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**Evolution in France of Data Collection Methods for “Travel” in the
Prospect of the Monetary Union Cash Changeover**

Prepared by the Banque de France

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The travel item of France’s Balance of Payments constitutes the first item of cross-border services and is in constantly rising surplus ever since 1996. In 2000, its balance amounted to 14.1 billion euros. With credits amounting to 33.3 billion euros, France remains 3rd on the global level, ranked after the United States and Spain. The tourism surplus was the largest in the current account in 2000 and is assuredly of significant importance for the French economy.

2000	Credits	Debits	Balance
In billion euros :			
Total for current account	505.1	482.5	22.7
- Of which total for services	88.5	67.7	20.8
- Of which Travel item	33.3	19.2	14.1
Travel item in percentage of			
- the total for current account	6.6 %	4.0 %	
... - the total for services	37.6 %	28.4 %	

1 – Present modes of travel reporting

Present modes of data collection for the Travel item are based upon banking statements and credit card issuers’ declarations. They cover basically transactions made through means of payments resorted to by tourists to settle their expenses abroad. The characteristics of these transactions are as follows : they are often numerous, of a low amount and, most of the time, payments are made through a physical means of payment (banknotes, cheques, credit cards). They consist of the purchase and sale of foreign banknotes and travellers’ cheques, of the making or cashing of cheques or transfers by private individuals or professionals in the tourist industry, and of credit card settlements.

The weak spots of this data collection system mainly fall into three categories :

- payments declared in this manner may not be related solely to travels (cross-border purchases on the internet for instance), and they can occasionally be netted.
- the seasonal weighting is affected due to the existing lag between the moment when the transaction through a means of payment is recorded in the balance of payments and the moment when the tourist expense is settled (i.e. at present, the purchase of French banknotes by an American in July in anticipation of a stay in France in August is allocated to July)
- finally, an imbalance in the geographical breakdown of transactions in dollar bills or travellers’ cheques – invariably allocated to the United States - can be observed.

Similarly, Switzerland's significant wholesale trade of French banknotes has generated a massive transfer of banknotes with this country, causing abnormally high credits for France vis-à-vis Switzerland. However, this bias is statistically corrected since 1999.

The cash changeover in January 2002 will impact Member states' data collection systems based on banking payments for debits as well as for credits. On the one hand, within the Monetary Union, purchases of goods and services in cash by tourists residing in this area will no longer be distinguished from purchases by residents of the country in which the expense is made. On the other hand, there might be a wrong geographical allocation, within the Euro area, of expenses made by a tourist, outside the area, with euros purchased before leaving or purchased in one country of the Euro area and spent in another.

How to make up for this loss of information on the flows of banknotes given that, parallel to the cash changeover, the Monetary Union will support the implementation on Jan 1, 2002 of an exemption threshold set at 12,500 euros aiming at reducing the cost of small amount cross border transfers ? This decision will lead to a significant loss of information on the Travel item due to the large number of low amount transactions in this sector.

2 – The new system as from January 2002

2.1 – Several alternatives are available for each State :

- ***a system based on surveys :***
implementation of surveys providing information on the travel flows: for instance, surveys on a panel of households, surveys conducted at the borders or surveys among professionals in the tourist industry, etc.
France opted for two monthly surveys, very different in terms of sampling and principle. One of them, named *SDT* (follow up of tourist expenses), is based on a panel of 20,000 French households and provides information on expenses within the Travel item. The other one, named *EAF* (border survey), consists in interviewing about 130,000 visitors each year, on their departure from the national territory, and aims at providing data on credits for the Travel item.
- ***a combined system :***
combination of results from surveys implemented beforehand and data from the banking system.
In France, data related to credit cards transactions will remain fully known : indeed, "CB" issuing companies have to report each transaction whatever its amount. This information is being considered as particularly reliable and the use of credit cards being wide in France, the share of credit card spending obtained through the survey could be compared with the credit card spending obtained through the issuers.
- ***mirror flows :***
provision of information on the item via mirror flows of partner countries. Given the major role of tourism in the French economy (one third of services flows), this option cannot be considered.

2.2 In France, the implementation of a two-fold survey-based system (SDT and EAF) has clear advantages.

1. the geographical breakdown of travel flows provided by the surveys should notably improve the present results.
2. in compliance with the IMF guideline, it will be possible to break down the flows of the Travel item according to the reasons for travelling (professional or personal), which is not the case with the present reporting system .

2.3 However, there are also considerable drawbacks :

1. Its cost : the carrying out of surveys, and more specifically of border surveys, requires a large number of interviewers to deliver and recover the questionnaires at the border points. These considerable human factors make up 60% of the total cost of the survey, the remaining 40% being shared between the typing, proof-reading and processing of data and the production of results. France - visited by 75 million people in 2000 and numbering many land borders - is faced with the dilemma of a balance between a satisfactory representativeness of the sample – at least at the most aggregated level – and keeping costs at reasonable level.

The total budget allocated by France – and shared between the Banque de France and the Ministry of Tourism – to the surveys of tourist spending in 2002 (expenditure made by French people abroad and by non-residents in France) is quite high, even if this is not as much as the amount allocated by some countries also carrying out surveys among tourists, since the choice of a panel survey in order to estimate French spending abroad limits data collection charges.

- 2 - As in all similar surveys, the respondents may be reluctant to accurately mention their touristic spending.
3. The SDT survey sample is probably not large enough at this stage: 20,000 households form the basic panel. Only people who declare to have travelled abroad are questioned about their expenses. Thus, the number of filled questionnaires varies - according to the month -, which in some cases prevents to validate a full geographical breakdown of the results.
4. Cross-border workers (France counts about 300,000 of them) are not part of the questioned panel. Cross-border workers are deemed to spend 20% of their net income (on food and possibly on housing) in the country where they work.
5. The EAF survey also raises some problems :
 - due to its central location in Europe, France is a transit country, crossed through (by road transport) by the British on their way to continental Europe, by Northern Europeans on their way to the Iberian Peninsula, etc.
 - France is characterized by long land borders, which requires the mobilisation of important resources for the implementation of the survey.
 - due to the Schengen Agreement, there are no more Customs check points on several borders (Germany, Belgium, Spain, Italy, Luxembourg), therefore it is increasingly difficult to stop visitors leaving the territory. Only vehicles crossing the border to reach Switzerland and the United Kingdom are compelled to stop, which makes it much easier to deliver the questionnaires.
 - the limited use of law enforcement authorities which tend to be more and more reluctant to stop vehicles at the border for the carrying out of the survey.

3 – Contributors to both surveys :

In France, the production of overall travel data¹ requires a close cooperation between the Department of Tourism (which is part of the Ministry for equipment, transport, tourism and housing) and the Balance of Payments directorate at the Banque de France.

SDT :

The sample used for the survey is the property of one of a prominent French survey companies. It is representative of the French population. The company is responsible for delivering each month the questionnaires to the selected people, receiving the answers, controlling and grossing up the data and providing the Banque de France with the results. The delay for gathering the final results is around 90 days after the end of the month.

EAF :

Contrary to the SDT survey, the EAF survey requires a large number of operators:

- a private company : responsible for data collection in airports, harbours, railways stations and trains. As far as roads are concerned, this company is responsible for the Belgian, Luxembourg and German borders.
- Regional units of the Ministry for equipment, transports, tourism and housing
 - . in Aix-en-Provence : carrying out of the survey plan (one for each kind of transport) and data collection at the Italian border
 - .in Bordeaux : data collection at the Spanish border
- Polling company :
 - .reception of the questionnaires
 - .proof-reading, and processing of the questionnaires
 - .collection of (air, rail, port) traffic data from transport organisations (DGAC, SNCF, French harbours, etc.)
 - .production of results and transfer to the Banque de France for a last checking

The survey started in January 2001, but the survey plan for 2001 is on a quarterly basis. A practical test has been undertaken in August 2001 so as to obtain monthly results and validate the future questionnaire (marginal changes will be required for the changeover to the euro currency).

4 – Implementation of the surveys :

Once the cruising speed is reached (as from January 2002), both surveys will provide monthly results, available in their final version at M+90.

SDT :

Each month, members of the panel will receive several questionnaires related to various subjects. One of those makes it possible to know whether a panellist travelled abroad in the month. If this happens to be the case, this panellist receives the SDT questionnaire.

This survey started in April 1999 but, until now, neither the processing, nor the results, have reached a wholly satisfactory level. In particular, the share of credit card spending in residents' expenses abroad seems very low as compared with current Balance of Payments' data. Therefore, it seems that the SDT survey underestimates expenses

¹ Tourist statistics (number and characteristics of visitors, sites visited, etc.) and Balance of Payments data (expenses made in France by non-residents).

made by credit card, even if a study carried out shows that the credit card holding rate in the panel corresponds to the national rate. For instance the over-representation of elderly people – a cross-section of the population usually ready to answer questionnaires but making little use of this means of payment - within the panel might explain this difference.

EAF :

Just one questionnaire, irrespective of the means of transport used. Four different survey plans – one for each means of transport.

- *all means of transports except road transport*
For each session, a questionnaire is delivered to each surveyed non-resident (NR) leaving the French territory. Residents (R) are also included. Later on, the R-NR split thus obtained is considered as representative and applied to the total traffic reported by transport organisations (DGAC, SNCF, etc.)
- *road transport*
Two operations will be led simultaneously at precise border crossing points.
 - . a counting operation
One counts vehicles crossing the border and takes note of their country of residence and occupation rate.
 - . a survey operation
simultaneously, vehicles registered abroad are stopped at random and an interviewer delivers to the driver the questionnaire related to expenses made in France.
The ensuing processing is the same as for the other means of transport : the R-NR split obtained through counting operations is considered as representative and is applied to the total traffic.

5 – Production of the Travel item as from January 2002 : 2 methods

5.1 First results for the monthly key items

The share of credit card payments remains a key element in the method selected by France for the estimate of monthly travel data which is to be provided to the ECB in a short timelag. However, the results of the survey will be given a greater significance than initially planned, especially as far as semi-final and final data are concerned.

The choice of comprehensive surveys (household and border surveys) and the significance they recently assumed within the currently designed data collection system are due, on the one hand, to the difficulty to obtain reliable data by means of a specific survey on the share of credit card expenses and, on the other hand, to the involvement or to the use of data from other partners (the tourism directorate and the INSEE - the National Institute of Statistics and Economic Studies – mainly for the setting up of national accounts) .

The valuation method of travel data through credit card payments for the needs of the ECB – i.e. 40 days after the end of the month – has three major advantages :

- the reporting system on credit cards is already implemented and efficient, the transmission lags correspond to those requested by the ECB (whereas the key results of the travel surveys will be available with some delay).

- two drawbacks commonly mentioned by a number of countries – i.e. the variability of the share of credit card payments and the increase in the ratio over time – will be solved as the results of the surveys already tend to indicate an increase and a regular seasonality of the ratio, which will therefore be possible to foresee in the grossing up of data intended for the ECB.
- A third drawback - which is also often mentioned and which is of minor significance for the time being – concerns the use of credit cards for crossborder payments unrelated to tourist expenses. In order to guard against the consequences of a considerable development of this phenomenon, credit card issuers have been contacted so as to determine the means of transmission of information related to these payments. Only a split Intra/Extra will be disseminated.

5.2 – Quarterly updated data

As far as final and semi-final data are concerned, processing will differ. In the present testing phase, the first data show that global expenditure reported by respondents are consistent after grossing up with data provided currently by different sources (exchange dealers, bank transfers, credit card issuers). However, the expenditure flow will require a few corrections as the scope of the survey (SDT) which will provide such data is incomplete, due to the need to estimate corresponding to the expenditure made by crossborder resident workers. A full geographic breakdown will be available.

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