Joint Thirty-Ninth Meeting of the IMF Committee on Balance of Payments Statistics and Twenty-First Meeting of the Advisory Expert Group on National Accounts

Inter-secretariat Working Group on National Accounts

Washington, D.C.
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BOPCOM—22/18
SNA/M4.22/28b
For discussion

Summary of Discussions

Prepared by the secretariats of the Committee and the Advisory Expert Group

Summary of Discussions

INTRODUCTION

1. The thirty-ninth meeting of the IMF Committee on Balance of Payments Statistics (Committee) and the twenty-first meeting of the Advisory Expert Group (AEG) on National Accounts was jointly held in Washington, D.C. during October 19–20, 2022. This summary of discussions includes the action points agreed by the Committee and the AEG during the meeting.

2. In his opening remarks, Mr. Albert Kroese, Chief Statistician, Data Officer, and Director of the Statistics Department (IMF), and new Chair of the Committee, introduced himself to the Committee and AEG. Mr. Kroese lauded both the Committee and the AEG members for their collegial collaboration on cross-cutting issues from the very beginning of the update process of the BPM/SNA manuals. Further, he conveyed appreciation to the editorial teams of the BPM and the SNA for their productive collaboration, and other stakeholders (the Government Finance and Financial Institutions Divisions of STA, and System of Environmental Economic Accounting (SEEA) team) for their contributions in preparing the annotated outlines of *BPM7/2008 SNA* chapters. Mr. Kroese noted that the annotated outlines and draft BPM/SNA chapters will be based on: (i) the recommendations of the approved GNs; (ii) the BOPCOM Clarification Notes; (iii) the SNA News and Notes; and (iv) other relevant materials. He emphasized that a primary mandate for the editors is that they should ensure coherence and consistency of all the recommendations when incorporating them in the updated BPM/SNA. Therefore, if the editorial teams detect any inconsistencies in the recommendations when incorporating them in the updated SNA/BPM they should present adjusted recommendations to the Committee/AEG for discussion in the form of Issue Notes (as with the Issue Notes on Debt Concessionality and on Superdividends presented to this meeting for decision).

3. Mr. Herman Smith, Chief of the National Accounts Section, United Nations Statistics Division, representing the ISWGNA, thanked the members of the AEG and the Committee for their dedication to contribute to the development of the *2025 SNA* and the *BPM7*. Further, he conveyed appreciation for the continued commitment to align the work on the SNA and BPM update and the concerted effort to resolve research issues of common interest in the most efficient way. He also acknowledged the important collaboration with the government finance statistics, monetary and financial statistics, SEEA, Classifications, Labor statistics, and accounting communities, and noted the excellent progress made by the task teams in finalizing the guidance notes and their recommendations to be included in the updated SNA and BPM. Mr. Smith noted that the AEG and the Committee still need to deal with some thorny issues such as those related to crypto assets and issues that may arise in the context of the coherence and consistency of the recommendations. He highlighted that the update process is now entering a new phase namely the editorial process to incorporate the new recommendations in the SNA and BPM and expressed appreciation for the excellent cooperative spirit between the SNA and BPM editorial teams who made good progress with the development of the annotated outlines of several chapters of the updated SNA and BPM. In closing, he mentioned that the outreach programs to inform countries about the update process and the plans to embark on a programme of early implementation through experimental estimates are progressing as planned.

BOPCOM 22/05; SNA/M4.22/15 – THE RECORDING OF FUNGIBLE CRYPTO ASSETS IN MACROECONOMIC STATISTICS (F.18)

Topics Presented for Discussion

4. An earlier version of this GN was discussed at the joint AEG/Committee meeting in March 2022, and there was full agreement on the typology of crypto assets and the treatment of crypto assets with corresponding liability. However, no consensus was reached on the treatment of crypto assets without corresponding liability designed to act as a general medium of exchange (CAWLM) and those designed to act as medium of exchange within a platform only (CAWLP). The focus of the note and of the discussion was on the recording of CAWLM (with similar treatment to be applied to CAWLP).

5. Following the suggestions of the AEG/Committee, this updated version of the GN presents three options for the treatment of CAWLM (i.e., produced nonfinancial asset, non-produced nonfinancial asset, and financial asset).

6. This version of the GN also includes important updates related to: (i) criteria for an asset (in this case CAWLM) to be considered as a financial asset (in case of initial recording as nonfinancial asset); and (ii) the outcomes of consultation with the GFS community.

Issue 2a: Are CAWLM Financial or Nonfinancial Assets?

7. CAWLM appear to have features of both financial (designed to act as a medium of exchange) and nonfinancial assets (no corresponding liability) but do not fully meet the statistical definition of either of them. The statistical treatment of CAWLM can be approached in two different ways.

Approach 1: Treatment of CAWLM as a new type of nonfinancial asset

Approach 2: Treatment of CAWLM as a new type of financial asset

Issue 2b: How Should the Activities Related to the Creation of CAWLM be Accounted for?

8. The GN discusses two approaches on the possible creation of CAWLM.

Approach 1: Regard CAWLM as produced assets

Approach 2: Regard CAWLM as non-produced assets

9. No consensus could be reached on Issues 2a and 2b. Given the interlinkages between Issue 2a and 2b, three options have been considered for treating CAWLM. Important pros and cons of the three options are presented below. All these options require the expansion of existing asset classes.

10. Option I (produced nonfinancial assets): CAWLM are nonfinancial assets and the outcome of a production process undertaken by miners in the case of mineable coins and creators/issuers for non-mineable coins; the expenditure counterpart is capital formation by the producers. This option is:

- Consistent with the counterpart liability criterion applicable to all financial assets except monetary gold;

- Consistent with current international accounting standards and views of some regulators (including the IMF);
- Consistent with the view that only CAWLM which qualify as a medium of exchange following the criteria in Table 1 of the GN should be treated as financial assets;
- Requires an expansion of, or change to, one of the categories of produced nonfinancial assets to include this specific type of digital valuables (possibly an update to the current definition of valuables);
- Consistent with the view that CAWLM appear for the first time in the wallet of miners;
- Consistent with the view that the initial owners of the coins may not be recognized as consuming the validation services provided by miners;
- Adds to production and capital formation; and
- Leads to barter trade in case CAWLM is used as medium of exchange.

11. Option II (non-produced nonfinancial assets): CAWLM are nonfinancial assets that are "released" to the owners of existing coins via other changes in the volume of assets. They then distribute them to the new owners (e.g., the miners in case of mineable coins) in exchange for validation services.

- Consistent with the counterpart liability criterion applicable to all financial assets except monetary gold;
- Consistent with the view that only CAWLM which qualify a medium of exchange following the criteria in Table 1 should be treated as financial assets;
- Consistent with the view that miners do not actually produce coins but receive them in exchange for validation services, ensuring a consistent recording of the different types of validation (i.e., in exchange for an explicit and/or implicit fee), as well as of CAWLM regardless of the way in which they are brought into circulation (i.e., mineable versus non-mineable CAWLM);
- Requires an expansion of one of the categories of non-produced nonfinancial assets (e.g., contracts, leases, and licenses) to include this specific type of non-produced nonfinancial asset;
- Adds to production of and consumption/trade in services;
- Leads to a transaction akin to barter trade in case CAWLM is used as medium of exchange;
- Practical implementation of this treatment may require some assumptions on the counterpart of the implicit validation fee, which may pose challenges and consequently may lead to bilateral asymmetries.

12. Option III (financial assets): CAWLM are financial assets for which the creation dilutes the value of existing CAWLM. For that reason, they are recorded as being distributed by owners of existing coins to the new owners (e.g., the miners in case of mineable coins), in exchange for validation services.

- Consistent with the view that CAWLM derive value from trust that they will start acting as general medium of exchange;

- Requires an update to the definition of financial assets through an exception to the principle of counterpart liability (in addition to the exception that exists already for gold bullion held as monetary gold);
- Consistent with the view that miners do not actually produce coins but receive them in exchange for validation services, ensuring a consistent recording of the different types of validation (i.e., in exchange for an explicit and/or implicit fee) as well as of CAWLM regardless of the way in which they are brought into circulation (i.e., mineable versus non-mineable CAWLM);
- Adds to production of and consumption/trade in services;
- Holdings of CAWLM may increase the country's net financial position with the rest of the world, without any counterparty, creating an inconsistency between total financial assets and liabilities world-wide. It may also complicate the interpretation of the international investment position (IIP); and
- Practical implementation of this treatment may require some assumptions on the counterpart of the implicit validation fee, which may pose challenges and consequently may lead to bilateral asymmetries.

Outcomes of Global Consultation

13. Global Consultation results (conducted during Jan/Feb 2022, before the GN was revised to exclude a fourth option: Option IV (hybrid asset)) showed that respondents were mostly undecided (around 36 percent) about the proposed options on CAWLM and none of the four options received majority support. Option IV (hybrid asset) received support from 31 percent of respondents[1] followed by Option I (produced nonfinancial asset – 17 percent) and Option III (financial asset – 14 percent). Only one respondent supported Option II (non-produced nonfinancial asset).

Outcomes of Consultation with the GFS Community

14. The outcomes of the consultation within the GFS community (conducted during July–September 2022) showed a slight preference for classifying CAWLM as nonfinancial assets, although the responses were limited (11 responses in total). The slight majority of respondents with preference for classifying CAWLM as nonfinancial assets supported the proposal to treat them as produced nonfinancial assets (three respondents). Most respondents did not focus on the issue from the GFS perspective and did not provide GFS-specific arguments. One respondent raised a specific concern on potential impact of the classification on government net lending/net borrowing for governments transacting in crypto assets.

Summary of Discussions

15. Regarding the classification of CAWLM, the views of the members of the AEG and Committee were split between nonfinancial assets (Options 1 and 2) and financial assets (Option 3). There was a

[1] It was unanimously agreed to drop this option at the March 2022 Joint AEG/BOPCOM meeting due to the wide range of new and additional problems it would create.

broad consensus that Options 1, 2, and 3 all have advantages and disadvantages from the macroeconomic statistics perspective, and that in any case it is important to present this information in a separate category. Some members noted that classifying CAWLM as financial assets would require deciding whether such assets (which have no issuer/counterpart) should be included or not in the IIP. Data sharing was also mentioned as crucial. It was mentioned that the business accounting standards may give statisticians useful insights for the decision.

16. As a way forward, it was suggested to consult the user community to understand their preference for presenting these data (i.e., nonfinancial vs financial assets) in macroeconomic statistics. Irrespective of the classification to be adopted for CAWLM, the Committee and AEG members strongly supported collecting data on CAWLM covering their ownership, transactions, and stocks.

17. In conclusion, the SNA and BPM editors—in consultation with the members of the drafting team—were requested to work together to prepare a questionnaire on the CAWLM options and a strategy to consult the user community, with the results to be presented to the Committee and the AEG for comments and endorsement.

Actions

- The SNA and BPM editors—in consultation with the members of the drafting team—to prepare a questionnaire on the options for recording CAWLM and to develop a strategy for consultation with users to be presented to the AEG and to the Committee for comments and endorsement through written procedure.
- The SNA and BPM editors, in consultation with the members of the drafting team, to prepare an Issue Note, considering the outcomes of the user community consultation, to be presented to the Committee and the AEG for endorsement.

BOPCOM 22/07; SNA/M4.22/17 – A Holistic Assessment of the Treatment of Concessional Lending in Macroeconomic Statistics: Editors' Note (related to F.15)

Topics Presented for Discussion

18. This Issue Note follows up on the discussion on the FITT GN F.15 "Debt Concessionality" at the March 2022 joint AEG/Committee, which addresses low interest loans provided in a non-commercial context. The majority view at that meeting was to continue to record concessional loans at their face/nominal value at inception with no further imputation and continuing to record the transfer element as a memorandum item/supplementary information (Option A/A1). However, there were concerns that this would create an inconsistency with the recording of other concessional lending in the update of the *2008 SNA* and *BPM6*. This Issue Note addresses this concern.

19. *2008 SNA* discusses concessional loans in the following three cases: (i) loans provided by employers to employees at reduced, or even zero, rates of interest; (ii) loans to central banks in the form of reserve deposits below market rates/loans to central banks for the purpose of currency support at above market rates/and loans by central banks to priority industries at below market rates; and (iii) loans issued by government on concessional terms.

20. Explicit guidance is provided in the first two cases. The difference between the market interest rate and the concessional rate of interest represents a transfer element, with a recommendation to increase interest to the level of the market interest rate and to record a concomitant current transaction (compensation of employees in the first case, and taxes or subsidies in the second case).

21. No guidance is provided in the third case. It was noted that the difference between the actual interest and the market equivalent interest could be seen as providing a current transfer, but in the context of concessional loans in a non-market context, it was concluded that "… the means of incorporating the impact within the SNA and international accounts have not been fully developed, although various alternatives have been advanced. Accordingly, until the appropriate treatment of concessional debt is agreed, information on concessional debt should be provided in supplementary tables".

22. In all cases, for which the concessional element is explicitly accounted for in the *2008 SNA*, the (implicit) recommendation is to record the transfer element as a current transfer. On the other hand, para. A2.68 of *BPM6*, states the following, when discussing the recording of debt reorganization through the Paris Club and the related possibility of providing supplementary items on concessional loans: "The recording should be made as a one-off transaction at the point of loan origination equal to the difference between the nominal value of the debt and its present value (using a relevant market discount rate such as the CIRR).".

Editorial Team Proposals

23. The recommendation of the editorial teams is to never record a transfer element for concessional lending in the "central framework" of national accounts and external sector statistics, except for a very limited number of clearly defined cases. This is basically in line with Option A/A1 of GN F.15.

24. The above exceptions are limited to concessional loans provided by employers to employees, mainly because of a more accurate accounting for compensation of employees. In this respect, it is also recommended to remove the exception made for loans/deposits by central banks, as currently included in the *2008 SNA* and *GFSM 2011*.

25. Supplementary items for the transfer element included in concessional lending are compiled for concessional loans provided in a non-market context (i.e., those provided by governments, central banks, and international organizations).

26. In order to arrive at a consistent treatment of concessional loans, the transfer element will always be recorded as a continuous stream of current transfers over the relevant period of the concessional loans (Option B in GN F.15).

Summary of Discussions

27. The Committee and the AEG members mostly supported the proposal of the Issue Note to 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. As a consequence, it was also agreed to remove the exception made for loans/deposits by central banks, as currently included in the *2008 SNA* and *GFSM 2014*. The majority of members supported classifying the transfer element in the case of concessional loans provided by employers to employees as a sequence of

current transfers in the “central framework” and in the remaining cases (for supplementary tables) as capital transfers at inception. The latter recording is preferred, because the concessional element relates to an explicit policy decision to provide a lower interest rate at the start of the loan, or to change the conditions of relevant loans. Moreover, it is in line with the recommendations of the International Public Sector Accounting Standards (IPSAS).

Actions

- The SNA and BPM editors to update the Issue Note incorporating the agreements reached by the Committee and the AEG, for posting on the *BPM6/2008 SNA* update websites.
- In addition, FITT to finalize GN F.15 with an additional paragraph summarizing the outcome of the Issue Note and posted to the *BPM6/2008 SNA* update websites.
- The SNA and BPM editors to incorporate the recommended treatment into the updated version of the manuals.

BOPCOM 22/06; SNA/M4.22/16 – TREATMENT OF FACTORING TRANSACTIONS (F.14)

Topics Presented for Discussion

28. Factoring transactions are widely used in domestic and international trade as part of supply chain finance. The aim of this GN is to propose clear options for the statistical treatment of different modalities of factoring in the national accounts and external sector statistics. The recommendations in this paper apply only to cases when there is a specialized entity (financial intermediary) acting as a factor. Factoring carried out by nonfinancial parties are not within the scope of this GN.

29. The drafting team considered the following options to address the two issues discussed in the GN:

- Option 1 and Options 2.1–2.4 for the treatment of non-recourse factoring transactions and claims (Issue 1).
- Options 3.1–3.3 for the treatment of recourse factoring (Issue 2).

30. Option 1 proposes to keep the status quo and clarify that *BPM6* paragraph 3.82 on the treatment of “other accounts receivable/payable sold at a discount” is applicable to factoring. Under this option, the current *BPM6* guidance would be regarded as sufficient to properly classify factoring transactions. If Option 1 is chosen, then imputation for factors’ assets in their balance sheet should be made.

31. The following options for the non-recourse factoring are proposed to reflect different views on the treatment of income and the classification of instrument:

- Option 2.1: The factoring claim against the debtor is treated as other accounts receivable, and the factoring income as a fee paid by the supplier.
- Option 2.2: The factoring claim against the debtor is treated as other accounts receivable, and the factoring income as interest paid by the supplier.

- Option 2.3: The indirect financing by the factor to the debtor is treated as a loan, and the factoring income as an interest paid by the debtor and fees paid by the debtor and the supplier.
- Option 2.4: The indirect financing by the factor to the debtor is treated as a loan, and the factoring income as a fee paid by the supplier. This is a compromise option between Option 2.1 (the factor's income as a fee) and Option.2.3 (the factor's claim as a loan owed by the debtor).

32. The following options are proposed for the treatment of recourse factoring:

- Option 3.1: Recourse factoring is treated in the same manner as non-recourse factoring.
- Option 3.2: Recourse factoring is treated as a loan provided to the supplier.
- Option 3.3: Recourse factoring is treated as a partial outright sale of the invoices corresponding to the part beyond the recourse liability.

33. FITT rejected Option 1 as the current guidance in the manuals is not sufficient for proper recording of factoring transactions in macroeconomic statistics. It is noted that this option would also keep the inconsistency across different manuals (*BPM6, MFSMCG,* and *GFSM*).

34. For the treatment of non-recourse factoring, Option 2.1 was initially supported by all (except one) as it has some advantages compared with other options. Regarding the classification of the instrument, it follows the current treatment in the *BPM6* (other accounts receivable/payable sold at a discount).

35. For the treatment of recourse factoring, most of the drafting team members supported Option 3.1.

36. Based on the global consultation and the new arguments presented (see Section III of GN F.14), the drafting team proposes to change the recommended option from Option 2.1 to Option 2.4. The drafting team concluded that a loan recording is a better compromise in terms of current accounting, data compilation practices and conceptual considerations.

Outcomes of Global Consultation

37. Although most respondents supported Option 2.1, there was strong opposition against recording the factoring instrument as other accounts receivable/payable in the SNA and BPM as they are rather restricted to certain situations and should not accommodate an entire financial intermediation business model. The current practice in most countries is to record factoring as loans on factor's accounts in macroeconomic statistics.

Summary of Discussions

38. All the members supported rejecting Option 1 (keep the status quo) and agreed to consider other options proposed in the GN for the statistical treatment of non-recourse and recourse factoring. Most members supported Option 2.4 (treat the discount as a fee and claim on the debtors a loan) in the case of non-recourse factoring and Option 3.1 (treat the factoring the same way as non-recourse factoring) for recourse factoring. Further, the majority of members agreed that the instrument reclassification from trade credits to loans (for the original borrower) should be recorded as a transaction in the financial account.

39. A few members favored Option 2.1 for non-recourse factoring noting that loans are financial assets that are created when lending takes place directly between creditor and debtor.

40. The group recognized that conceptually the fee should reflect the difference between the market value of the claim, which would also reflect the discount related to expected provisions for losses, and the actual payments by the factor for taking over the related claims. Therefore, it was agreed that the manuals should explain the conceptually ideal treatment (as above), while recognizing that because compilers may usually not have access to all the necessary information, treating the whole difference between the nominal value of the receivable and the cash paid by the factor as a fee (as in 2.4) may be adopted as a convention.

Actions

- FITT to finalize the GN – stating the agreed recommendations for non-recourse factoring (Option 2.4) and recourse factoring (Option 3.1) – stating that the manuals should reflect the ideal conceptual treatment of the discount earned by the factor and the convention (treatment as a fee for the total difference between nominal value and cash provided) and also noting that the instrument reclassification from trade credits to loans should be recorded as a transaction in the financial account – for posting on the *BPM6/2008 SNA* update websites.

DIRECT INVESTMENT TASK TEAM (DITT)

BOPCOM 22/08; SNA/M4.22/18 – IDENTIFYING SUPERDIVIDENDS AND ESTABLISHING THE BORDERLINE BETWEEN DIVIDENDS AND WITHDRAWAL OF EQUITY IN THE CONTEXT OF DIRECT INVESTMENT: EDITORS' NOTE (RELATED TO D.17)

Topics Presented for Discussion

41. GN D.17 proposes three alternative treatments for 'superdividends' in the recording of direct investment (DI) equity income: (A1) maintain the status quo (i.e. identifying superdividends as disproportionately large compared to past levels); (A2) adopt the treatment in *ESA 2010*, which is to treat any distribution out of accumulated reserves as a superdividend; (A3) discard the concept of superdividends for DI enterprises and treat any distributions of accumulated reserves from ordinary earnings as dividends.

42. The GN was discussed in the February 2021 Committee meeting and Option A3 was recommended. According to the majority views this option best preserves the integrity of the measurement of DI income in balance of payments statistics and reduces the potential for misinterpretation of DI equity income, recognizing that the distribution of income of DI enterprises is recorded on a full accrual basis. This is because, for DI enterprises, unlike other enterprises, reinvested earnings (RIE) is also recorded as income. Furthermore, Option A3 overcomes difficulties in operationalization that may cause international inconsistencies.

43. In May 2022,[2] GN D.17 was circulated to the AEG for review to ensure consistency with national accounts. Five of six AEG members that responded to the written consultation in advance of the meetings did not support A3, preferring instead A2 for reasons of consistency with the treatment of other (super) dividends in the accounts and because of concerns about the practicality of Option A3. At the ISWGNA/task team leads meeting, it was decided that there were sufficient concerns from the AEG to warrant bringing the issue to the SNA and BPM editorial teams to recommend a way forward.

44. The Issue Note prepared by the SNA and BPM editorial teams presents five possible options for dealing with this issue:

- Option 1: Keep the definition of DI dividends unchanged, that is Option A1: retain existing treatment of superdividends in the measurement of DI equity income.
- Option 2: Adopt A3 for DI equity income and leave the treatment of superdividends unchanged for other corporations or, alternatively, adopt the *ESA 2010* treatment of dividends (option A2) for dividends payable from non-DI enterprises.
- Option 3: Adopt A2 for both DI equity income and for dividends payable from non-DI enterprises.
- Option 4: Change the treatment of dividends payable from non-DI enterprises to that proposed for DI enterprises—that is record dividends paid out of accumulated ordinary earnings as dividends for all corporations.
- Option 5: Expand the scope of RIE beyond DI enterprises. (Note this option was already considered and rejected in GN F.2).

Editorial Team Proposals

45. It is considered that Option 5 should be strongly pursued. Previous discussions on this issue have been restricted to recording RIE for all equity investments (i.e., including portfolio investments) versus keeping the recording of RIE as recommended in the current standards. It did not address the possibility of partially extending the recording of RIE, that is to (some) domestic-to-domestic DI relationships. Considering the two issues of RIE and superdividends together greatly strengthens the case for recording RIE in the core accounts.

46. While conceptually it would be desirable to extend RIE to all corporations or to domestic DI relationships, from a GFS perspective, it would involve major challenges for fiscal interpretation should RIE for public corporations be included into the core accounts at the present time, and it would make little sense to introduce RIE for private corporations in domestic DI relationships in the absence of introducing it for public corporations.

47. Therefore, it is considered that the “least worst” alternative option would be to adopt Option A3 for DI equity income and Option A2 for other equity income. While this would lead to an undesirable

[2] An initial version of the GN was circulated to the AEG in December 2020 to highlight any major issues before posting it for global consultation. In October 2020, the initial version of the GN was circulated to the FITT for their comments because the FITT, as a joint Task Team, could provide the views of both the national accounts and balance of payments communities.

inconsistency in the treatment of income, this could be justified by the fact that DI investments are treated differently in the system to other forms of equity investment, so that there is already an inconsistency.

Summary of Discussions

48. The majority of the Committee and the AEG agreed with the recommendations of the SNA and BPM editorial teams presented in the Issue Note, that is:

- To adopt Option A3 (discard the concept of superdividends and treat any distributions of accumulated reserves from ordinary earnings as dividends) for DI equity income and a treatment in line with Option A2 (the treatment in *ESA 2010*, which is to treat any distribution out of accumulated reserves as a superdividend) for other equity income, and to foreshadow in the next edition of the SNA and the BPM a possible extension of the concept of RIE to all equity positions.
- Some members did not agree with this approach noting that it would lead to an additional asymmetric treatment in macroeconomic statistics that is not present in the current manuals, which would represent a retreat from the original intention in this review process of enhancing consistency. Supporters of the editorial team's proposal acknowledged the different treatment across macroeconomic statistics that would result – A.3 for DI and A.2 for portfolio investment and domestic – which is in line with the special treatment afforded to DI equity income in the balance of payments framework.

Actions

- The SNA and BPM editors to finalize the Issue Note—stating the agreed recommendation (Option A3 for DI equity income and Option A2 for other equity income) and clarifying some practical issues raised by members during the discussion, including how the recommendation applies to corporations with less than 100 percent ownership by their foreign parent, and how the recording should be done along complex ownership chains—for posting on the *BPM6*/*2008 SNA* update websites.
- In addition, DITT to finalize GN D.17 with an additional paragraph summarizing the outcome of the Issue Note and the Committee/AEG discussion, to be posted to the *BPM6/2008 SNA* update websites.
- The SNA and BPM editors to incorporate the recommended treatment, taking into consideration the comments made by the members during the discussion, into the updated versions of the manuals.

BOPCOM 22/09; SNA/M4.22/19 – TREATMENT OF RETAINED EARNINGS (D.16)

Topics Presented for Discussion

49. An earlier version of the GN was discussed at the joint AEG/Committee meeting in October/November 2021. At that time, the Committee and the AEG asked that the paper was revised to incorporate comments received on all issues raised and by widening its scope to include the national accounts perspective in consultation with the IMF Statistics Department's Real Sector Division and sent again to the Committee and the AEG for final approval via written procedure. However, since the drafting team did not reach a consensus on the recommendation for the treatment of investment funds in the

national accounts, it was decided that this issue should be discussed in the joint meeting rather than go through written procedure.

50. The GN discusses three issues relating to reinvestment of earnings (RIE): (i) calculation of RIE; (ii) RIE treatment/classification in the direct investment (DI) ownership chain; and (iii) investment income attributable to investment fund shareholders (retained earnings). Only the third issue was discussed during the meeting since the other two issues have already been agreed.

51. Shareholders' income from investment funds is defined as investment income earned on the fund's investment portfolio after deduction of operating expenses. However, no specific guidance is provided on what should be considered operating expenses.

52. The GN proposes to clarify how those operating expenses that are indirectly charged, and constituting the operating expenses of the investment fund, should be treated in macroeconomic statistics.

53. The GN proposes three options to record indirect fees: (i) charges would be recorded as services provide by the original professional providers to the fund, and then the fund to the investor; (ii) the service would not be imputed from the investment fund to the shareholder, and the income attributable to the shareholders would be calculated as the investment income generated by the investment fund minus the operating expenses; or (iii) consider that all the costs incurred by the fund in its day-to-day operations relate to services provided directly from the original professional providers to the shareholders.

54. In the first and third options, the total income attributable to the shareholders would include an amount corresponding to the operating expenses that would not be explicitly distributed or reinvested.

55. The identification of the residency of the different agents involved (management company, investment fund, and shareholders) is needed to correctly identify and allocated exports/imports of services.

56. The DITT put forward the three options for how to treat expenses indirectly charged to the investors (discussed above) but did not make a recommendation.

57. Depending on the preferred proposal, the BPM and SNA should be updated to:

a. Clearly state that the investment fund is a separate institutional unit from the fund manager.

b. Include a clear definition of operating expenses (and revenues) regarding collective investment schemes.

c. Clarify the different implications in the recording of "indirect fees".

d. Define the output of the investment fund and imputed transactions in the SNA.

e. Clarify that "direct fees" are not operating expenses/revenues of the fund and are not included in the calculation of RIE.

Summary of Discussions

58. The majority of members rejected Option 2 (where the services would not be imputed from the investment fund to the shareholder, leading to negative value added, and the income attributable to the

shareholders would be calculated as the investment income generated by the fund minus the operating expenses).

59. Regarding the proposed options, the views of the members were split between Option 1 (charges would be recorded as services provided by the original professional providers to the fund, and then the fund to the investor) and Option 3 (consider that all the costs incurred by the fund in its day-to-day operations relate to services provided directly from the original professional providers to the shareholders).

60. Members noted that there needs to be further consideration of investment funds being institutional units and what this means for their output.

61. To allow members to further review the issues in detail, it was agreed that the GN will be circulated to the Committee and the AEG for written consultation.

Actions

- Committee and AEG secretariats to circulate the GN with questions to the Committee and the AEG for comments and approval via written procedure.

DIGITALIZATION TASK TEAM (DZTT)

BOPCOM 22/11; SNA/M4.22/21 – NON-FUNGIBLE TOKENS (DZ.10)

Topics Presented for Discussion

62. This GN discusses the recording of a specific type of crypto asset—non-fungible tokens (NFTs)—in macroeconomic statistics.

63. NFTs are digital records hosted on a blockchain that are associated with a digital or physical asset, and which may serve a functional purpose. NFTs record the rights assigned to their owner and are distinct from the associated asset or product.

64. NFTs can be categorized according to the rights conferred upon the NFT owner:

- Personal use and display rights to the associated digital or physical asset.
- Some commercial rights, or other rights beyond personal use but short of full ownership, to the associated digital or physical asset.
- Full ownership of an associated digital or physical asset.

65. For NFTs that only grant personal use and display rights (first type of NFT) of another product or asset (usually a digital valuable), the purchase of the NFT should be recorded as consumption. If, over time, an NFT becomes a valuable, it may transform into a valuable through methods already established in the SNA.

66. NFTs that grant limited commercial rights or other rights beyond personal use for another asset (e.g., rental leases, commercial rights to use IP product—second type of NFT) should be recorded as

non-produced nonfinancial assets, distinct from the associated asset or product. Specifically, these NFTs should be recorded as contracts, licenses, or leases.

67. NFTs that grant full ownership rights (third type of NFT) of an associated asset (e.g., real estate, digital valuables, other property) are essentially inseparable from the asset and are simply a digital recording of ownership. They need not be recorded as assets in the national accounts. By analogy, a household balance sheet should not record a deed to a house and the house itself as two equally valued assets; the deed merely records the ownership of the house. Similarly, NFTs that simply record consumption of goods and services (an event ticket, a membership) need not be recorded in addition to the consumption of these services. This non-recording of NFTs that convey full ownership rights assumes that one is already recording the purchases of the associated asset or product.

68. Only some NFTs meet the definition of an asset following the *2008 SNA* definition. Since some NFTs meet these criteria, the *2025 SNA* should include them in the asset boundary.

69. Regarding recording of NFTs, the GN proposes:

- **NFTs that only grant personal use and display rights:** Most of them would initially be recorded as consumption. However, if some of them may become valuable, recording them as a valuable could be considered.
- **NFTs that grant limited commercial rights:** Recorded as contracts, licenses, or leases.
- **NFTs that grant full ownership rights:** No need to record them as assets

Summary of Discussions

70. Committee and AEG members commended the drafting team for a very well drafted GN. They agreed that the GN should be circulated for global consultation, to inform the external sector statistics and national accounts communities about this important topic.

Actions

- Committee and AEG secretariats to initiate the global consultation for the GN.
- Following global consultation, the GN and the outcomes of the global consultation to be circulated to the Committee and AEG for final approval (via written procedure).

BOPCOM 22/10; SNA/M4.22/20—CLOUD COMPUTING (DZ.8)

Topics Presented for Discussion

71. This paper provides background information on cloud computing and identifies conceptual and practical issues for measurement. It does not propose to create a separate asset class for investment in cloud computing but instead provides clarifications on how to account for the use of cloud computing services and fixed capital formation of cloud computing enterprises.

72. The paper recommends definitions of cloud computing and of a broader aggregate containing computing services accessed remotely over a network. It then briefly reviews the economics of the

adoption and impact of cloud computing technology on investment and international transactions, considers the issues arising from cloud computing for the recording and measurement of purchases by the users, the output, including some of the inputs, by suppliers of these services, the measurement of prices and volumes, and the measurement of international transactions.

DEFINITION OF CLOUD COMPUTING SERVICES

73. There are a variety of definitions of cloud computing. The paper recommends one that is sufficiently broad to meet the needs of the SNA. Under this definition, software subscription services are excluded because the supplier of the service is the software publisher, not a supplier of computing services. Combined data on cloud computing and hosting services is also needed for insight into remotely accessed IT services as a phenomenon.

THE ECONOMICS OF CLOUD COMPUTING

74. Cloud computing technology is allowing on-demand services delivered over a network to replace on-premises IT equipment and software. IT capital stocks are increasingly located remotely in cloud computing datacenters, and increasingly owned by cloud computing enterprises.

75. Replacement of own-account and purchased investments by services delivered over a network tends to reduce an industry’s ratio of value added to output and could also change the industry composition of GDP. If the cloud computing services are supplied from (or to) foreign locations, trade could also be affected.

FIXED CAPITAL FORMATION OF THE USERS OF CLOUD COMPUTING SERVICES

76. Long-term contracts with a cloud computing provider for access to dedicated IT assets are likely to be treated as financial leases in business accounting. The existing SNA criteria for financial leases should be used to ascertain the economic ownership of assets subject to long-term contracts with cloud computing providers.

77. The SNA also implies that software licenses lasting more than a year are to be considered as gross fixed capital formation. Having the software hosted in a cloud computing datacenter does not change the ownership of the license as a software asset. A user of remotely accessed software may purchase a license from a software publisher as a software asset and pay separately for cloud computing services needed to utilize the software. Alternatively, if the cloud computing provider collects a single-use license fee as part of the charge for metered software-as-a-service (SaaS), the entire transaction should be treated as a purchase of cloud computing services.

78. Subscriptions from software publishers are not cloud computing or hosting services even if the publisher delivers the software via remote access over a network. Periodic software updates should be viewed as maintenance of a software asset.

79. A typical software subscription comes with a one-year license, but the licenses often renew automatically. Therefore, treatment of a one-year renewable license as equivalent to investment in software copies may be more practical than making a separate estimate of intermediate consumption of software rental services supplied by software publishers. This would also imply the consumption of fixed capital would be over a one-year life length. Business accounting guidelines capitalize the costs of

transition to cloud computing. These expenses should, in principle, be included in national accounts estimates of software investment.

FIXED CAPITAL FORMATION OF CLOUD COMPUTING ENTERPRISES

80. Cloud computing providers have rapidly expanded their stocks of IT equipment, investing in structures, networks, submarine cables, software, and R&D. While own-account investment in software and R&D is common enough for statistical agencies to have procedures in place to measure them by their cost, own-account equipment investment might be missed.

81. The treatment of investment in inter-continental and other cross-border undersea cables should be attributed to the country of residence of the owner of the cable. If shared, the investment should be allocated in proportion to ownership shares.

82. Suppliers of cloud computing services often lease the datacenter building. If the legal owner of the building bears the risks and responsibilities, the lease should be treated as an operating lease; if the cloud computing enterprise is the party that bears the risk, it should be considered a financial lease. A notional resident unit may also need to be established if the datacenter is located in a different economy from the enterprise.

PRICES AND VOLUMES OF CLOUD COMPUTING SERVICES AND SERVICES ENABLED BY CLOUD COMPUTING

83. The DZTT GN on price and volume measurement of goods and services affected by digitalization discusses measurement of prices and volumes of cloud computing services. This paper notes some practical challenges, such as the complexity of the menu of products offered by major cloud computing providers and the rise of new services in the digital economy that rely on cloud computing.

INTERNATIONAL TRANSACTIONS ASSOCIATED WITH CLOUD COMPUTING

84. The major suppliers of cloud computing services are MNEs operating in many countries. Measuring gross cross-border flows of cloud computing services may be a challenge since the services may not be produced in the country where they are consumed.

85. DZTT made the following recommendations on the above issues.

- **Definition of cloud computing:** Cloud computing services should be defined as *computing, data storage, software, and related IT services accessed remotely over a network, supplied on demand and with measured resource usage that allows charging on a pay-per-use basis.* The definition is accompanied by a discussion of the attributes of cloud computing services, including resource pooling and rapid elasticity, and of the types of services offered and modes of delivery. Additional collaboration with classification experts is also recommended.
- **Treatment of software licenses and software subscriptions:** This note clarifies that long-term licenses and subscriptions should be recorded as gross fixed capital formation by the purchaser/user regardless of whether the software is hosted in the cloud. Furthermore, subscriptions from software publishers are not included in cloud computing, even if the software is accessed over a network.

- **Investment related to cloud computing:** Although no conceptual changes are needed, the paper notes that applying the SNA and BPM principles regarding own-account production, economic ownership, and residency to cloud computing investment may involve practical compilation challenges.
- **Cross-border flows of cloud computing services:** Recommends experiments on collecting data from major cloud computing enterprises on gross flows of cross-border cloud computing services to shed light on the potential measurement challenges, and international collaboration between national accountants and experts on balance of payments statistics to develop shared guidelines on international transactions involving remotely accessed computer services providers and the global cloud computing industry.
- **Price and volume measures:** Issues related to price and volume measures of cloud services and services enabled by cloud computing should be further explored and guidance beyond the SNA should be developed.

Summary of Discussions

86. Committee and AEG members commended the drafting team for a very complete coverage of the issues related to cloud computing. They agreed that the GN should be sent for global consultation, in particular to seek views on other practical issues that are not already considered in the GN. Members suggested the global consultation could ask for input on the clarifications provided in the GN and on practical issues that compilers consider important with regard to cloud computing.

Actions

- DZTT to add questions to the GN reflecting the Committee and AEG comments for global consultation.
- Following the global consultation, the GN and the outcomes of the global consultation to be circulated to the Committee and the AEG for final approval (via written procedure).

WELL-BEING AND SUSTAINABILITY TASK TEAM (WSTT)

BOPCOM 22/12; SNA/M4.22/22 – DISTINCTION BETWEEN RECORDING A TAX, A SERVICES TRANSACTION, AND SIMILAR BOUNDARY CASES (WS.14)

Topics Presented for Discussion

87. The draft GN was presented to seek approval for global consultation. The GN discussed possible changes to the guidance on recording compulsory payments that are mandated by government as part of government policy and regulation. The following issues were presented in the guidance note:

- Payments to obtain permission to perform activities or to own or use goods/assets (Section I of the GN), such as where government seeks to exert control/regulation, or raise funds, through the issuance of non-transferable permits/licenses/certificates;

- Payments related to the use or extraction of natural resources (Section II of the GN), which include (a) delineation of rent, and (b) treatment of "contracts, leases and licenses" assets;
- Rearrangement of transactions through government accounts (Section IV of the GN).

88. The options considered are as follows:

a. Payments to obtain permission to perform activities or to own or use goods/assets:

Option 1: Status quo

Option 2: Clarify existing guidance

Option 3: Consider all payments for mandatory licenses to be taxes

Option 4: Partition payments for licenses issued as part of a regulatory function into a fee (payments for services) component and a tax component

b. Payments Related to the Use or Extraction of Natural Resources:

Option 1: Status quo

Option 2A: Clarify definition of rent

Option 2B: Clarify guidance on treatment of permits to use natural resources (where license is an asset)

Option 2C: Introduce clarifications in Options 2A and 2B

c. Rearrangement of Transactions Through Government Accounts:

Option 1: Status quo

Option 2: Develop guidelines on a limited number of scenarios where payments should (and should not) be rearranged

89. The draft GN also proposed a decision tree to guide the classification of payment to government based on existing guidance.

Summary of Discussions

90. The Committee and AEG members broadly welcomed the comprehensive presentation on the distinction between recording a tax, a service transaction and similar boundary cases in the guidance note.

91. The Committee and AEG members expressed a general preference for Option 3 (Consider all payments for mandatory licenses to be taxes) in Section I "Payments to obtain permission to perform activities or to own or use goods/assets". However, members raised concerns about the consistency with other existing manuals and requested a holistic approach to avoid discrepancies. Some Committee and AEG members expressed their preference for Option 2 (Clarify existing guidance) which seems to align better with the European System of Accounts.

92. On Section II “Payments Related to the Use or Extraction of Natural Resources” the Committee and AEG agreed to consider the treatment of these transactions both in national accounts and in balance of payments after the discussions on other GNs related to rent and natural resources are concluded.

93. The Committee and AEG members appreciated the proposal to introduce a decision tree in the guidance note. However, members underscored the need for the three criteria in the decision tree to be made clearer and for an assessment of the impact on expenditure-based GDP arising from reclassifying a tax as a service and vice versa. The decision tree would address most cases but not all cases, with the few outstanding cases requiring a case-by-case approach.

94. On Section IV, it was agreed that, in the global consultation, Option 2 will put forward a set of scenarios that would be subject to rearrangement (those that are presented in the note as examples). The questionnaire of the global consultation will also ask for additional suggested scenarios.

95. The Committee and AEG members requested that GN be revised considering the above comments before it is circulated for global consultation.

Action

- WSTT to revise the guidance note incorporating the relevant comments of the Committee/AEG and submit it to the Committee/AEG for approval, via written procedure, for global consultation.

BOPCOM 22/13; SNA/M4.22/23 – EMISSION PERMITS (WS.7)

Topics Presented for Discussion

96. The current recommendation is to record all emissions trading schemes (ETS) as taxes on production, in part because the SNA notes that these permits do not involve the use of a natural asset. This GN re-examines the issue and proposes two alternative methods of recording: (i) sales of non-produced assets or (ii) rent payable for the right to use a non-produced asset (i.e., the atmosphere, for emitting greenhouse gases). This GN has been subject to global consultation and the results of the consultation were presented to the Committee and AEG members.

Outcomes of Global Consultation

97. The Committee and AEG members noted that the global consultation revealed no clear consensus on the preferred option for recording the ETS and the difference in preferences among geographical regions and domains.

Summary of Discussions

98. The meeting was informed of the decision at the AEG meeting on 18 October 2022 to support Option 4 (Emission Permits recorded as a financial asset with taxes on production recorded at surrender) and that the authors were requested to update the guidance note to reflect the AEG’s view, to provide guidance on the recording of multinational schemes (in collaboration with the balance of payments community) and on the purchases of emission permits by non-profit organizations which do not subsequently surrender them.

Actions

- WSTT to update the GN (mentioning the decision at the AEG meeting together with the other options) and then circulate it to the Committee for their comments via written procedure.
- WSTT to circulate the revised note to the AEG and Committee for final endorsement.

BOPCOM 22/14; SNA/M4.22/24 – RECORDING OF PROVISIONS (WS.9)

Topics Presented for Discussion

99. This GN provides a holistic view on the treatment of provisions (all types including environmentally related provisions) in macroeconomic statistics and their proposed treatment and recording in the updated BPM/SNA. This GN has been subject to global consultation and the results of the consultation were presented to the AEG/Committee. The GN proposes the following recommendations:

- Include a supplementary table on provisions in the next version of the SNA
- Record the provisions as a liability without a corresponding financial asset
- Align the recording of terminal cost with the IAS 37/IPSAS 19 on recording of provisions
- Align the recording of mining future compensation with IAS 37/IPSAS 19
- Address the recording of value loss of stranded assets

Outcomes of Global Consultation

100. The results of the global consultation strongly supported the recommendations of GN.

Summary of Discussions

101. The Committee and AEG members endorsed the results of the global consultation including the recommendation to include a supplementary table on provisions in the updated SNA.

102. However, they raised concerns on the proposed approach to address the timing issue related to the recording of provisions and output (table 3b). These concerns included the inconsistency with the treatment of GFCF of other assets like building and machinery and the impact on the compilation of the SUTs. They highlighted that the inconsistencies raised need to be addressed in a holistic manner.

Action

- WSTT to revise the guidance note incorporating the relevant comments and submit it to the Committee to express their views and subsequently to the Committee and the AEG members for final endorsement by written consultation.

COMMUNICATION TASK TEAM (CMTT)

BOPCOM 22/16; SNA/M4.22/25 – TERMINOLOGY AND BRANDING OF THE ECONOMIC ACCOUNTING STATISTICAL STANDARDS (CM.2)

Topics Presented for Discussion

103. The paper reviews the current macroeconomic accounting terminology and develops the following recommendations that seek to improve users' understanding of macroeconomic statistics by using non-technical, user-friendly language:

- Align terminology across domains where relevant: e.g., align all domains on the use of *revenues* and *expenses*—replacing SNA's *resources* and *uses* convention and BPM's *debits* and *credits* convention; and implementing consistent use of the term *statistical discrepancy* across all three domains (replacing BPM's *net errors and omissions*).
- Amend the labels of some accounts for closer alignment in terminology: e.g., change the SNA *allocation of primary income account*, *secondary distribution accounts*, and *use of disposable income account* to *allocation of income account*, *transfer of income account* and *use of income account*. Corresponding changes recommended for secondary income account.
- Develop alternative terminology for users: e.g., *employees' remuneration* for *compensation of employees*, *natural resource rent* for *rent*, *depreciation* for *consumption of fixed capital*, etc.

104. An earlier version of the GN was presented to the joint AEG/Committee meeting in March 2022. This updated version, incorporating the suggestions of the AEG/Committee and global consultation, was presented for discussion and final endorsement prior to undertaking a user community testing.

Summary of Discussions

105. The Committee and AEG members broadly supported recommendations to improve users' understanding of macroeconomic statistics by using non-technical, user-friendly language. Some members suggested reviewing some of the proposed terminologies (e.g., the use of the word "genuine" in terminology related to insurance and social contribution; the use of "depreciation" rather than consumption of fixed capital; the use of "balance of overseas payments" and other terms related to credit and debit for both current account and capital account; etc.).

106. The Committee and AEG members also noted the need to test whether the proposed terminology is appropriate when translated into other languages during user testing and requested time to provide written comments on the GN.

Actions

- The GN to be circulated to the AEG/Committee for a two-week written consultation.
- The CMTT and the editorial teams will review and incorporate the comments in a revised GN which will be circulated by December 2022 to the Committee and AEG together with a questionnaire for

endorsement for testing in January 2023, after which the outcomes will be discussed at the next joint AEG/Committee meeting in the first quarter of 2023.

- The CMTT to explore the feasibility of translating the GN and questionnaire into other languages before testing.

BOPCOM 22/15; SNA/M4.22/26—AN ASSESSMENT FRAMEWORK TO MEASURE ALIGNMENT WITH THE ECONOMIC ACCOUNTING STATISTICAL STANDARDS (RESULTS OF TESTING) (CM.1)

Topics Presented for Discussion

107. The GN proposes an alignment framework that countries can use to assess the alignment of their respective statistical programs with the recommendations of economic accounting statistical standards. An earlier version of the GN was presented to the joint AEG/Committee meeting in March 2022. This updated version, which includes the results of the testing of alignment frameworks with users, was presented for discussion and final endorsement.

Outcomes of User Testing

108. The testing asked users to evaluate the SNA alignment framework results of Mexico and Costa Rica and the BPM alignment framework for three (unnamed) economies.

109. The testing surveys received 60 responses from 49 economies for both the SNA and BPM alignment frameworks.

110. User testing for both the SNA and the BPM alignment frameworks showed that the frameworks are viewed as beneficial for users to understand the alignment of an economy's national accounts and balance of payments statistics programs to the SNA and BPM standards as well as for cross country comparisons and other analytical and management benefits.

111. The respondents acknowledged the subjective assessment by compilers in completing the alignment frameworks and thus recommended using quantitative measures to present an overall score of each dimension and perhaps the framework in general.

112. Specific feedback received from users include: (i) adjusting colors for the benefit of all users; (ii) reviewing the BPM framework for missing elements; (iii) provide explanatory notes; (iv) adding new issues being discussed in the context of the SNA/BPM update; and (v) providing additional guidance to ensure consistency of the rating bands.

Summary of Discussions

113. The Committee and AEG members welcomed the alignment frameworks and congratulated the CMTT for the work. They raised concerns about (a) some ambiguities in the guidance note that can mislead users; and (b) the subjectivity of the score since the assessment was based on self-evaluation which leads to the lack of international comparability of the final results.

114. Members requested that the guidance note should (a) clarify that it did not incorporate quality dimensions; and (b) provide detailed information on the subjective questions. In response to concerns

expressed by several members, the drafting team clarified that the alignment framework does not include an overall score.

115. Some members also requested that the balance of payments alignment framework should clearly distinguish standard components from supplementary items.

116. They agreed that the guidance note should emphasize transparency and include detailed metadata for users.

117. Some members suggested that the alignment framework should incorporate other important macroeconomic statistics areas, in particular, the financial accounts.

118. The Committee and AEG members supported adding a summary of this guidance note to the international standards referring to the full document.

Action

- CMTT to revise the guidance note incorporating relevant comments and submit it to the Committee and AEG members for final endorsement by written consultation.

DRAFT ANNOTATED OUTLINES FOR SELECTED *2025 SNA* AND *BPM7* CHAPTERS

BOPCOM 22/17; SNA/M4.22/27 – KEY ISSUES IDENTIFIED IN THE WRITTEN CONSULTATION FOR SELECTED *2025 SNA* AND *BPM7* CHAPTERS

Topics Presented for Discussion

119. This presentation covers the key issues from the draft annotated outlines of the following four *BPM7/2025 SNA* chapters, based on the written consultation conducted with the AEG/Committee prior to the meeting for three of the chapters (excluding the one on Digitalization). Following the discussion and approval of the AEG/Committee, these outlines will be posted for global consultation.

SNA CHAPTER 21/BPM CHAPTER 20, COMMUNICATING THE ACCOUNTS

120. This is a new chapter to provide principles and guidelines for producers of macroeconomic statistics together with innovative approaches to improve the way those statistics are communicated.

SNA CHAPTER 22/BPM CHAPTER 16, DIGITALIZATION

121. This is a new thematic chapter to elaborate on issues related to digitalization that are touched upon or presented throughout the manuals; brings together information into one chapter to provide context.

SNA CHAPTER 23/BPM CHAPTER 15, GLOBALIZATION

122. This is a new thematic chapter to elaborate on issues related to globalization that are touched upon or presented throughout the manuals; brings together information into one chapter to provide context.

SNA CHAPTER 26/BPM CHAPTER 17, ISLAMIC FINANCE

123. This is a new chapter that presents consistent guidance to properly account for Islamic finance in the national accounts and external sector statistics.

Summary of Discussions

124. The Committee and AEG members appreciated the excellent collaboration and teamwork between the SNA and BPM update editorial teams in preparing the draft annotated outlines of the four common chapters.

125. To address concerns on the impact of thematic chapters on the size and organization of the SNA/BPM, and in order to minimize the risk of overlaps the Committee and AEG members recommended to keep these chapters short It was also noted that the digital version can provide functionalities for adding more reference material like charts, hyperlinks, boxes, and pictures. They also noted that the paper edition of the manuals can be kept shorter by including fewer references.

SNA CHAPTER 21/BPM CHAPTER 20, COMMUNICATING THE ACCOUNTS

126. Some members expressed concern about the length of its content, especially when these issues were not directly addressed in GNs and observed that adding new issues at this stage may be problematic. It was suggested that these issues could be addressed separately (e.g., through the IMF Data Quality reference site, or other existing quality frameworks and through compilation guides).

SNA CHAPTER 22/BPM CHAPTER 16, DIGITALIZATION

127. Some members noted that challenges exist in price and volume measurements.

SNA CHAPTER 23/BPM CHAPTER 15, GLOBALIZATION

128. Some members questioned the need for separate sections on multinationals and global production, as well on the separation of methodological and analytical aspects.

SNA CHAPTER 26/BPM CHAPTER 17, ISLAMIC FINANCE

129. Some members noted that this new chapter might have some impact on the central framework, for example when it comes to the definition of interest, where some modifications are needed to include elements of the Islamic Finance outline. Also, some suggested maintaining a separate section on economic ownership and presenting Islamic insurance in a separate section considering its specific characteristics. Further, it was suggested that the title of the chapter should be “Islamic Finance” (and not “Islamic Finance and Insurance”) as this is well recognized and includes within its scope Islamic insurance.

Actions

- The editorial team to circulate the annotated outline of *SNA Chapter 22/BPM Chapter 16, Digitalization* to the Committee and the AEG to express their feedback.

- The editorial teams to revise the annotated outlines based on the comments from the Committee and the AEG and post the AOs for global consultation, based on the established process.
- The editorial teams to develop "drafting instructions" to ensure homogeneous drafting styles across the chapters.