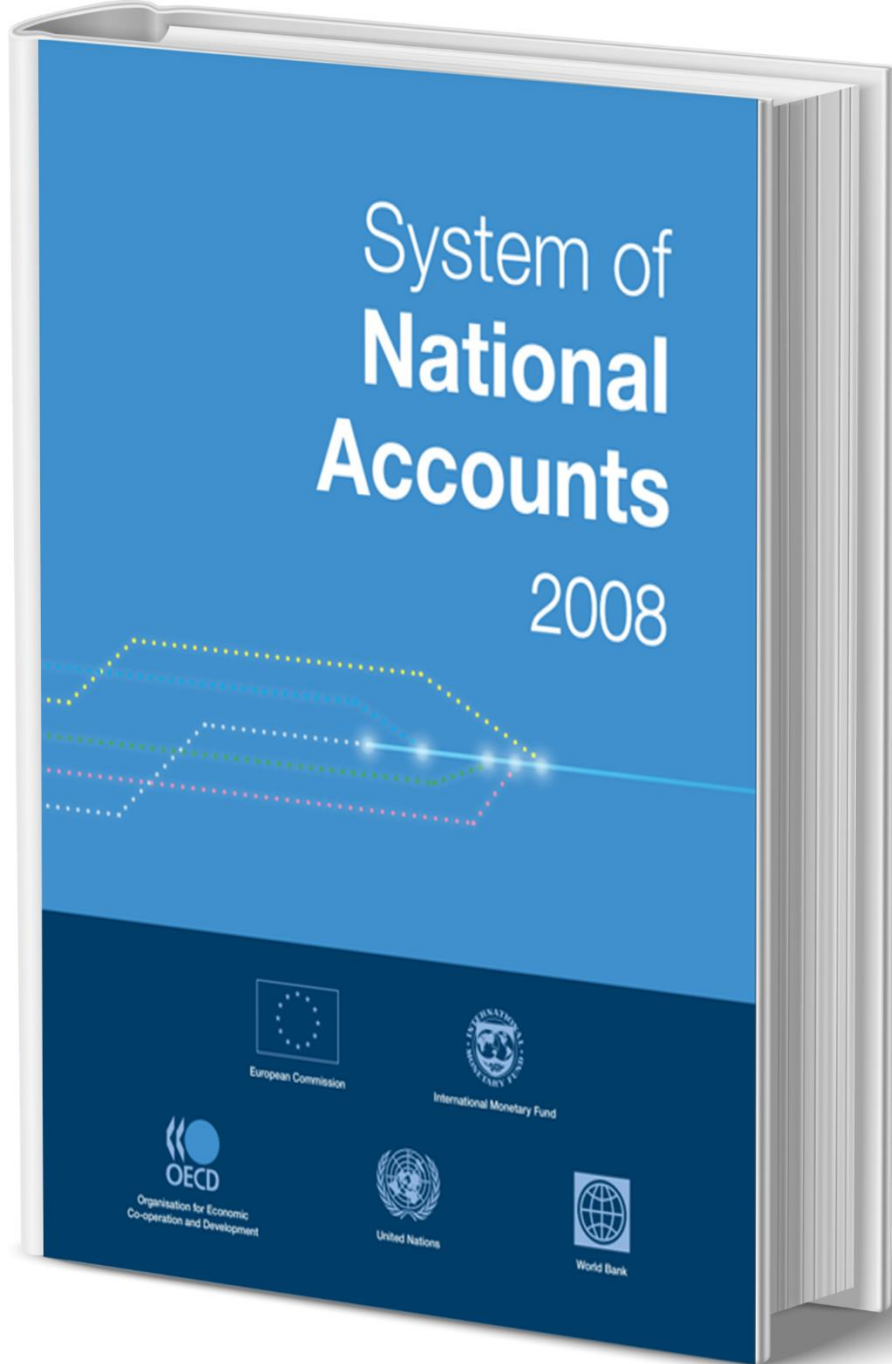
- Key balancing items to be broken down are:
  - Primary income; disposable income; adjusted disposable income
  - Final consumption expenditure; actual final consumption expenditure
  - Net worth; net financial worth
- ..though distributional measures also useful for wellbeing topics (health, education 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**

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

**MARCH 13-15, 2024**

IMF Statistics Department –  
European Central Bank (ECB) and Eurostat:  
**Joint Virtual Outreach Seminar on the Updates of the  
Statistical Manuals (BPM7 and SNA 2025)**

# 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:**

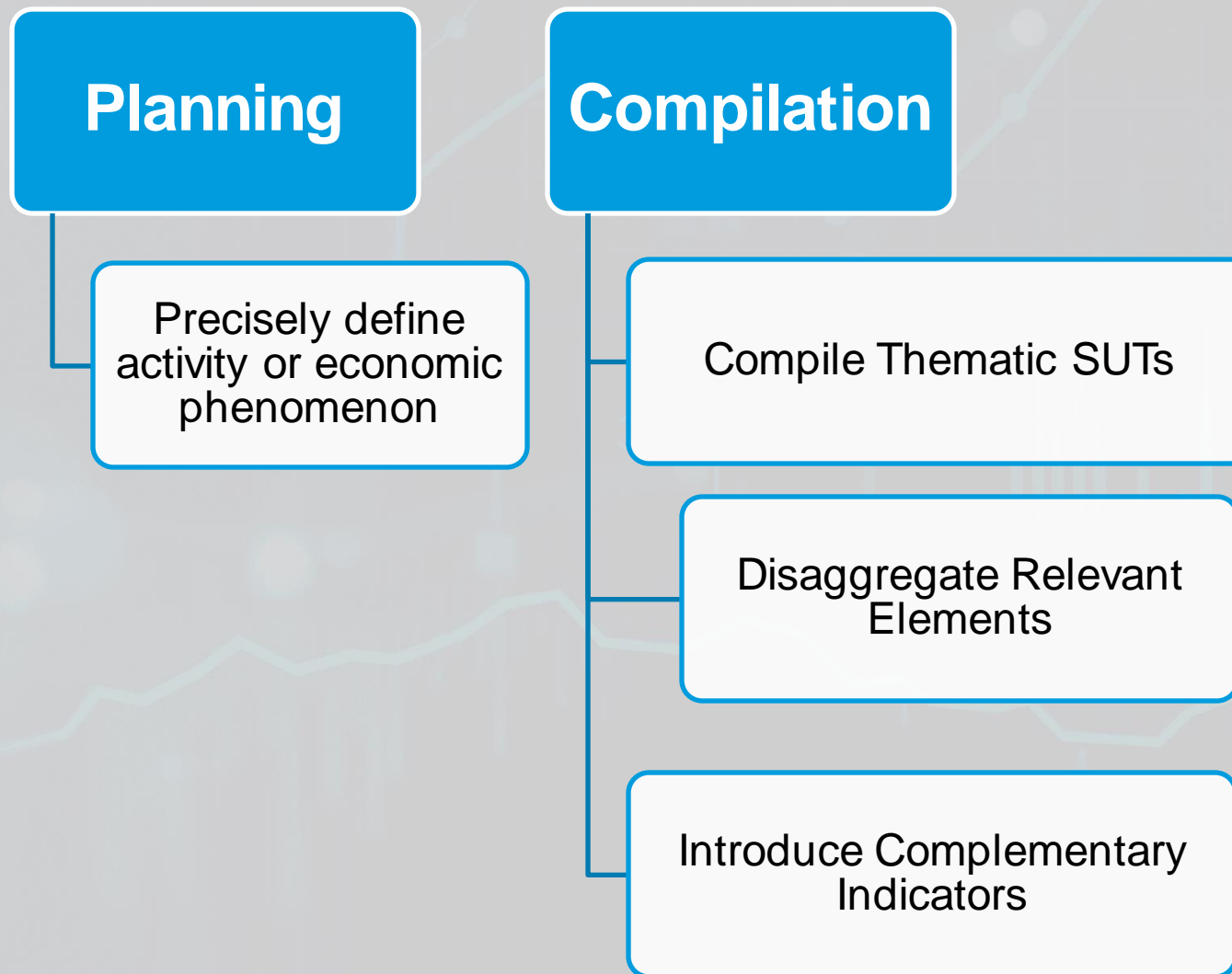
- Supply and Use Tables:
- Additional (More Granular) Source Data
- Alternative Classifications / Aggregations needed to better understand the scope / depth of economic activity being studied

**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.



Steps to  
Develop  
Thematic  
Accounts



**THANK YOU FOR YOUR ATTENTION!**