

## **BALANCE OF PAYMENTS TECHNICAL EXPERT GROUP (BOPTTEG)**

### **RESULT OF THE ELECTRONIC DISCUSSION (SEPTEMBER 2004)**

#### **(1) Topic: Interest on Debt Securities**

(2) Issues: See BOPTTEG Background paper # 20 (Interest on debt securities: Reflections on the debtor and creditor approach), BOPTTEG Issues papers # 20A and 20B, and BOPTTEG Outcome paper # 20.

The BOPTTEG discussion took place by e-mail during September 2004. As agreed at the June 2004 meeting of the BOPTTEG, De Nederlandsche Bank (DNB) prepared a background paper in support of its position not to reopen this issue. The DNB paper and other relevant documents were circulated to BOPTTEG members asking their views (1) on DNB's paper, and (2) on whether the Committee should reopen the debate on interest on debt securities.

#### **(3) Results of the discussion:**

Eleven members responded. BOPTTEG members found the DNB paper a very useful contribution to the debate noting that it presented key aspects of the debate and brought up important issues in favor of the debtor approach.

Six members (Estonia, Namibia, Poland, Thailand, USA, and Eurostat) preferred not to reopen the debate, citing mostly that no significant new ideas have emerged. One member noted that this issue would require a fundamental discussion (falling beyond the scope of the present SNA revision), and thus a proposal to tackle the issue after the SNA revision would seem more feasible.

Five members (Australia, Chile, Japan, and United Kingdom (2)) stated that the Committee should seek to reopen the debate on interest on debt securities in terms of the SNA review. One member suggested that the new standards should discuss the subject in depth and take into account the developments in markets since the current manuals were written and likely direction of changes in the future. Some members noted that the issues raised under interest accrual carry wider implications within the SNA framework which have not yet been fully explored and proposed an international workshop on these issues as a legitimate way forward to resolve the debate.