

INTERNATIONAL MONETARY FUND



Balance of
Payments and
International
Investment
Position Manual

Sixth Edition (BPM6)



STATISTICS

**Main Objectives,
Priorities, and
Procedures for Updating
BPM6 and progress on
2008 SNA updating**

MAY 23-24, 2023

IMF Statistics Department – CEMLA

Agenda

Key Update Themes

Coordination and Involvement of Stakeholders

Update Process and Timeline

Outreach and Implementation Support

The Future of Manuals

Key Update Theme I: Digitalization and Financial Innovation

Selected Update Issues

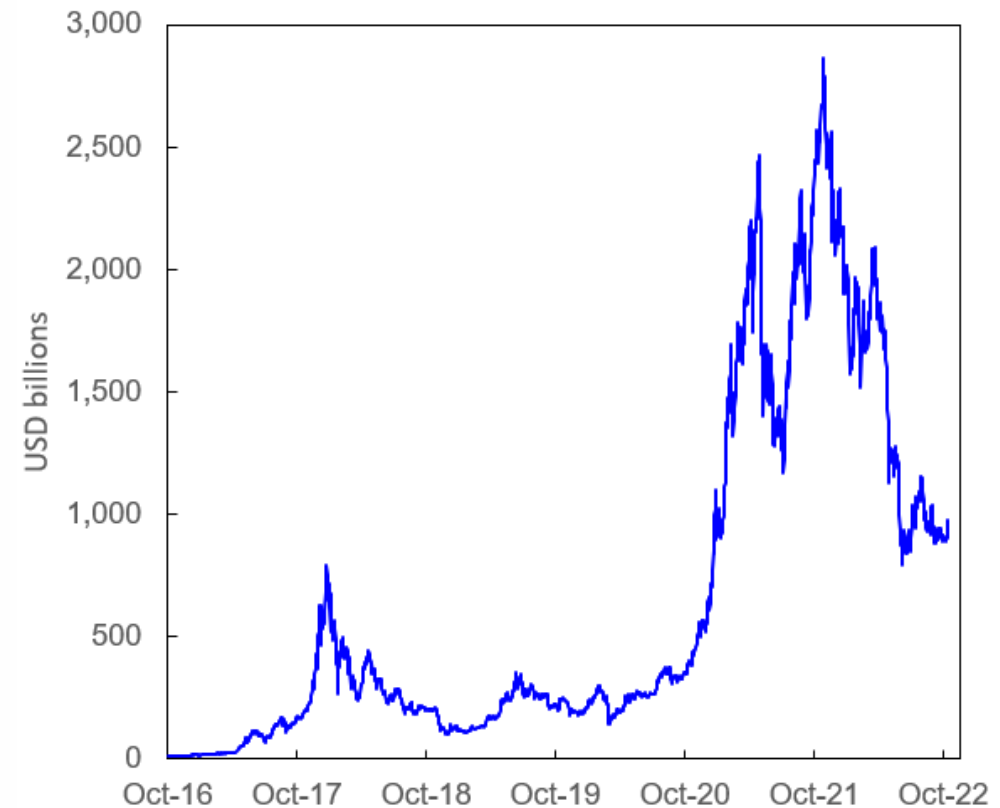
- Recording fintech
- Recording crypto assets
- Financial derivatives by type
- Non-bank financial institutions



Related Policy Work

- Macrofinancial surveillance
- Fintech
- Digital money

Global market value of crypto assets
(In USD billions)



Source: Coin Dance.

Key Update Theme II: Globalization

Selected Update Issues

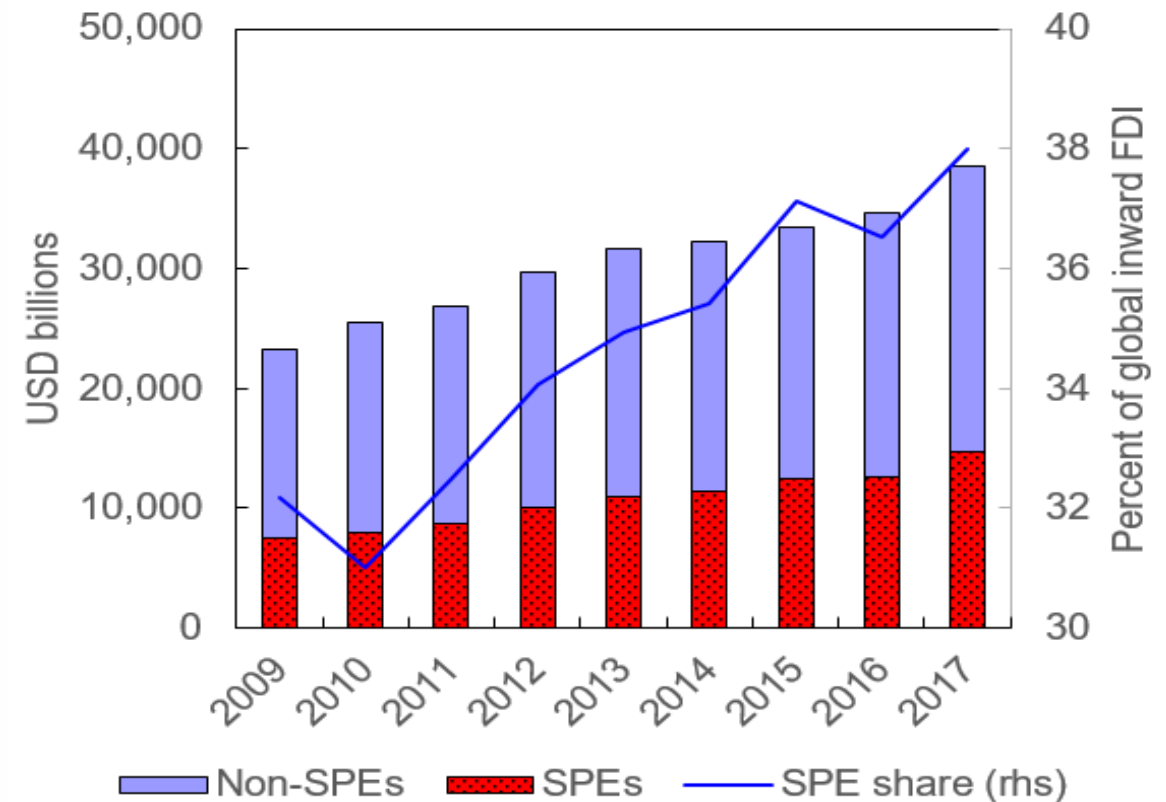
- Global value chains
- Multinational enterprises
- Special purpose entities (SPEs)



Related Policy Work

- Trade
- International taxation
- Capital flows

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



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

Key Update Theme III: External Sustainability

Selected Update Issues

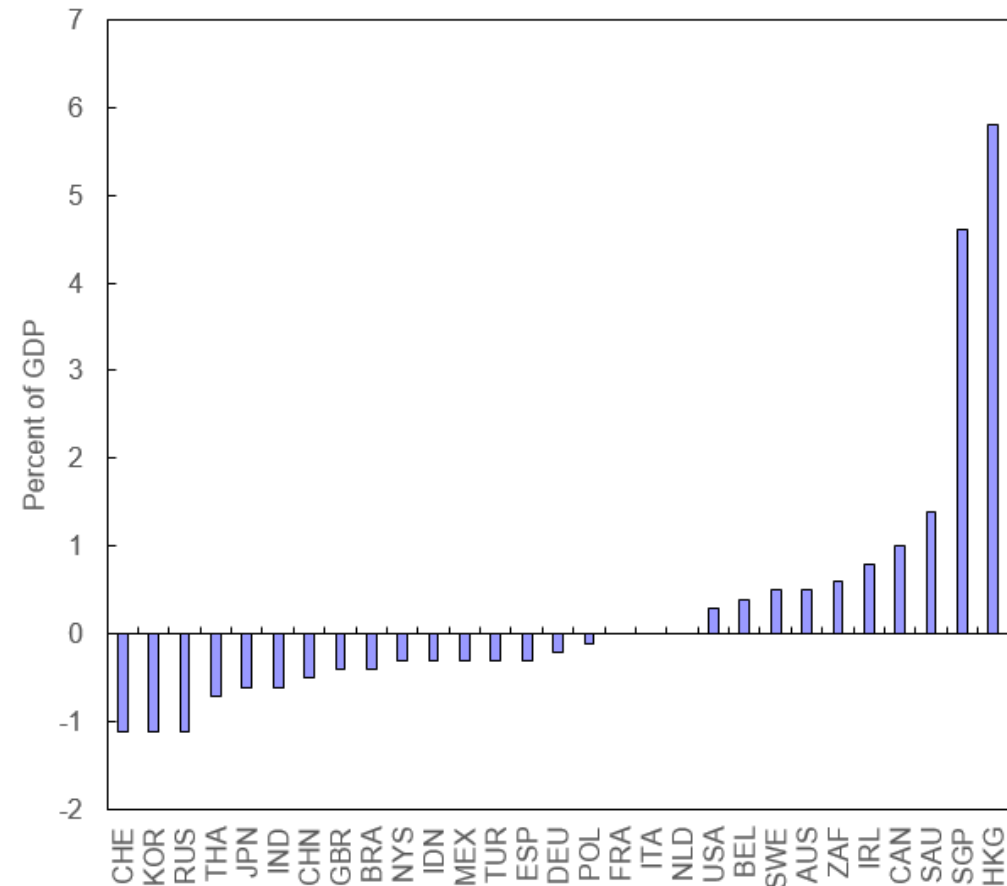
- Net international reserves
- Trade classified by currency
- Stock/flow reconciliation
- Reinvested earnings (RIE)



Related Policy Work

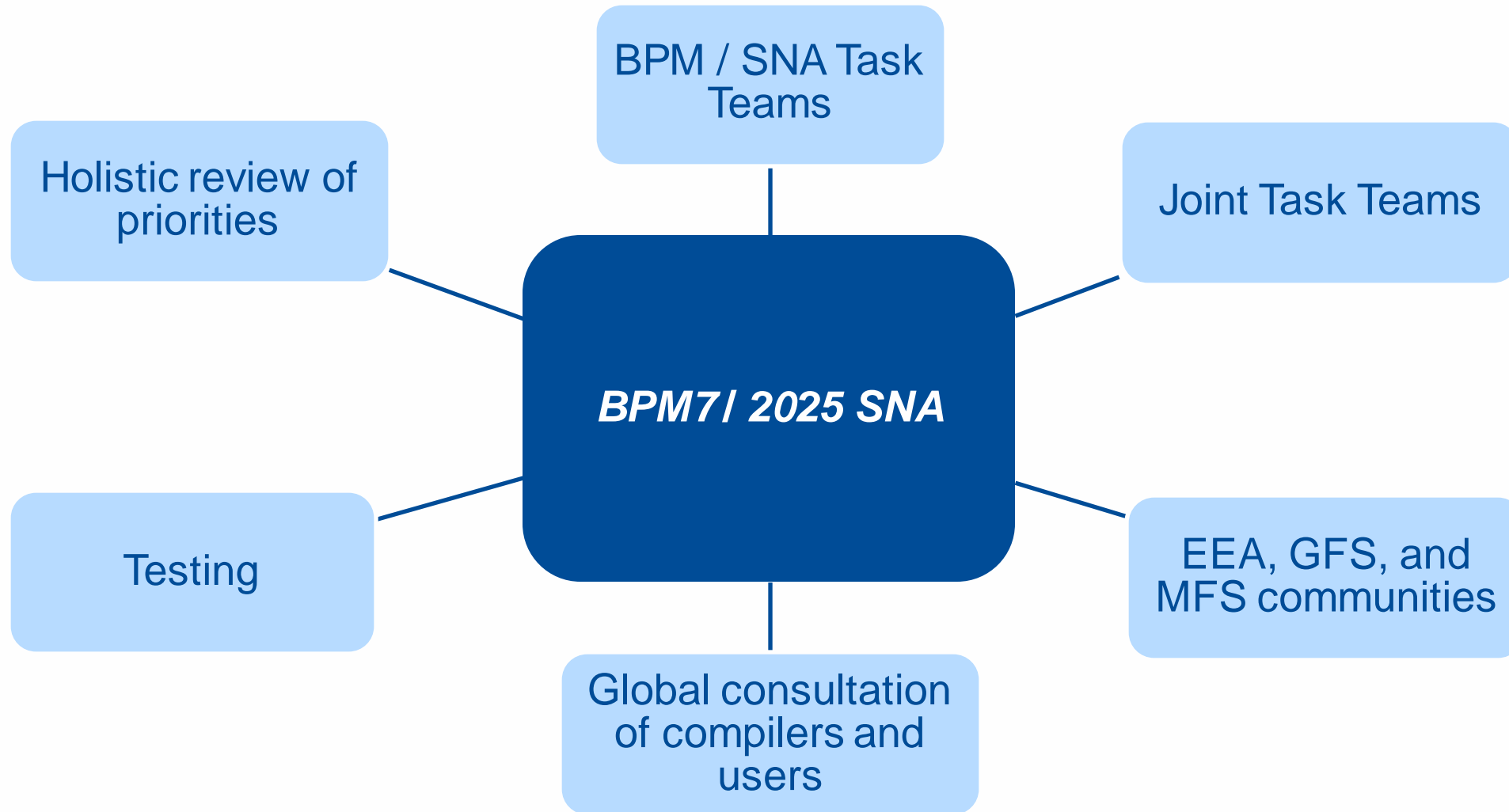
- External balance assessments

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

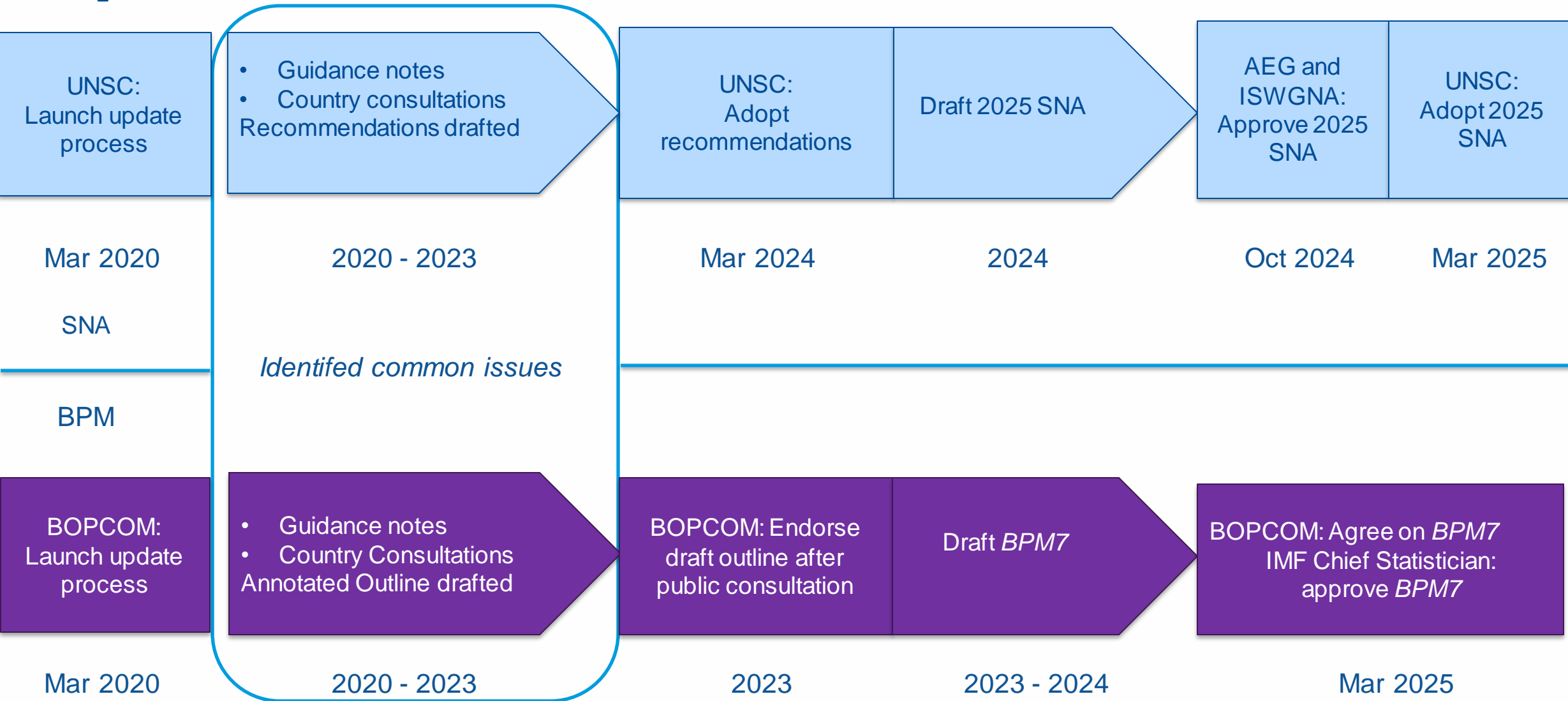


Source: IMF, "External Sector Report," 2018.

Coordination and Involvement of Stakeholders



Update Process and Timeline



Outreach and Implementation Support

Implement multipronged capacity development strategy

- Organize regional workshops
- Provide technical assistance and training



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

Develop practical implementation guidance

- Methodological handbooks and compilation guides

The Future of Manuals

Compilers' hub

→ New electronic platform to house macroeconomic statistics manuals

Digitalized format

→ Common glossary, agile searching features, and references across manuals

Forum for exchange

→ Interaction between compilers and users and peer-to-peer collaboration

Flexibility

→ More agile and flexible standards with endorsed guidance on emerging issues between updates

Towards the
2025 SNA

Progress of the *2008 SNA* Update

Towards the 2025 SNA: Key features of the update process

Undertaking technical research on prioritized and other national accounts issues

Engaging in a broad consultation on update issues

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

- In particular, close collaboration between SNA and BPM updates

A program of experimentation and testing of selected recommendations

The Intersecretariat Working Group on National Accounts (ISWGNA) is responsible for the update, supported by the Advisory Expert Group on National Accounts (AEG)

Towards the 2025 SNA: Progressing the research agenda

Deliberations on specific issues carried out by Task Teams

- Development of Guidance Notes (GNs) to address issues on the research agenda
- GNs approved by AEG (and BOPCOM where relevant) for consultation

GNs including recommendations sent to countries for comments

AEG/BOPCOM consider comments received by countries and finalize GNs for publication

- This will be completed by the middle of 2023

Towards the 2025 SNA: 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 #

* A number of issues from these task teams are relevant to the BPM update

A number of issues from these task teams are relevant to the SNA update

Towards the 2025 SNA: Preparing the 2025 SNA

- The proposed chapter structure for the 2025 SNA was agreed in mid 2022
 - There is maximum harmonization with the proposed chapter structure for BPM7
- Annotated outlines for new or substantially revised chapters have been prepared and have undergone global consultation
 - This includes Annotated Outlines for seven 'joint' SNA/BPM chapters
- Work on drafting the chapters for the updated SNA has commenced
 - The initial focus will be on new or substantially revised chapters, building on the Annotated Outlines
 - The SNA and BPM update teams will work together closely, with the 'joint' chapters being prepared jointly
- A high-level timetable for the drafting of these chapters (including global consultation) has been developed
- A generic process for updating each chapter has been prepared in consultation with the BPM update team
 - This includes assigning lead reviewers for each of the chapters
- Work is preceding on developing a joint SNA/BPM glossary
 - The ultimate objective is to have a single glossary underpinning all macroeconomic statistics standards

Towards the 2025 SNA: Preparing the 2025 SNA

- A consolidated list of recommendations for the updated SNA, based on the master log of changes, will be prepared in the next few months
- Consultation on this list will occur in mid 2023
 - This consultation will focus on issues of consistency and understandability
 - The consolidated list of recommendations is due to be approved by UNSC in early 2024
- In the second half of 2023 and into early 2024, draft chapters will be circulated for global consultation, in tranches
 - Chapters where there are only minimal changes will not be circulated at this stage
- In mid 2024 the complete draft of the 2025 SNA will be circulated for global consultation
- The AEG/ISWGNA will 'sign off' on the updated SNA around October 2024 in anticipation of approval by UNSC in early 2025

Towards the 2025 SNA: Experimental estimation/ early implementation

- A key feature of the update process is a program of experimental estimation/early implementation for recommendations in some of the GNs
- A two-phased approach for this has been adopted
- The first phase related to experimental estimation needed to finalize recommendations in certain guidance notes
 - This phase concluded in early 2023
- The second phase relates to early implementation and will assist countries in implementing the 2025 SNA
 - This phase will be conducted during 2023-2025 and will include the development of 'best practice' guides to support implementation
 - 14 GNs will be involved in early implementation
 - In certain instances, technical assistance may be available
 - Where BOP aspects are involved, there will be coordination with the BPM update processes



You are here: ISWGNA >> Updating the SNA >> Towards the 2025 SNA

SNA Update Website

<https://unstats.un.org/unsd/nationalaccount/Towards2025.asp>

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.

The [2025 SNA Chapters](#) page contains the Annotated Outlines, draft chapters and final chapters of the 2025 SNA.

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**

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

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Balance of
Payments and
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Position Manual

Sixth Edition (BPM6)



STATISTICS

***BPM7* Main Features and
Outline
Overview of the Integrated
Framework
Flows, Stocks, and Accounting
Rules
Residence, Institutional Units,
and Sectors
BPM7 Chapters 2, 3, and 4**

MAY 23-24, 2023

IMF Statistics Department – CEMLA

Agenda

BPM7 Main Features and Outline

Chapter 2. Overview of the Integrated Framework

Chapter 3. Flows, Stocks, and Accounting Rules

Chapter 4. Residence, Institutional Units, and Sectors

BPM7 Main Features

- Follows the standard revision cycle (~15 years between editions).
- First BPM update to be done in full coordination with the SNA.
 - Joint task teams and chapters.
- Increased collaboration with other statistical domains.
 - Common glossary of macroeconomic statistics with harmonized definitions of key terms (external sector statistics, national accounts, government finance statistics, monetary and financial statistics, and environmental economic accounting).
- More focus on the integrated framework.
 - Revaluations and other changes in volume will become part of the core accounts to allow for full reconciliation of opening and closing positions.
- Most other changes to address new developments, for example related to globalization and digitalization, will be handled through supplementary presentations that countries may voluntarily decide to compile if the information is particularly important for them.

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 Account (new joint BPM/SNA chapter)

Annexes in *BPM7*

- 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 derivatives and reverse transactions)
- 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

Changes to *BPM6* Chapter 2

Overview of the Integrated Framework

- The overall structure will be maintained as in *BPM6* with the following main updates
- Overall framework
 - International accounts framework is composed of three major intertwined elements: i) the balance of payments; ii) the international investment position (IIP); and iii) the accumulation accounts.
 - Accumulation accounts—present changes in the IIP between two points in time with transactions from the balance of payments' financial account and other changes in financial assets and liabilities accounts.
 - Consistency with the terminology of “accumulation accounts” in SNA.

Changes to *BPM6* Chapter 2

Overview of the Integrated Framework

- Integrated IIP as in *BPM6* (i.e., concerning stock-flow reconciliation)

Table: Integrated International Investment Position Statement

Beginning of period IIP	Accumulation accounts				End of period IIP
	Transactions from BOP's financial account	Revaluations		Other changes in volume	
		due to exchange rate changes	due to other price changes		
Standard components listed in Appendix 9					

* Encouraged items
 Note: This table will be adjusted depending on changes resulting from FITT.

It will be the centerpiece of *BPM7*

A shorter version of the integrated IIP (from *BPM7* Table 7.1) will be included to highlight the importance of this presentation in *BPM7* from the very beginning

Definition of IIP and its description as a subset of national balance sheet will be maintained

Changes to *BPM6* Chapter 3

Flows, Stocks, and Accounting Rules

- **This chapter will follow the 2008 SNA chapter structure (*i.e.*, Chapter 3: *Accounting Principles*)**
- Limited number of changes are relevant from ESS perspective.
- **Valuation**
 - Concessional lending—never record a transfer element for concessional lending in the “central framework” of national accounts and external sector statistics, except for concessional loans provided by employers to employees.
 - Imports and exports of goods—the current standard using free on board (FOB) will be retained. However, it will be noted that the valuation at the observed transaction value is conceptually preferred and, subject to further testing, will be introduced as the standard in the next version of the manuals.
 - Explicit guidance to compile stock of debt securities at nominal value, as a supplement to the existing market valuation will be emphasized.

Changes to *BPM6* Chapter 3

Flows, Stocks, and Accounting Rules

- **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 of Intellectual Property Products (IPPs)**
 - Economic ownership for previously produced IPP depends on the underlying arrangement.
 - Determine economic ownership using the decision tree from the UNECE Guide to Measuring Global Production (GMGP) in determining the economic owners of IPP across an MNE group.
 - Special purpose entities (SPEs) can be the economic owners of IPP assets.
 - Refer to L-7 (covering Globalization) for additional details.

Changes to *BPM6* Chapter 4 Residence, Institutional Units, and Sectors

- This chapter will follow the *2008 SNA* chapter structure (*i.e., Chapter 4: Institutional units and sectors*)
- In the drafting stage, only those issues that are relevant from the external sector statistics perspective will be included in the BPM.
- Important changes relevant from ESS perspective are only presented in this lecture.

Changes to *BPM6* Chapter 4 Residence, Institutional Units, and Sectors

- **Sectoring and economic behavior**
 - Sectoring of fintech companies clarified.
 - Classify them within the existing institutional sectors/subsectors depending on the economic objectives, functions, and behavior—without introducing a new sector “Fintech”.
- **An overview of institutional sectors**
 - Updated Tables 4.1 (SNA classification of institutional sectors) and 4.2 (*BPM6* classification of institutional sectors), *BPM6*.

Changes to *BPM6* Chapter 4 Residence, Institutional Units, and Sectors

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

Subsectors-ESS reporting

Other financial corporations (OFCs) as supplementary items

Separately identify NFCs from households and nonprofit institutions serving households

“of which” items for SPEs as supplementary items for deposit-taking corporations, OFCs, and NFCs sectors

Changes to *BPM6* Chapter 4 Residence, Institutional Units, and Sectors

- **Special purpose entities (SPEs)**
 - The term SPEs should be used only for those entities with direct and indirect foreign control—not to use it to refer to any type of financial entity that is created for a special purpose.
 - Special purpose units of general government to be included under general government sector. If they are non-resident they are treated as separate units (*BPM6/2008 SNA*)—introduce enhanced imputations, which are considered as appropriate and sufficient, to better reflect the fiscal operations of government controlled SPEs (see Chapter 8 for additional details).

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

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STATISTICS

Classification of Financial Assets and Liabilities and Functional Categories

***BPM7* Chapters 5 & 6**

MAY 23-24, 2023

IMF Statistics Department – CEMLA

Agenda

Classification of Financial Assets and Liabilities

Functional Categories

Changes to *BPM6* Chapter 5 Classification of Financial Assets and Liabilities

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

Changes to *BPM6* Chapter 5 Classification of Financial Assets and Liabilities

- **Crypto assets**
 - Crypto assets with a counterpart liability: Recorded in relevant financial assets and liabilities (e.g., central bank digital currency in currency, e-money in deposits).
 - Crypto assets without a counterpart liability designed to act as a general medium of exchange (e.g., Bitcoins): Nonfinancial assets and recorded in a separate category in the capital account—**new standard component**.
 - Non-fungible tokens: Recorded in a relevant current or capital account item.

Changes to *BPM6* Chapter 5 Classification of Financial Assets and Liabilities

- **New appendix on financial derivatives and reverse transactions**
 - Financial derivatives will be discussed comprehensively, including recommendations from the approved GN (e.g., classification by risk category, importance of compiling currency composition data of FX forwards/swaps—they have similar characteristics as FX debt).
 - Reverse transactions (e.g., repos) will also be discussed comprehensively, including recommendations from the approved GN (e.g., clarifications on short-positions and related income).

Changes to *BPM6* Chapter 6 Functional Categories

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

Changes to *BPM6* Chapter 6 Functional Categories

- **Investments in investment funds shares**
 - Consider always as portfolio investment irrespective of the equity held (but investments by investment funds classified as direct or portfolio investment following the current criteria).
- **Direct investment standard components and memorandum items**
 - **New standard components presentation by instruments (equity and debt) and sectors.**
 - Presentation based on relationship (i.e., DI in DIE, reverse investment, and between fellow enterprises) and reinvestment of earnings to be included under memorandum items.
- **Equity in international organizations**
 - Excluded from DI even in cases in which voting power is 10% or more—included in other investment-equity in international organizations and other equity.

Changes to *BPM6* Chapter 6 Functional Categories

- **Updated annex on direct investment (Annex 6)**
 - Supplementary framework for DI statistics by ultimate investing economy (UIE) and the ultimate host economy (UHE) as well as identification of pass-through funds.
 - Corporate inversions—official definition and taxonomy of most usual cases; and guidance on supplementary data collection.
 - Public-private partnerships (PPPs)—concepts, definitions, scope, and statistical treatment of PPPs under DI.
 - Cash pooling—description of the main types and their statistical treatments.
 - Greenfield investment and extension of capacity—definition and guidance on supplementary data collection.

Changes to *BPM6* Chapter 6 Functional Categories

Reserve assets

- Securities and gold transferred under repurchase agreements as collateral—reclassify them from reserve assets to portfolio investment/nonfinancial asset if they are not readily available for balance of payments needs.
- Off-market central bank currency swaps—exchange of deposits with maintenance of value. Standard (market priced) currency swap—exchange of deposits with the simultaneous creation of a financial derivative, namely a forward contract.

Changes to *BPM6* Chapter 6 Functional Categories

- IMF Resilience and Sustainability Trust (RST)—contributors' loan and deposit claims to retain reserve asset character—to be recorded as other claims/other reserve assets (Annex 9 provides additional details).
- Flexible credit lines (FCL) and precautionary and liquidity lines (PLL) of the IMF—brief explanation and their eligibility for including in reserve assets.
- Frozen assets—reclassify reserve assets that are affected to the relevant functional category (for all relevant categories of reserve assets).
- Standard statistical definition of Net international reserves (NIR) based on the frameworks of *BPM6* and *IRFCL Guidelines*.

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

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

Additional slides on other issues

- **Subscription rights**
- **Equity in international organizations**
- **Factoring**
- **Hybrid insurance products**
- **Autonomous employer-independent pension schemes**
- **Clarification and additional guidance on remaining maturity**

Changes to *BPM6* Chapter 5 Classification of Financial Assets and Liabilities

- **Subscription rights**
 - Classified as equity, given that the sum of the value of shares after the subscription issuance and that of the subscription rights represents the total value of the corporation.
- **Equity in international organizations**
 - Recorded in renamed “equity in international organizations and other equity”.
- **Factoring**
 - Claims under factoring are recorded in loans (to be reclassified from accounts payable/receivable).

Changes to *BPM6* Chapter 5 Classification of Financial Assets and Liabilities

- **Hybrid insurance products**
 - Hybrid insurance products that have characteristics of both life and nonlife insurance are allocated to life or nonlife insurance depending on which features are predominant.
- **Autonomous employer-independent pension schemes**
 - Autonomous employer-independent pension schemes can qualify as social insurance.

Changes to *BPM6* Chapter 5 Classification of Financial Assets and Liabilities

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

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STATISTICS

Goods Account and Services Account *BPM7* Chapters 10 & 11

MAY 23-24, 2023

IMF Statistics Department – CEMLA

Agenda

BPM7 Chapter 10 Goods Account

BPM7 Chapter 11 Services Account

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

- **Headlines**

- In *BPM7*, there will be two chapters Ch 10 (The Goods Account) and Ch 11 (The Services Account) replacing a single chapter in *BPM6*.
- Discussion of distinction between goods and services to remain in Ch 10.

- **New items**

- Factoryless goods producers
- Supplemental tables
 - Reconciliation between merchandise trade source data and total goods on a balance of payments basis
 - New breakdown of goods

Overview

- Separate sections on the major components of the goods account
 - General merchandise (Section II),
 - Goods under merchanting (Section III), and
 - Nonmonetary gold (Section IV)
- Two additional topics
 - Reconciliation of IMTS and BOP goods (Section V) and
 - Additional breakdowns and supplemental presentations (Section VI).
- Digital economy is mentioned (as in *BPM6*) but covered in more detail in Chapter 16 (Digitalization).
- Price and volume data will be discussed in Annex 5 – Selected issues on cross-border trade.

General Merchandise

- The new manual will follow the structure of *BPM6* 10.13 to 10.40
- Some new items under *inclusions*
 - Export sales to merchants and import purchases from merchants, includes also inverse merchanting
 - Goods traded by the principal as part of a processing arrangement .
 - Sales of final goods under a factoryless goods producer (FGP) arrangement (*new treatment*).
- The section will discuss transactions in goods under Global manufacturing arrangement (next slide).
- FOB valuation for exports/imports will be maintained in *BPM7*. It will be noted that the valuation of imports and exports at the observed transaction value is conceptually preferred and, subject to further testing, will be introduced as the standard in the next version of the manuals.

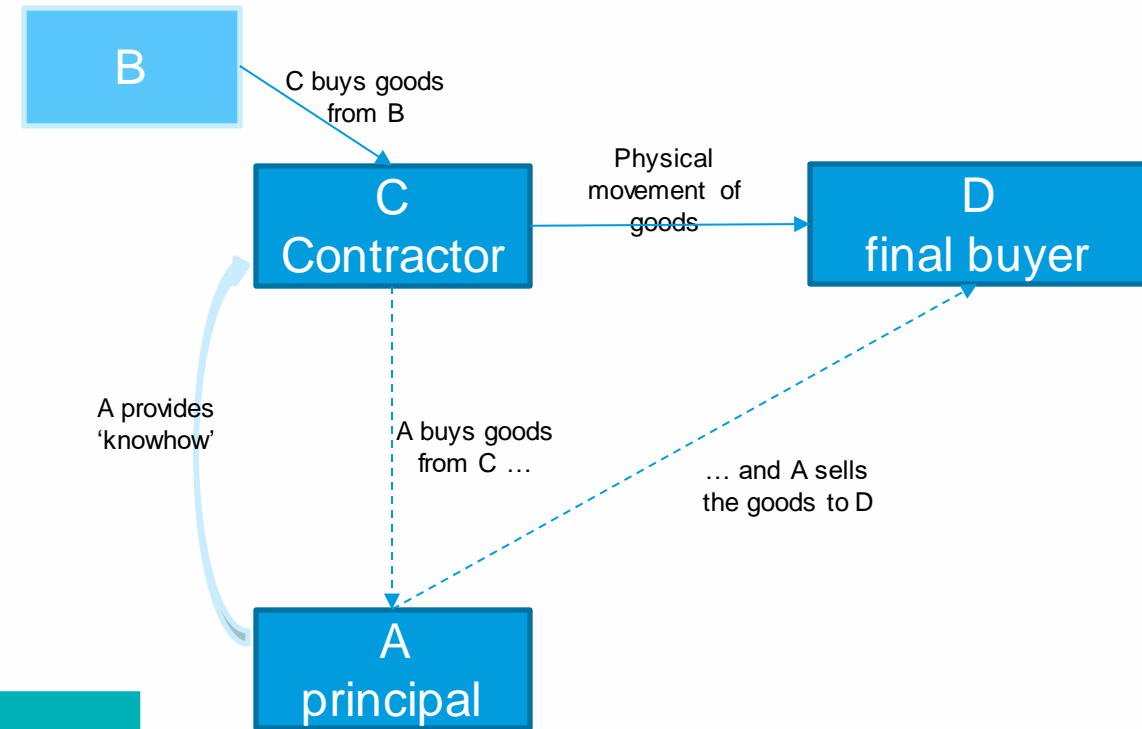
Global Manufacturing Arrangements

Factoryless Goods Production

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

The contractor in country C builds the product

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



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

Table 10.2 Reconciliation Between Merchandise Source Data and Total Goods on a Balance of Payments Basis

	Exports	Imports
Merchandise trade statistics as provided in source data		
<i>Adjustments, as relevant</i>		
+ Goods procured in ports by carriers		
+ Fish catch, minerals from the seabed and salvage sold from resident-operated vessels		
+ Goods changing ownership entering / leaving territory illegally		
+/- Goods lost or destroyed in transit		
+ Goods acquired from other economies for processing abroad	n.a.	
+ Goods sold abroad after processing in other economies		n.a.
+ Goods acquired from contractor by factoryless goods producer	n.a.	
+ Goods sold abroad by factoryless goods producer		n.a.
+/- Goods changing ownership in customs warehouses or other zones		
- Migrants' personal effects		
- Goods imported for construction projects by nonresident enterprises		
- Arrivals of goods for processing without change of ownership		
- Goods for repair or storage without change of ownership		
- Goods sent abroad or returned after processing without change of ownership		
- Returned goods		
+/- High-value capital goods, if delivery differs from change of ownership (10.28)		
- CIF/FOB adjustment	n.a.	
+ Net exports of goods under merchanting		n.a.
+ Nonmonetary gold		
=Total Goods on a balance of payments basis		

Services

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

New services identified during the ongoing CPC revision—to be reflected in the BOP services classification

Services

- Fee-based digital intermediation platform (DIP) services defined
Online fee-based 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 (guidance on intermediation fee refer to trade-related services).
- Intermediation services (including the digital intermediation)—not separately identified in the balance of payments services classification.
- Additional breakdowns/supplemental presentation of services (e.g., trade in services by currency is presented in Annex 5) and exports/imports of services by characteristics of the trading enterprise is presented in Chapter 15 (Globalization).

Services

Manufacturing services on physical inputs owned by others

- Box 11.1 (update of Box 10.1)—numerical example to explain the differences between (i) processing-type arrangements (manufacturing services on physical inputs owned by others), and (ii) factoryless goods producer (FGP)-type arrangements.
- Box 11.2 (update of Box 10.2)—briefly explains FGPs in addition to the other existing arrangements. Decision tree with links to Section II of the Globalization chapter, which will cover global production.

Travel

- Definition of package tours provided, and their treatment clarified.
- They should not be treated as a new product, but 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

Services

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

Insurance

- Hybrid insurance products are classified into life (financial account) or nonlife insurance (current transfers) depending on which features are predominant (i.e., the saving component (life insurance)) or the component whereby claims are paid only if the insured event occurs (nonlife insurance)).
- Insurance services through fintech (i.e., InsurTech) are covered under insurance and pension services.

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.

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

- Definition of intellectual property products introduced.
- Clarification on sale/purchase transaction to be provided consistently with SNA.

Services

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

- Split into two standard first-level categories in *BPM7*
 - Telecommunications
 - Computer and information services
- Computer and information services—to include the provision of cloud computing services

Other business services (*BPM6*)

- Split into five standard first-level categories in *BPM7*
 - Research and development services
 - Professional and management consulting services
 - Trade-related services
 - Operating leasing services
 - Technical and other business services
- Dry and wet leasing of aircrafts-concept and treatment provided

Services

- Services merchanting—impossible from a pure conceptual view and reference under technical and other business services in *BPM6* to be deleted.
- Fee for services intermediated by third party (including DIPs)—record under trade-related services.
- Payments from producers to DIPs following the “net approach”—record under trade-related services, provided they are cross-border transactions.

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 methodological and compilation guidance in respect of the specific products to be included under other services supplied by and to governments—along the lines of the CPC divisions 91 and 99.

**Thank you very much for your
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INTERNATIONAL MONETARY FUND



Balance of
Payments and
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Investment
Position Manual

Sixth Edition (BPM6)



STATISTICS

**Income and Capital
Accounts
BPM7 Chapters 12, 13,
14**

MAY 23-24, 2023

IMF Statistics Department – CEMLA

Agenda

BPM7 Chapter 12 Primary Income Account

BPM7 Chapter 13 Secondary Income Account

BPM7 Chapter 14 Capital Account

Changes to *BPM6* Current Account

- **New items**
 - Supplemental table of reinvested earnings on portfolio investment (Ch. 12)
 - New Treatment of superdividends (Ch. 12)
 - Emphasis on sectoral breakdown of Direct investment (in preference to DI relationship) (Ch. 12)
 - Crypto Assets (Ch. 14)
 - NFTs (Ch. 14)
 - Marketing assets

Types of Primary Income

- The structure will be maintained as in the *BPM6 Ch. 11*.

Types of primary income

A. Compensation of Employees – no significant changes

B. Dividends and Withdrawals of Quasi-Corporations

- The concept of superdividends for foreign direct investment to be discarded, and any distributions of accumulated reserves from ordinary earnings will be treated as dividends.

C. Reinvested Earnings

- Supplemental table on retained earnings of portfolio investors.

D. Interest and Similar Returns

- ‘Interest’ to be replaced by “interest and similar returns” to include the broader interest-like returns on Islamic instruments.
- Treatment of negative interest.

Investment Income 1

- Emphasis on sectoral breakdown of Direct investment (in preference to DI relationship).

Investment Income and Functional Categories

Direct Investment

Equity and Investment fund shares

Central Bank

General government

Other sectors

Other financial corporations

Nonfinancial corporations, households, and NPISHs

Debt Instruments

Central Bank

General government

Other sectors

Other financial corporations

Nonfinancial corporations, households, and NPISHs

Investment Income 2

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

Secondary Income

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

The chapter will include some further clarifications and examples with no major changes. Topics added include:

- Fine/penalty transactions (time of recording).
- Examples of different types of transfers and how they should be recorded to be included.
- How a major catastrophic event should be defined for purposes of determining if non-life insurance claims are current or capital (see also next chapter).
- Contingent fine and penalties in mergers and acquisitions.
- Major compensation payments recorded as capital transfers if they are intended to recover losses incurred over a multi-year period or to replace an asset (see also next chapter).
- Nonrefundable contributions to government under citizen-by-investment (CBI) programs.

Capital Account 1

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

New items

- The March joint AEG/BOPCOM meeting agreed on the treatment of crypto assets without a corresponding liability as nonproduced, nonfinancial assets.

Also Table 13.1, Overview of the Capital Account, will be updated to reflect the new category under acquisitions and disposals of nonproduced, nonfinancial assets.

- Non-fungible tokens that convey limited commercial rights would be recorded under contracts, leases, and licenses.
- Marketing assets are removed from Capital Account, they are now treated as produced non-financial assets (in the services account)

Capital Account 2

Clarifications and examples include:

- The use of natural resources and permits to undertake specific activities.
- Emission permits – possible cross-border transactions in taxes on production.
- How a major catastrophic event should be defined (see previous chapter).
- Major compensation payments (see previous chapter).
- CBI programs may be classified as a current or capital transfer (see previous chapter).
- Concessional lending and transfer element.

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Balance of
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STATISTICS

International Investment Position, Financial Account, and Other Changes Account

MAY 23-24, 2023

IMF Statistics Department – CEMLA

Agenda

International Investment Position

Financial Account

Other Changes in Financial Assets and Liabilities Account

Changes to *BPM6* Chapter 7: International Investment Position

The structure and contents of this chapter will mostly be maintained with some important updates related to concepts and coverage, valuation of unlisted and other equity, valuation of debt securities at nominal value, and valuation of nonnegotiable instruments.

Integrated IIP will be part of the standard components of *BPM7* (like balance of payments and IIP in *BPM6*)

Exchange rate changes and other price changes will be standard components under revaluations

Separate reporting of debt cancellation and write-offs and reclassifications under other changes in volume encouraged (they will be part of supplementary items)

Direct investment presentation by instruments and sectors

Table: Integrated International Investment Position Statement

		Accumulation accounts					
Beginning of period IIP	Transactions from BOP's financial account	Revaluations		Other changes in volume		End of period IIP	
		due to exchange rate changes	due to other price changes	of which: write-offs and cancelations*	of which: reclassifications*		
		Standard components: listen in Appendix 9					
* Encouraged items Note: This table will be adjusted depending on changes resulting from FITT.							

Changes to *BPM6* Chapter 7: International Investment Position

- **Direct investment-valuation of unlisted equity**
 - Three preferred methods will be highlighted noting that the concept that the estimation methods try to capture is the difference between assets and liabilities of unlisted corporations to be measured at market prices.
 - ✓ Own funds at book value
 - ✓ Recent transaction price
 - ✓ Market capitalization
 - Decision tree for guidance on implementing one of the preferred methods will be included (see the additional slide at the end of presentation).
 - Equity in quasi-corporations—three preferred methods approach.
 - Treatment of negative equity—to be elaborated based on the outcome of BOPCOM clarification note (under preparation).

Changes to *BPM6* Chapter 7: International Investment Position

- **Portfolio investment**

- Debt securities at nominal values: It will be recommended to compile positions of debt securities at nominal value, as a supplement to the existing market valuation.
 - ✓ Table on reconciliation between nominal and market valuation of debt securities liabilities to be included in updated Appendix 9 (additional analytical position data).
- Short positions—brief clarification on their recording based on *MFSMCG* to be added (additional guidance to be provided in Annex 7).
- Positions in unlisted portfolio investment equity securities without an observable market price—may be valued using the methods for DI-unlisted equity.

Changes to *BPM6* Chapter 7: International Investment Position

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

Changes to *BPM6* Chapter 8: Financial Account (I)

- **The structure and contents of this chapter will mostly be maintained with some important updates related to direct investment, portfolio investment, and financial derivatives.**
- **Direct investment: Dividends and withdrawal of equity**
 - The concept of superdividends will no longer apply to direct investment enterprises.
 - Any distributions of accumulated reserves from ordinary earnings should be treated as dividends.
 - Only the earnings from non-operating activities (sales of fixed capital assets and liquidations of branches) would be treated as exceptional and recorded as withdrawals of equity.

Changes to *BPM6* Chapter 8: Financial Account (II)

- **Direct investment: Mergers and acquisitions**
 - Will be contrasted to greenfield investment and extension of capacity (new elements to be included in annex on direct investment).
- **Portfolio investment: Reinvestment of earnings**
 - While reinvestment of earnings for portfolio investment other than investment funds is not part of the standard components, it will be added as a supplementary item in *BPM7*.

Changes to *BPM6* Chapter 8: Financial Account (III)

- **Portfolio investment: Superdividends**
 - Any distribution in excess of operational profits, including out of accumulated reserves, should be classified as a superdividend and treated as withdrawal of equity.
- **Financial derivatives**
 - It will be clarified that recording transactions on a net basis is acceptable where separate data on transactions in assets and liabilities are not available, and the position may change between assets and liabilities (e.g., forwards and swaps).

Changes to *BPM6* Chapter 9: Other Changes in Financial Assets and Liabilities Account (I)

- This chapter includes one of the most important updates since the other changes in financial assets and liabilities account will become part of the core framework.
- **Concepts and coverage**
 - *Other changes in volume, exchange rate changes, and other price changes* will become standard components.
 - Supplementary “of which” categories for *reclassifications* and *debt cancellation and write-offs* will be added under other changes in volume.

Changes to *BPM6* Chapter 9: Other Changes in Financial Assets and Liabilities Account (II)

- **Other changes in volume**

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

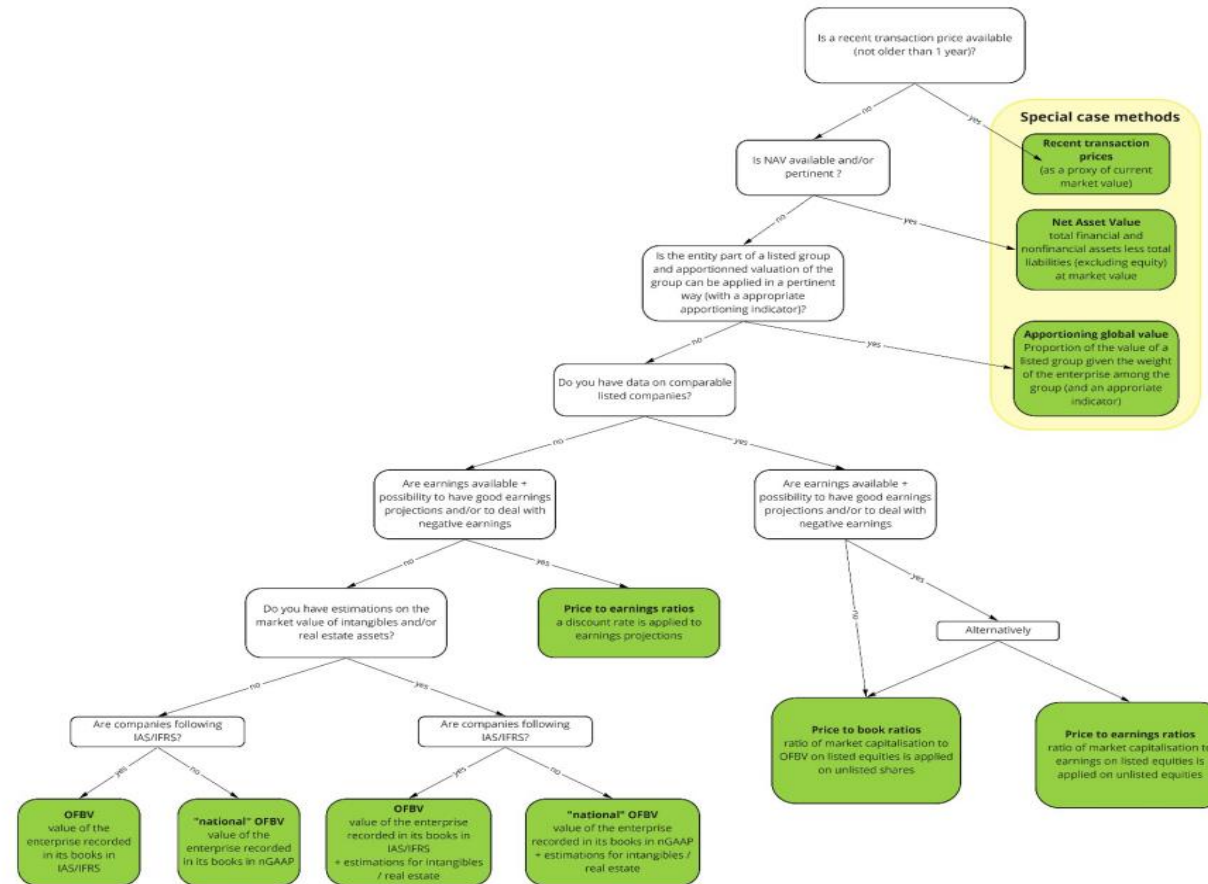
Changes to *BPM6* Chapter 9: Other Changes in Financial Assets and Liabilities Account (III)

- **Revaluations**

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

Additional Information

Decision Tree (to be included in Chapter 7)



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Balance of
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STATISTICS

**Globalization, Digitalization,
Islamic Finance, Informal
Activities, Communication, and
Sustainable Finance
BPM7 Chapters 15,16,17,18,20,
and Annex 6**

MAY 23-24, 2023

IMF Statistics Department – CEMLA

Agenda

Chapter 15 Globalization

Chapter 16 Digitalization

Chapter 17 Islamic Finance

Chapter 18 Informal Activities

Chapter 20 Communicating and Disseminating Economic Statistics

Annex 10 Sustainable Finance

New *BPM7/2025 SNA* Chapter 15 Globalization

- **This new chapter aims to bring together information from *BPM7* and other sources to describe measurement challenges associated with globalization**
 - Multinational enterprises
 - Global production
 - Measurement challenges
 - Alternative indicators and supplementary information to monitor the impact of globalization and meet users needs
 - Analytical tools
- The BPM chapter will include issues that are relevant from the external sector statistics perspective

New *BPM7/2025 SNA* Chapter 15 Globalization

- **Multinational enterprises (MNEs)**
 - Will include MNE definition and description of their activities, including role in production, trade, direct investment, and international transfer of knowledge and technology.
 - MNEs establish special purpose entities (SPEs) not only to channel financial investments globally, but increasingly, for other activities such as to manage intellectual property rights, research and development, and trade. Will include a standardized and internationally agreed definition of SPEs.

New *BPM7/2025 SNA* Chapter 15 Globalization

- **Measurement challenges**
 - Complex financing and ownership structures, production fragmentation across countries, cross-border mobility of assets, etc.
 - Challenge: An MNE is not seen as a single entity in macroeconomic statistics.
 - Goal: Ensure that all MNE activities are captured, not duplicated, and properly allocated by economic territory.

New *BPM7/2025 SNA* Chapter 16 Digitalization

- **This new chapter will elaborate on the following issues arising from digitalization that are touched upon throughout the manual and provides a consolidated view—including definitions, explanations, and measurement guidance, as needed**
 - Digital goods and services
 - Digital platforms
 - Digitalization and financial systems
 - Measuring Prices and Volumes of Products affected by Digitalization
 - Analytical Tools to Increase the Visibility of Digitalization
- BPM chapter will include issues that are relevant from the external sector statistics perspective

New *BPM7/2025 SNA* Chapter 16 Digitalization

- **Digital goods and services (1)**
 - Cloud computing: computing, data storage, software, and related IT services accessed remotely over a network, supplied on demand and with measured resource usage
 - ✓ treatment in external sector statistics including measurement challenges will be provided (recorded under Computer and information services—lecture 4 on chapter 11)

New *BPM7/2025 SNA* Chapter 16 Digitalization

- **Digital goods and services (2)**

- Data assets: defined as an asset produced by accessing and recording observable phenomena (OP)
 - ✓ data as an asset will expand the software and databases category of intellectual property products (IPP) and the SNA production boundary
 - ✓ guidance on capturing gross and net investment in data assets, valuation techniques, recording transactions in data copies, and distinguishing data investment from software investment
- Artificial Intelligence (AI): AI software is a special type. Inclusion of AI in the expanded definition of IPPs
- Non-fungible tokens (NFTs): digital records hosted on a blockchain that are associated with a digital or physical asset—three types identified

New *BPM7/2025 SNA* Chapter 16 Digitalization

- **Digital platforms (1)**
 - Definitions and classifications
 - ✓ digital intermediation platforms (DIPs) defined, and three types of digital platforms identified—nonfinancial DIPs, free platforms, and financial DIPs
 - Nonfinancial DIPs
 - ✓ receive fee income for facilitating transactions in goods and nonfinancial services (recorded under trade related services—lecture 4 on chapter 11)
 - ✓ challenges in delineating the services of these DIPs and the activity that they intermediate, including prevalence of cross-border transactions and of informal suppliers

New *BPM7/2025 SNA* Chapter 16 Digitalization

- **Digital platforms (2)**
 - Free Digital Platforms and Free Digital Goods and Services
 - ✓ Guidance on including free goods and services that are part of a bundle of outputs supplied by platform and non-platform market producers in GDP
 - ✓ explain the measurement framework of free platforms funded by advertising and creation of data assets from users' observable phenomena

New *BPM7/2025 SNA* Chapter 16 Digitalization

- **Digitalization and the Financial System (1)**
 - New Financial Services and Means of Payment Enabled by Digitalization
 - ✓ digitalization resulted in appearance of new financial services and payment mechanisms
 - ✓ new and enhanced services—fall within the existing categories of products and activities
 - ✓ Financial services enabled by fintech—classified in the financial services
 - ✓ “of which” items if they are important and identifiable

New *BPM7/2025 SNA* Chapter 16 Digitalization

- **Digitalization and the Financial System (2)**
 - Financial Digital Intermediation Platforms
 - ✓ suppliers of services to facilitate peer-to-peer lending, equity-based crowdfunding, and philanthropic crowdfunding
 - ✓ platforms charge explicit fees for facilitating transactions between suppliers and users of funds—financial auxiliaries (S126)

New *BPM7/2025 SNA* Chapter 16 Digitalization

- Fungible Digital Assets, including Crypto Assets
 - ✓ Definition of crypto assets—fungible and nonfungible
 - ✓ Digital assets decision tree
 - ✓ Typology of fungible crypto assets (designed to act as a general medium of exchange, designed to as a medium of exchange within a platform, security crypto assets)
 - ✓ Crypto assets with corresponding liability—financial assets
 - ✓ Security crypto assets—debt and equity securities, and derivative crypto assets
 - ✓ Crypto assets designed to act as a general medium of exchange without corresponding liability (CAWLM) and Crypto assets designed to act as a medium of exchange within a platform without corresponding liability (CAWLP)—recorded as a separate category under nonproduced nonfinancial assets in the capital account

New *BPM7/2025 SNA* Chapter 17 Islamic Finance

- **Comprehensive internationally-endorsed treatment to account for Islamic finance in the national accounts and external sector statistics, are absent.**
- Islamic financial institutions developed **innovative financing arrangements** to comply with its principles.
- **This new chapter aims to bring together comprehensive and coherent framework to properly account for Islamic finance and insurance in the national and international accounts.**
 - The treatment of distinct operations and arrangements of Islamic finance and insurance.
 - The sector classification of Islamic financial institutions and entities
 - The measurement of output, including FISIM
 - The nature of income on certain Islamic financial instruments in the primary income account
 - The classification of Islamic financial instruments
 - The treatment of Islamic insurance (takaful and retakaful)

New *BPM7/2025 SNA* Chapter 17 Islamic Finance

- **Economic ownership of non-financial assets under specific Islamic financial arrangements**
 - ✓ the concepts of economic and legal ownership in the SNA/BPM
 - ✓ recommended treatment of economic ownership of non-financial assets in a series of Islamic financing arrangements that are “similar to” sales/lease/equity financing

- **The nature of returns on Islamic investments in the primary income account**
 - ✓ concepts of interest and similar returns as a new term (replace the interest term)
 - ✓ new breakdowns to accommodate returns on Islamic instruments. “of which” economies with significant Islamic financial activities.

New *BPM7/2025 SNA* Chapter 17 Islamic Finance

- **Classification of Islamic financial instruments.**
 - ✓ define and state the purpose of Islamic instruments
 - ✓ specific instruments to the relevant financial corporations' subsectors
 - ✓ links between the Islamic financial instruments and functional categories of BPM7, and related investment income.

New *BPM72025 SNA* Chapter 18 Informal economy

- **This is a new joint chapter with SNA**
- Informal trade
 - The focus is on informal economic units in the economy and output of informal employment
 - The informal sector is not formally recognized by government authorities because the units or workers are not registered for tax or similar purposes.
 - Informal units are part of the household sector (regardless of size)
 - *Employees* are in informal employment if their employment relationship is not in practice formally recognized by the employer in relation to the legal administrative framework of the country

Aspects of the Informal Economy in the balance of payments

- Trade in goods by informal units
 - includes shuttle trade by informal units
 - includes smuggling by informal units
 - excludes by convention smuggling of illegal goods
 - excludes underdeclaration or non-declaration of trade by formal units
- Trade in services by informal units
 - Unregistered taxi or accommodation services to travelers
 - Unregistered digital services
- Informal workers' remittances sent abroad
- Informal seasonal work

New *BPM7/2025 SNA* Chapter 20 Communicating and Disseminating Economic Statistics

- **This new chapter aims to provide principles and guidelines together with innovative approaches for producers of macroeconomic statistics to improve the way those statistics are communicated**
 - Communications policy and dissemination strategy
 - Communication with users – principles and standards
 - Communication with suppliers
 - Statistical confidentiality
 - Taxonomies and metadata
 - A framework for measuring alignment with the economic accounting statistical standards
 - Prominence of net measures compared to gross measures
 - Examples of the use of easier to understand terminology for users

New *BPM7/2025 SNA* Chapter 20 Communicating and Disseminating Economic Statistics

- **Alignment framework**
 - Framework to assess the alignment of national macroeconomic statistics to the economic accounting statistical standards.
 - Structured around the key building blocks of the statistical standards—concepts, accounting rules, methods, classifications, and the resulting accounts and/or tables.
- **Terminology**
 - User-friendly terms that could be considered by producers when engaging with non-technical users.
 - A common glossary across statistical domains will be published.

New *BPM7* Annex 10 Sustainable Finance

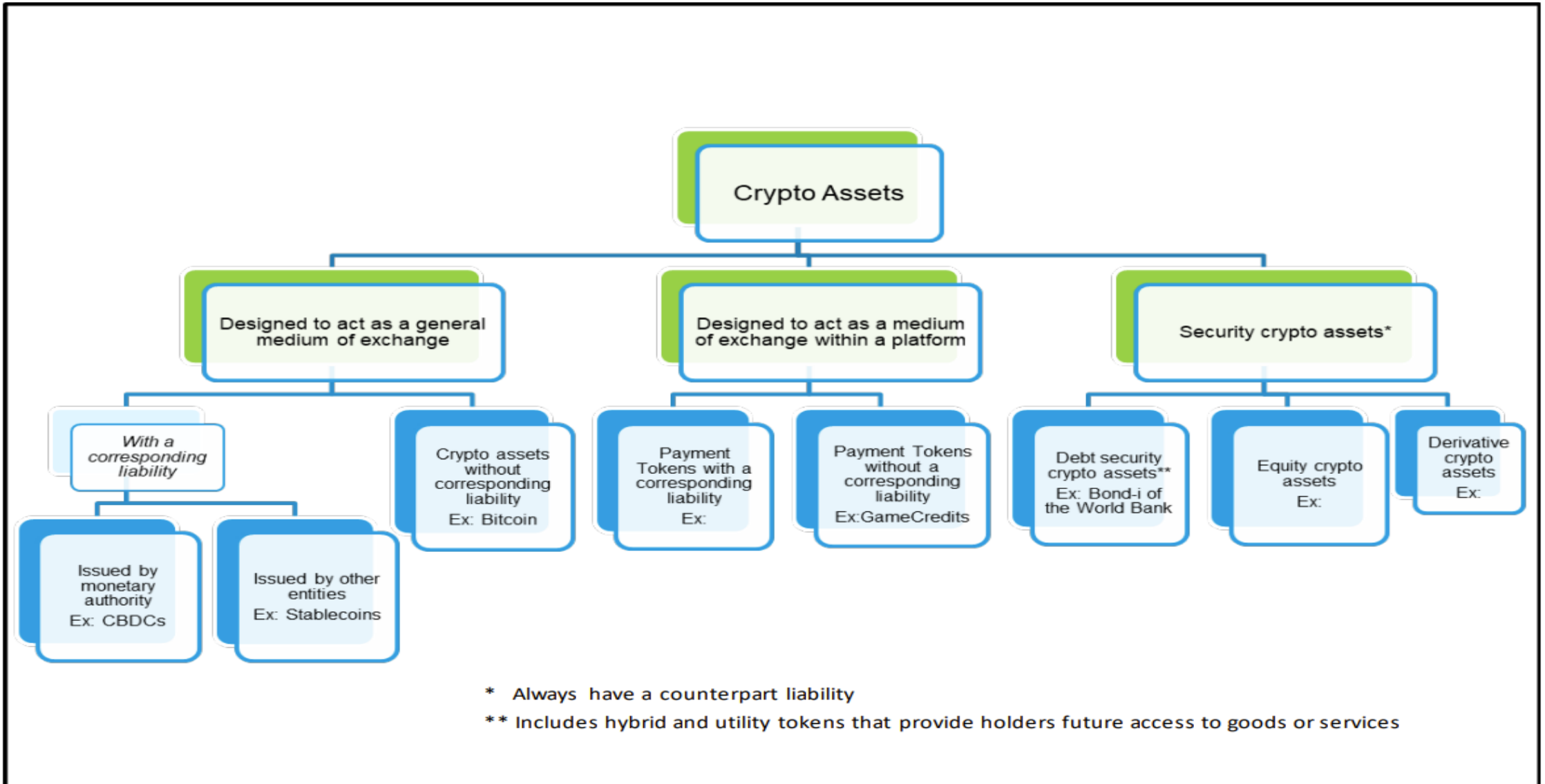
- **The Annex:**
 - is intended to support data compilers on the type of data they can provide to users regarding climate change.
 - does not intend to present a framework.
 - will focus on “climate change”.
 - will provide definitions of some key concepts related to climate change, such as climate change, adaptation, mitigation, transition risks and physical risks, using references from existing sources.

New *BPM7* Annex 10 Sustainable Finance

- **The Annex:**
 - will present some items from the balance of payments/IIP framework relevant for understanding the risks that climate change pose, financing related to addressing climate change and its impacts, and relevant exports and imports of goods and services. These include:
 - ✓ investments in specific sectors, physical location of investments (direct investment by counterparty country), type or nature of investments (supplementary category of “green-labelled” bonds), international cooperation grants to low-income countries
 - suggests some areas for future work (e.g., green lending and equity, source of funding, climate related financial derivatives)

Additional Information-Digitalization

Typology of Fungible Crypto Assets



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STATISTICS

Preliminary Data Breakdowns

MAY 23-24, 2023

IMF Statistics Department – CEMLA

Agenda

Standard and Supplementary Items

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

New Data Related to the Current Account

New Data Related to Direct Investment

New Data Related to Financial and Payments Systems

Standard and Supplementary Items

➤ Standard items

- *Standard components* are items that are fully part of the framework and contribute to the totals and balancing items.
- *Memorandum items* are part of the standard presentation but are not used in deriving totals and balancing items.

➤ Supplementary items

- Items outside the standard presentation that are compiled depending on circumstances in the particular economy.



BPM7 will mostly introduce new supplementary items

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

- Integrated framework
 - Full reconciliation of opening and closing positions with breakdown into transactions, revaluations (split into exchange rate changes and other changes), and other changes in volume (all standard items).
 - Two supplementary “of which” categories related to other changes in volume: reclassifications and write-offs.
- Net international reserves according to new standardized statistical definition.
- Sustainable finance in external sector statistics.
 - Geographical and industrial sector breakdowns of direct investment.
 - Introduce “of which” category to identify green bonds.
- Special purpose entities (SPEs).
 - Separate “of which” identification of SPEs within the institutional sector accounts.
 - Nationality-based SPE statistics, i.e., organized according to the location of the entity that ultimately controls the SPEs rather than by the residency of the SPEs.

New Data Related to the Current Account (I)

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

New Data Related to the Current Account (II)

- Transactor-based components of services complemented by distinct items for:
 - Personal, cultural, and recreation services (acquired by travelers)
 - Constructions (e.g., buildings)
 - Construction services
- Breakdown of goods, trade, and investment income by industry, ownership, and firm size.
- Breakdown of goods and services by currency.
- Merchanting and factoryless goods producers.
 - Identify trade in goods within a global manufacturing arrangement.
 - Identify material inputs procured by the principal in a global manufacturing arrangement from third parties and sold to the contractor.
- Record travel packages as separate item.

New Data Related to Direct Investment

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

New Data Related to Financial and Payments Systems (I)

- Record crypto assets without a counterpart liability designed to act as a general medium of exchange (e.g., Bitcoins) in a separate category in the capital account (new standard item).
- Split *nonfinancial corporations, households, and nonprofit institutions serving households* (two separate standard items).
 - Nonfinancial corporations
 - Households and nonprofit institutions serving households
- Reinvested earnings for portfolio investment.
- Financial derivatives by market risk category, instrument, and trading venue.
- Breakdown of *other financial corporations* into money market funds (MMFs); non-MMF investment funds; insurance corporations; pension funds; other financial intermediaries (including “of which” central clearing counterparties); and captive financial institutions and money lenders, and financial auxiliaries.

New Data Related to Financial and Payments Systems (II)

➤ Fintech

- Introduce “of which” category for fintech companies within the subsector classification.
- Introduce “of which” category for instruments or services classifications where necessary to separate out fintech-related instruments and services.

➤ Debt securities

- Report debt securities at nominal value.
- Introduce table to reconcile nominal and market valuation of debt securities liabilities.
- Direct investment inter-company lending (as supplement to the reconciliation table).

Additional Information

- Holistic Review of *BPM6* Update Priorities
 - Link: <https://www.imf.org/-/media/Files/Data/Statistics/BPM6/outcomes-of-the-holistic-review-survey-of-bpm6-update-priorities.ashx>

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