

## **COLLECTION OF STATISTICAL DATA WITHIN THE SINGLE EURO PAYMENTS AREA, ESP. FOR BALANCE OF PAYMENTS**

This note frames some issues relevant in the context of the meeting on 7 May 2007 between representatives of the European Payments Council, the European Banking Association, SWIFT and the European Central Bank (Market Infrastructure Division and External Statistics Division).

### **Background**

Balance of payments statistics are used for the preparation and communication of monetary policy. In addition, those statistics are necessary for the computation of key national indicators like the GDP or the GNI, which also play an important role in administrative processes of the EU, such as setting the contributions to the EU budget and the excessive deficit procedure.

The ECB compiles and publishes the balance of payments for the euro area by collecting information from national central banks (NCBs) in euro area countries. NCBs report to the ECB macro-economic statistics about the transactions by the residents in their countries, according to the requirements addressed in an ECB guideline, which imposes the same data reporting obligations to all NCBs. The collection of data from economic agents is done according to local arrangements, sometimes involving the national statistics institutes (NSIs). These local arrangements are defined in national laws and follow practices based on different institutional arrangements, traditions and functions.<sup>[1]</sup>

The balance of payments has been traditionally compiled from payments data. That practice has developed against the background of foreign exchange controls with cross-border payments subject to administrative authorisation. As a corollary, valuation and timing of recording of items in the balance of payments were then based on payments, whereas nowadays they are based on transactions. In the 70s and 80s, when foreign exchange controls began to weaken, many countries kept in place the reporting on cross-border payments for statistical purposes. In the majority of countries in Europe those reporting processes have been adapted for compiling the balance of payments and for other administrative purposes, such as fiscal and anti-money laundering activities. Nowadays the reports are done

electronically and are based on the IT systems of banks. However, in some countries where companies (and individuals) report directly for balance of payments, banks are nowadays responsible only for reporting their own transactions.

### 1. Which SEPA countries (EU-27+ EEA + Switzerland) have b.o.p. reporting based on payments?

The table below summarises the collection of balance of payments data in European Union countries in 2001, 2003 and 2006. The column “future” reflects plans. In all countries except those labelled “survey” payments data play a role in the balance of payments reporting. That role is heavier in those labelled ITRS/S<sup>1</sup> and lighter in those labelled ITRS/DR and “Mixed”. Apart from the EU countries, Iceland has an ITRS/DR system, while the balance of payments in Norway and Switzerland is based on surveys. The Swiss balance of payments also covers Liechtenstein.

<b>Evolution of b.o.p. collection in EU27 countries</b>				
	<b>2001</b>	<b>2003</b>	<b>2006</b>	<b>future</b>
<b>Austria</b>	ITRS/S	ITRS/S	Survey	Survey
<b>Belgium</b>	ITRS/S	ITRS/S	Survey	Survey
<b>Cyprus</b>		ITRS/S	ITRS/DR	ITRS/DR
<b>Czech Republic</b>		ITRS/S	ITRS/DR	ITRS/DR
<b>Denmark</b>	ITRS/S	ITRS/S	Survey	Survey
<b>Estonia</b>		Mixed	Mixed	Mixed
<b>Finland</b>		Survey	Survey	Survey
<b>France</b>	ITRS/DR	ITRS/DR	ITRS/DR	ITRS/DR
<b>Germany</b>	ITRS/DR	ITRS/DR	ITRS/DR	ITRS/DR
<b>Greece</b>	ITRS/S	ITRS/S	ITRS/DR	ITRS/DR
<b>Hungary</b>		ITRS/S	ITRS/S	Survey
<b>Ireland</b>	Survey	Survey	Survey	Survey
<b>Italy</b>	ITRS/S	ITRS/S	ITRS/S	Mixed
<b>Latvia</b>		Mixed	Mixed	Mixed
<b>Lithuania</b>		Survey	Survey	Survey
<b>Luxembourg</b>	Mixed	Mixed	Mixed	Mixed
<b>Malta</b>		Mixed	Survey	Survey
<b>Netherlands</b>	ITRS/S	Survey	Survey	Survey
<b>Poland</b>		ITRS/S	ITRS/S	ITRS/S
<b>Portugal</b>	ITRS/S	ITRS/DR	ITRS/DR	ITRS/DR
<b>Slovakia</b>		Mixed	Mixed	Mixed
<b>Slovenia</b>		ITRS/S	Mixed	Mixed
<b>Spain</b>	ITRS/DR	ITRS/DR	ITRS/DR	Mixed
<b>Sweden</b>	Mixed	Survey	Survey	Survey
<b>UK</b>	Survey	Survey	Survey	Survey
<b>Bulgaria</b>		Mixed	Mixed	Mixed
<b>Romania</b>		ITRS/S	ITRS/S	ITRS/S

<sup>1</sup> ITRS: International Transactions Reporting System

ITRS/S: ITRS based on Settlement data reported by banks

ITRS/DR: ITRS based on Settlement data for SMEs and Direct Reporting for larger companies

In the Netherlands, banks report regularly to the NCB the identity of the customers involved in cross-border payments so that they are included within the survey frame. Moreover, in many countries credit card companies provide aggregated data on payments from abroad.

## **2. What exact information is gathered in each country and from whom?**

In general, within the traditional collection based on payments, all payments that imply movements in accounts abroad need to be reported to the NCB. Reported data include the opening and closing balances of the accounts and the credits and debits behind the variation of balances. The reported information includes the identification of the person/company ordering the transaction, its economic classification, currency of denomination, and the country of the beneficiary. In general, the information is reported to the central bank by the bank providing payment services, except in Germany where banks only report their own transactions and companies/individuals report to the Bundesbank directly.

Information related to payments ordered by companies from their accounts abroad is reported directly to the central bank. Same as banks, companies report opening and closing balances of the accounts abroad, and the credits and debits behind the variation of balances.

In recent years, there has been a trend in European countries' statistics to rely more on information reported directly by enterprises (including banks concerning their own transactions and positions with non-residents) rather than on data reported through banks on behalf of their customers.

The prospect of an increase in the threshold for b.o.p. reporting to EUR 50,000 may induce further reflections in countries that currently rely on information on individual payments reported by banks (in some cases using specific b.o.p. codes in SWIFT messages). In this regard, it is worth noting that in certain countries information on cross-border payments is collected in databases that serve administrative processes related for example to tax collection and money laundering prevention and is used additionally for the compilation of the balance of payments statistics. In such cases, a shift away from a payments based compilation of balance of payments statistics would not reduce the reporting burden.

## **3. How is the b.o.p. information being reported via the payment systems/banks?**

The customer forms for ordering payments include fields related to balance of payments reporting; that information is stored in the banks' systems. The banks have applications that retrieve those data and provide them to the NCB under an agreed format.

A different arrangement has been put in place by some NCBs as regards Target payments, which are channelled through NCBs. For those payments, banks are including the information

required for the balance of payments within the SWIFT message. NCBs retrieve the information necessary for balance of payments from the SWIFT messages channelled through Target. Currently, countries are using different fields in the SWIFT message to include the information relevant for the balance of payments.

**4. Are there de facto, from a legal or practical point of view, restrictions on where enterprises may hold their accounts as a result of the reporting requirements in countries where the collection of b.o.p. statistics is based on payment systems?**

There is no restriction at all. As referred to in §2, in all countries the information related to payments ordered by companies from their accounts abroad is reported directly to the NCB, either separately or together with the rest of their balance of payments transactions.

While the implementation of the SEPA may intensify the use of payment services from foreign banks by large multinational corporations, in the foreseeable future this may remain less the case for SMEs operating internationally, which account for an important share of cross-border transactions. SMEs involved in cross-border transactions may be included in the reference population of the surveys once they are identified by the compilers of statistics, for which purpose, payments information is useful.

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<sup>[1]</sup> For more information see ECB publication *European Union Balance of Payments and International Investment Position Statistical Methods*, November 2005.