



**CONFERENCE ON STRENGTHENING SECTORAL POSITION AND
FLOW DATA IN THE MACROECONOMIC ACCOUNTS**

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**Sectoral Accounts and Balance Sheets:
OECD's Perspectives and Plans for OECD Countries**

To be presented in Session 3, Item 2 by Michèle Chavoix-Mannato

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This paper has been prepared by Michèle Chavoix-Mannato, Head of Section, Division of National Accounts, Statistics Directorate, OECD, and will be presented under item 2 of Session 3: *Status of the sectoral accounts*.

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SECTOR ACCOUNTS AND BALANCE SHEETS:

OECD's PERSPECTIVES AND PLANS FOR OECD COUNTRIES

1. The recent crisis has underscored the importance of timely and appropriate data. As a consequence, the G-20 requested the FSB and the IMF, in April 2009, to explore information gaps and provide proposals for strengthening data collection efforts.

2. In particular, gaps in financial statistics were highlighted, and the importance of having the following types of data was ascertained:

- a) Sector data, consistent with the *2008 System of National Accounts (2008 SNA)*, to improve balance sheet data as well as flow data;
- b) Data to monitor the behaviour and exposures of economic agents within the domestic economy to capture some of the vulnerabilities embedded in the balance sheet positions of financial institutions, governments, nonfinancial corporations, and the households sectors;
- c) More frequent and timely data.

3. The financial and economic crisis has also exposed a significant lack of information on quarterly non-financial accounts data, by sectors of the economy.

4. To fill these gaps and to meet the growing demands of policy makers, this paper describes a proposed strategy by the OECD concerning a new collection of quarterly sector data, both financial and non-financial, from OECD countries.

I. Financial statistics

5. The main focus of the OECD Working Party on Financial Statistics (WPFS) is to contribute to the OECD aim of deepening the knowledge of Member countries' financial systems and to improve the understanding of the interactions between the "real" economy and financial activities in those economies. High priority is placed on improving the quality and the timeliness of financial statistics as well as their international comparability with a view to adapting them to the evolving requirements of the Committee on Financial Markets (CMF) and of other users.

6. In the context of the preparation of its 2011-2012 Biennium Programme of Work, the OECD Secretariat reviewed the implications of the crisis for financial statistics and concluded that there were indeed gaps and timeliness issues regarding currently available financial statistics, and, in particular, there was a need for quarterly data to better monitor specific sectors' wealth.

7. As a consequence, the OECD Statistics Directorate proposed to focus its efforts on SNA-compatible databases (**financial accounts and financial balance sheets, institutional investors' assets and households'**

assets and liabilities). This includes adapting them to analytical requirements by increasing the *periodicity* of data to a quarterly basis, by improving their *content and scope* (quality, timeliness, and international comparability) and by compiling relevant indicators based on these three datasets.

8. The work programme for 2011-2012 also entails the incorporation of non-Member countries in the financial databases: **accession countries** (Russia), **enhanced engagement countries** (Brazil, China, India, Indonesia and South Africa) and two **other G20 countries** (Argentina and Saudi Arabia). This activity is one priority of the Secretary General for all OECD Directorates.

9. Moreover, it was proposed to launch a new activity relating to full flows of funds (including capital accounts) to complete the full balance sheet accounts. This new project perfectly fits with the G20 Recommendation 15 which refers to developing a strategy to promote the compilation and dissemination of whom-to-whom datasets (flows of funds and balance sheets) and of integrated accounts.

II. Quarterly financial accounts (transactions and stocks)

10. The initiative taken by the OECD Secretariat to take stock of the availability and timeliness of quarterly financial accounts and financial balance sheets and of other SNA-related databases and to launch a first quarterly data collection in 2010 was welcome not only by Member countries, but also by the IMF, on behalf of the IAGEFS as this proposal fits directly with the G20 recommendations.

11. However, it was suggested that the Secretariat consults the European Central Bank (ECB) on the possibility of a retransmission of the quarterly financial accounts of the Euro Area (EA) countries according to agreed rules and to get these data only after their validation by the ECB so as to avoid multiple transmissions by the European countries and only after agreement of the countries. The OECD Secretariat also took the initiative to supply itself at Eurostat for the quarterly data on Government sectors that EU countries regularly transmit to the statistical office of the European Union.

Eurostat Quarterly financial accounts for general government data for EU countries

12. The **Quarterly financial accounts for general government** data are disseminated on Eurostat's website on both a consolidated and a non-consolidated basis for the general government sector (S.13) and on a consolidated basis only for the general government sub-sectors, for all EU countries plus Norway (i.e. 22 OECD countries).

13. Member States transmit to Eurostat, on a compulsory basis, quarterly data, consistent with annual data, on both financial transactions (F) and financial stocks (AF) of the Government sectors, for a limited number of instruments and sub-instruments as defined and codified in SNA93/ESA95 (see ANNEX 1). However, looking at the instrument coverage, a few Member States do not provide all series (for example, for Sweden, some instruments are missing before 2001; for Luxembourg, missing series concern recent quarters).

14. For most countries, data are available from 1998Q4 onwards for stocks and from 1999Q1 onwards for transactions (as requested in the regulation). However, for some countries the period covered is longer (for example, the United Kingdom data start in 1995Q1) while for other countries, the period covered is shorter (as for Slovenia).

15. It has been agreed that OECD downloads these data from Eurostat website. As a consequence, an automatic download of EU (plus Norway) data included in the dataset **Quarterly financial accounts for**

general government [gov_q_ggfa] has been developed by the technical team of the Statistics Directorate so that OECD can import them in the new quarterly accounts system. In the future, the data could be downloaded automatically whenever they are published by Eurostat on its website.

16. However, the difference in coverage (sectors and instruments) between annual financial accounts and Eurostat quarterly data on the General Government sector and its sub-sectors will unfortunately prevent the OECD to suppress the annual collection of government financial accounts and to focus on the collection of quarterly data with the aim of deriving annual data from these quarterly data.

EA quarterly financial data requested by the ECB

17. The ECB collects quarterly financial accounts (transactions) and balance sheets (stocks) from the Euro Area Member States. Some other EU countries also participate in this new collection (such as Hungary and Sweden), but the exact list of countries covered is not yet known.

18. Following a proposal by the ECB Working Group on Euro Area Accounts (WG EAA), the ECB Statistics Committee (STC) has agreed to transmit to the OECD, on a quarterly basis, the quarterly national financial accounts of euro area (EA) countries collected by the ECB, using the same channel as for annual data (through Eurostat). This new ECB dissemination policy will start with the publication of the euro area accounts of 2010Q3 on 28 January 2011.

19. This publicly available data set consists of two main tables containing non-consolidated transactions and stocks for a selection of sectors and sub-sectors (some of them grouped) of EA countries, and covers the main financial instruments (without totals and including grouped instruments), from the first quarter of 1999, but with a few exceptions for specific countries (Netherlands and Austria will only allow the publication from respectively 2005q1 and 2001q1; for Ireland the split of quoted and unquoted shares issued by non financial corporations can only be published from 2009q4 onwards).

20. It is also agreed that if errors/inconsistencies in national quarterly data are detected by the OECD, countries will in no case be contacted by OECD: they will not provide regular input for potential quality checks established by the OECD. The ECB will be responsible for dealing with inconsistencies identified by the OECD.

21. Unfortunately, the difference in coverage (sectors and instruments) between annual financial accounts of EA countries, already collected and disseminated by OECD, and ECB quarterly data will prevent the OECD to concentrate on the collection of quarterly data and use these data to derive annual accounts.

Non-European quarterly financial data directly collected by OECD

22. In reply to the OECD questionnaire on the availability and timeliness of quarterly financial accounts, OECD had received the confirmation that a number of non-EU OECD countries are in a position to provide OECD with quarterly data.

23. Australia, Canada, Korea, Norway and United States compile quarterly financial accounts and financial balance sheets with the same coverage as annual accounts and are able to provide OECD with these quarterly data in the forthcoming weeks. The delay between the reference quarter and the transmission of the data and the time coverage vary from country to country:

- Australia: delay of Q + 13 weeks; availability from 1988 onwards
- Canada: delay of Q + 8 weeks for flows and of 10 weeks for stocks; availability from 1961 onwards for flows and from 1990 onwards for stocks
- Korea: delay of Q + 12 weeks; availability from 2003 onwards according to 1993 SNA and from 1975 according to 1968 SNA
- Norway: delay of Q + 13 weeks; availability from 1996 onwards
- United States: delay of Q + 5/6 weeks; availability from 1952 onwards

24. For the other non-EU countries, which compile quarterly accounts, the situation is the following:

- The Central Bank of Chile will transmit quarterly financial balances sheets and transactions accounts, on a non-consolidated basis, as from the second quarter of 2011, covering the period 2003-2010, with a 3-month lag. The breakdown of instruments and sectors will be similar to the current annual request.
- The Bank of Japan compiles quarterly data on flows of funds and should be in a position of transmitting quarterly flows and stocks to OECD on a regular basis. No information has yet been given concerning the coverage and the time lag.
- The Bank of Mexico is able to provide OECD with financial balance sheets data, from Q4 2000, with a 12-week delay after end of the quarter. The exact coverage has not been indicated yet.
- Statistics Iceland compiles quarterly accounts for central government (S.1311) only. Attempts are being made to collect these data for local governments (S.1313) in future.

25. As for Israel, New Zealand, Switzerland and Turkey, quarterly financial accounts and balance sheets are not available and no development is foreseen in the coming months or years.

26. Following this information, it has been decided that the questionnaire to be used to collect quarterly financial accounts and balance sheets of non-EU countries will be the same as the questionnaire used to collect annual data and will include both consolidated and non-consolidated data, depending on their availability in countries. This decision was also driven by the chance to ultimately suppress the annual questionnaire and therefore decrease the workload of countries and Secretariat.

27. It has also been agreed that the same quarterly questionnaire would be sent to non-EA countries which are not requested to transmit quarterly accounts in the framework of the ECB request. Among these countries, however, two countries, Hungary and Sweden, have informed OECD that their quarterly financial accounts are sent to the ECB similarly to the Euro Area countries and will be forwarded to the OECD using the same procedure as for all EA countries' data (see above).

28. These new questionnaires to collect quarterly financial accounts and balance sheets have been sent to OECD non-EA countries at the end of December 2010 with a request for data up to Q3 2010 before end of January 2011.

III. Other financial activities

Quarterly data for other SNA-related databases

29. Given the high demand for the data on households' wealth and on institutional investors, and in accordance with the G20 recommendations, it has been decided, along with the extension of the Financial Accounts to a quarterly frequency, to also collect households' assets and liabilities and institutional investors' assets on a quarterly basis.

30. For **Households' assets and liabilities**, quarterly stock data are available in a large majority of countries, (sometimes with less details) which, most, agreed to supply their quarterly data, except two EU countries (Italy and Slovenia), and two other EU countries (Austria and Portugal) for which such a transmission is under consideration. Mexico has biannual data. In New Zealand, quarterly data are produced for internal use only. No quarterly data (or only for very few instruments) are compiled in four EU countries (Ireland, Poland, the Slovak Republic and the United Kingdom) and in three non-EU countries (Israel, Switzerland and Japan). One EU countries (Czech Republic) did not reply.

31. Quarterly stock data on **Institutional investors** are available in most OECD countries. However, in some countries, quarterly data are available for some sectors only. All OECD countries compiling quarterly institutional investors' data have agreed to supply them to OECD, except six countries (Australia because of a lack of resources; Denmark; Finland, because of limited information; Italy; Slovenia; and Turkey, for specific sectors). For five countries (Austria, Canada, Netherlands, Portugal and United States), such a transmission is under consideration. No detailed information has been provided by the Czech Republic, Japan, New Zealand, and the United Kingdom. No quarterly data is compiled in Switzerland.

32. The quarterly questionnaires related to these two data collections will be sent to all OECD countries in the coming days. A possible cooperation with the Bank of International Settlements (BIS) regarding the Institutional investors' data is under discussion.

Financial indicators

33. The recent financial turmoil has underlined the importance not only of timely, frequent and comparable financial statistics but also of indicators to enhance the usefulness of these data in order to be able to analyse the evolution and trends of the financial wealth of specific institutional sectors in more details, and to assess the contribution of the sectors to the financial net worth of the national economy.

34. The Delegates of the OECD Working Party on Financial Statistics agreed on the importance and usefulness of such indicators to analyze the behaviour and performance of the various institutional sectors and to carry out cross countries comparisons and argued that the fact that OECD calculates them will enhance and guarantee the comparability between countries.

35. The compilation of a selected list of financial indicators, based on the OECD financial databases and presented at the 2010 WPFS meeting, and their publication in the form of tables and graphs, will be carried out by the Secretariat. They will be disseminated by the Secretariat in an appropriate format, first on an annual basis, then on a quarterly basis, with the aim of delivering useful, comparable and relevant information to users and analysts.

IV. Non-financial balance sheets

36. Among the activities to be undertaken in 2011-2012, it is envisaged to launch a new activity, in co-operation with the OECD Working Party on National Accounts (WPNA), based on both financial balance sheets and non-financial assets in order to build full balance sheet accounts.

37. The joint annual OECD/Eurostat questionnaire on national accounts, initiated some years ago in the framework of the questionnaire on Annual National Accounts, includes a table (T26) which corresponds to non-financial assets by type of asset and by sector. The assets covered are produced assets (AN1) and non-produced assets (AN2) with a breakdown up to the 5-digit level. The sectors are Non-financial Corporations (S11), Financial Corporations (S12), General Government (S13) and the Households and NPIHS (S14 + S15) grouped together. In addition, data are also requested for the Total economy (S1).

38. Up to recently, very few countries filled this table, either because of unavailability of data or because of derogation attributed to countries in the framework of Eurostat request. In particular, the Regulation (EC) No 1392/2007 of the European Parliament and of the Council of 13 November 2007. Progress has been made and the situation is now much better, even if data are annual and transmitted with a delay up to 24 months.

39. **Concerning EU countries**, an automatic transmission of their data, from Eurostat to OECD, has been established with the following results:

- all non-financial assets, for all sectors required: Czech republic (1995-2008), France (1978-2009);
- all produced assets, for all sectors: Hungary (1995-2007), Luxembourg (1995-2008);
- fixed assets, for all sectors: Germany (1995-2010);
- only dwellings, for all sectors: Estonia (2000-2008), Italy, Poland, and Sweden (1995-2008), Finland (1975-2009), Slovak republic and United-Kingdom (1995-2009);
- Belgium provides fixed assets for a number of sectors and dwellings for all sectors (1995-2009);
- Netherlands provide fixed assets for all sectors (1995-2009) and land for all sectors (1996-2009),

but a number of EU countries still do not transmit any data regarding non-financial assets by sector.

40. **Concerning non-EU countries**, data are transmitted to the OECD via the joint annual OECD/Eurostat questionnaire and covers:

- all non-financial assets, for all sectors required: Australia (1988-2008), Canada (1970-2009), Japan (1980-2008);
- all produced assets, for all sectors: Israel (1995 and 2001-2007);
- fixed assets, for all sectors: United-States (1995-2009);
- Japan: all non-financial assets for the Total Economy (S1), and main non-financial assets for the other sectors.

- Korea: all non-financial assets for the Total Economy (S1), and total produced and non-produced assets for the other sectors.

No data have yet been sent by the other non-European countries.

41. The non-financial asset data are included in the OECD publication 'National Accounts at a Glance'. They will be also used in other OECD analytical works, including in the context of the work to be carried out by the OECD-Eurostat Expert Group to measure disparities in a national accounts framework.

42. At this stage, and taking into account the difficulties for countries to compile and provide annual non-financial assets to Eurostat and to OECD, and the poor coverage of the data already transmitted, it is not envisaged to collect quarterly data, which prevents to build full national balance sheets on a quarterly basis.

V. Quarterly non-financial sector accounts

43. To complement the work initiated by Eurostat, the OECD, on the basis to the replies to a meta-questionnaire and of an inventory of currently available data on quarterly sector accounts in OECD countries, proposed to the 2009 WPNA Delegates to collect Quarterly Sector Accounts (QSA) data at the OECD level, and even beyond (bringing in OECD Accession countries, Enhanced Engagement countries and other G20 countries). Delegates confirmed that quarterly sector accounts are a powerful tool and agreed with the OECD proposal to enhance the availability of timely sector data. It was however recommended to consult with Eurostat and with **European Union (EU) countries** for the retransmission of EU quarterly sector accounts data to OECD.

44. As a result of 2009 WPNA discussions and consequent following up between OECD and Eurostat, Eurostat, started transmitting QSA data to the OECD in early 2010 for the countries that were in agreement: such quarterly data have been received for a selected number of EU countries: Austria, Belgium, Czech Republic, Denmark, Greece, Spain, Finland, Netherlands, Poland, Portugal and United Kingdom (as well as Norway as from January 2011). In December 2010 WPNA meeting, the remaining EU countries were asked to give their formal agreement for transmission to OECD from Eurostat.

45. Regarding the dissemination by OECD of national data received from Eurostat with confidentiality restrictions attached, it was agreed that any EU countries' data that Eurostat transmits to the OECD will be subject to the same confidentiality restrictions. Moreover, publishable quarterly sector accounts data transmitted by Eurostat will not be released before OECD has received the explicit consent of the country concerned. An interim solution for those countries that are reluctant to authorize the release of raw data will be the dissemination of a subset of quarterly national key indicators as Eurostat does currently for 13 of its Member States. This can be checked bilaterally with countries as well.

46. **For non-EU countries**, some quarterly sector accounts data are already available in the OECD database for Australia, Canada, and the USA and are used internally by OECD's economists. For these countries, there is no need to ask them to fill the simplified questionnaire (T0119, standard Eurostat table), but national definitions have to be checked carefully to ensure comparability with other OECD countries.

47. For the time being, the other non-EU countries have not been yet asked to fill the simplified questionnaire, and the situation varies from country to country:

- for the countries that mentioned in the meta-questionnaire they have quarterly sector data (Chile, Israel), the questionnaire should be sent soon; these two countries allow the dissemination of their quarterly sector data;
- as for Korea, Mexico, New Zealand, Russia and Turkey, OECD has been informed that they do not produce QSA data; no questionnaire will be sent to them;
- Iceland, Japan and Switzerland have not yet answered the questionnaire on data availability; Iceland releases some QSA data (for S13) but other two do not;
- EE countries (Brazil, China, India, Indonesia, South Africa), and Argentina and Saudi Arabia may be contacted too.

48. Data could be presented in a new quarterly press release which should be in a separate release from the current Quarterly National Accounts releases because timeliness differs. In this new product, it might be envisaged to include variables/key indicators on Households (savings rate and investment rate), General Government (FCE, GFCF, savings, net lending/borrowing), Non-Financial and Financial Corporations (investment rate and profit shares), including for some zone totals.

VI. Conclusion

49. This OECD document presents the status in the compilation and dissemination of sector accounts (compiled in accordance with the *1993 SNA or 2008 SNA*), both financial and non-financial, and the developments that have been decided after the financial and economic crisis to fill some of the gaps highlighted at that time.

50. It describes the efforts that have already been implemented to strengthen the collection of detailed and timely sector accounts data, on a quarterly basis, not only for OECD countries but also for other advanced economies of the G20.

51. It also shows the limits to this exercise, considering the lack of national quarterly sector accounts data and the absence of perspective, in some of these countries, for either their compilation or their dissemination.

52. The OECD Secretariat will continue to contribute, in cooperation with other International Organisations, to the enhancement of financial and non-financial statistics and to place a high priority on improving their quality and their timeliness as well as their international comparability with a view to adapting them to the evolving requirements of users, analysts and policy makers.

ANNEX 1

Eurostat data collection of quarterly Government accounts

In the framework of the EUROSTAT database on Quarterly financial accounts for general government, Member States transmit to Eurostat quarterly data on both financial transactions (F.) and financial stocks (AF.) for a limited number of instruments and sub-instruments as defined and codified in SNA93/ESA95.

- **Sectors**

- General government sector (S.13)
- Central government (S.1311)
- State government (S.1312)
- Local government (S.1313)
- Social security funds (S.1314)

- **Instruments**

- monetary gold and special drawing rights (SDRs) (F.1 and AF.1);
- currency and deposits (F.2 and AF.2);
- shares and other equity (F.5 and AF.5);
- other accounts receivable/payable (F.7 and AF.7).

- **Sub-instruments**

- short-term securities other than shares, excluding financial derivatives (F.331 and AF.331);
- long-term securities other than shares, excluding financial derivatives (F.332 and AF.332);
- financial derivatives (F.34 and AF.34);
- short-term loans (F.41 and AF.41);
- long-term loans (F.42 and AF.42);
- net equity of households in life insurance reserves and in pension fund reserves (F.61 and AF.61);
- prepayments of insurance premiums and reserves for outstanding claims (F.62 and AF.62).

ANNEX 2

ECB data collection of quarterly financial accounts

The coverage of the quarterly financial accounts data compiled by the ECB is limited to a selection of sectors and sub-sectors (some of them grouped) and to the main financial instruments (without totals and including grouped instruments), and is subject to a number of derogations for some countries:

- **Sectors**

- Total economy - S.1
- Non-financial corporations - S.11
- General government - S.13
- Households and NPISH - S.14 + S.15 (grouped)
- Rest of the world - S.2

- **Sub-sectors**

- Monetary financial institutions - S.121 + S.122 (grouped)
- Other financial institutions (OFIs) and financial auxiliaries - S.123 + S.124 (grouped or separate)
- Insurance corporations and pension funds - S.125

- **Instruments**

- monetary gold and special drawing rights (SDRs) (F.1 and AF.1)
- currency and deposits (F.2 and AF.2)
- other accounts receivable/payable (F.7 and AF.7)
- net lending/net borrowing (B9.F) and net financial worth (BF.90)

- **Sub-instruments**

- currency (F.21 and AF.21)
- deposits (F.22+F.29 and AF.22+AF.29) (grouped)
- short-term securities other than shares, excluding financial derivatives (F.331 and AF.331)
- long-term securities other than shares, excluding financial derivatives (F.332 and AF.332)
- financial derivatives (F.34 and AF.34)
- short-term loans (F.41 and AF.41)
- long-term loans (F.42 and AF.42)
- quoted shares (F.511 and AF.511)
- unquoted equity (F.512+F.513 and AF.512+AF.513) (grouped)
- Mutual fund shares (F.52 and AF.52)
- net equity of households in life insurance reserves and in pension fund reserves (F.61 and AF.61)
- net equity of households in life insurance reserves (F.611 and AF.611)
- net equity of households in pension fund reserves (F.612 and AF.612)
- prepayments of insurance premiums and reserves for outstanding claims (F.62 and AF.62)