

VI. DEVELOPMENTS IN STATISTICS

MORE SIGNIFICANT TRENDS IN STATISTICS IN 2004

Over the years, Eesti Pank has created a well-functioning, modern, flexible, cost-effective, and internationally compatible system of collecting, processing, and disseminating financial sector and balance of payments statistics. The comprehensive and regularly updated statistics page on Eesti Pank's web site reveals the large-scale volume of the work done.

In 2004, Eesti Pank's statistics-related activities involved a merger into the committees and working groups of the ECB and the European Commission (Eurostat). Eesti Pank participated in preparing two important ECB instruments. The "ECB Report on the statistical preparedness of non-euro area EU Member States – 3rd Progress Report" evaluated the compliance of Member States' statistics with the EMU requirements. The "ECB Convergence Report 2004" evaluated the convergence of 11 non-euro area countries, including Estonia, to the EU and EMU. The contribution of the statistics departments of Eesti Pank lies in providing the relevant statistics.

In addition to expanding relationships with the European Commission and the European Central Bank, regular data dissemination and cooperation continues with the International Monetary Fund (IMF).

BANKING AND OTHER FINANCIAL STATISTICS

In banking and other financial statistics the year 2004 was filled with preparations to comply with the ECB statistics requirements. **Amendments to credit institutions' reporting requirements**, in order to ensure the necessary data for monetary financial institution balance sheet and interest rate statistics, are the most significant accomplishment. Eesti Pank was also successful in the ECB **quality control exercise of the list of monetary financial institutions**.

Eesti Pank and the Financial Supervision Authority continued close cooperation both vis-à-vis credit institutions and other financial intermediaries (investment funds, insurance companies, etc.). In 2004, two traditional meetings with the representatives of credit institutions took place, focusing primarily on the timetable for amending credit institutions' reporting, more specifically on an overview of the upcoming amendments. Representatives of the central bank and credit institutions consider such meetings essential for receiving feedback and for better general cooperation.

In 2004, Eesti Pank and the Financial Supervision Authority initiated several projects on **credit institutions' reporting**. The most important among them included amendments to the foreign currency purchase and sale report, public disclosure report of credit institutions, report on deposits guaranteed by the Guarantee

Fund, prudential ratios of credit institutions, and supplementary reports of credit institutions' balance sheet, as well as amendments to the compilation principles and submission formats of the balance sheet and income statement. The guidelines for preparing the balance sheet and income statement were amended pursuant to subsection 17 (2) of the Accounting Act stipulating that credit institutions' financial statements must be in accordance with the International Financial Reporting Standard (IFRS).

In supplementary balance sheet reporting, the identifiers necessary to comply with ECB statistics requirements were introduced. Most of the amendments rather arose from the introduction of new data subsections and specification of the wording and did not involve major changes, except amendments to the decree on prudential ratios of credit institutions, which are significant for supervision.

All the reporting amendments attempt to avoid increasing the reporting burden, if possible.

Money market funds, which belong under **Other Financial Intermediaries**, are subject to Eesti Pank Governor's Decree "Report on the residency of the owners of investment fund units". As money market funds are monetary financial institutions (MFIs), and data thereof should be included in the ECB MFI balance sheet statistics, the implementation of that report was vital for achieving compliance with the ECB statistics requirements.

The Financial Supervision Authority started to draft **investment fund reporting**, and partially also to amend the existing reports. Eesti Pank's experts participated actively in that. The main objective of the cooperation was to elaborate reports to make them meet the needs of both Eesti Pank and the Financial Supervision Authority and to avoid overloading the reporting agents with excessive reporting.

Cooperation with the Financial Supervision Authority was also close in the field of implementation of an electronic **insurance companies' data reporting** environment.

In 2004, Eesti Pank started compiling **quarterly national financial accounts**. National financial accounts represent a system of accounts, recording the stocks of financial assets and liabilities and the transactions and non-transactions related changes of different institutional sectors by the type of financial instruments. Financial accounts are essential for analysing the financial behaviour and evaluate the risks of institutional sectors and sub-sectors.

The quarterly financial accounts are a part of the ECB statistics requirements all EMU members have to comply with. Eesti Pank has been on schedule with the compliance preparations. The first quarterly financial accounts were completed by end-2004 for only internal use in Eesti Pank. As soon as the quality of data will improve and the time lag between the reporting period and financial accounts will shorten, they will be made available for the general public.

BALANCE OF PAYMENTS STATISTICS

In recent years developments in balance of payments statistics have focused on ensuring readiness for participating in the compilation of the EU and EMU balance of payments, i.e. first and foremost, on the harmonisation of methods, ensuring the availability of more detailed items and compilation of monthly balance of payments. In the balance of payments statistics, full compliance with the European Commission and ECB requirements was achieved by the accession to the EU. In the quarterly balance of payments this is reflected in a more detailed presentation of services, availability of nearly all balance of payments entry statistics by countries, and credit and debit turnovers added to the net entries of the financial accounts. The monthly balance of payments (a flash estimate of balance of payments) includes also direct investment and portfolio investment and geographical breakdown into the euro area and non-euro area balance of payments.

However, accession to the European Union also involved several problems, in particular in the external trade statistics. With the introduction of the Intrastat system – the movement of goods between the EU Member States – the collection of data on trade changed significantly. Difficulties with the implementation of the new

system had an impact on the data quality and led to substantial adjustments in the balance of payments. Due to the late arrival of the Intrastat data, they could not be used for the flash estimates of balance of payments. Alternative ways to assess the intra-Community turnover of goods were studied and several models were devised. The accession had an impact on the intra-Community tourist traffic accounting as well, since internal border crossings by EU tourists are no longer registered. Previously this data had been used to compile travel services account for the flash estimate. Together with the Statistical Office of Estonia (ESA), ways to improve border-crossing statistics under the new circumstances were studied.

Intense cooperation continued with the ECB within the project to establish the **EU Centralised Securities Database (CSDB)**. All the EU Member States participate in the project, which aims at improving the quality of portfolio investment statistics. In 2004, the first data feeds were transmitted to the ECB.

Eurostat initiated participation in the **Foreign Affiliates Statistics (FATS) pilot project**. FATS collect data on the effects of large international enterprises in different countries. As in addition to the balance of payments statistics also other indicators regarding economic activities are collected, the Statistical Office was a substantial cooperation partner.

In 2004, preparations started to launch a **web-based reporting system** of balance of payments statistics. Thus, reporting should become easier and less burdensome. As the Statistical Office implemented a similar project, it was decided that the best and most convenient solution for a reporting agent could be delivered in cooperation with ESA. Several bilateral meetings have already taken place, further efforts will be made to develop the best solution.

Pursuant to the IMF Data Quality Assessment Framework (DQAF) for balance of payments, and taking into consideration recommendations of international institutions, **Estonia's balance of payments system of quality indicators** was elaborated, considering the compliance of methodological output with the international standards, accuracy and relevance, availability and conformity.

As there is more detailed balance of payments statistics available by countries, the **output of the balance of payments statistics was reformed**. The reform comprised a regional analysis supplementing balance of payments analyses and press releases, as well as adding new tables to balance of payments country-based subaccounts on Eesti Pank's web site.

With regard to international cooperation and joint projects in the balance of payments statistics, Eesti Pank's major cooperation partner besides the ECB and the European Commission (Eurostat) is the International Monetary Fund (IMF). A Balance of Payments Technical Expert Group (BOPTTEG), including a representative from Eesti Pank, has been set up to draft the Balance of Payments Manual 6th Edition. Eesti Pank participated for the third time in the IMF Coordinated Portfolio Investment Survey (CPIS), which aims at enhancing quality in this area. Also a Survey of Country Distribution of Long-Term Securities Held as Foreign Exchange Reserve Assets (SEFER) was compiled and submitted to the IMF. For the third time Eesti Pank took part in a Survey of Implementation of Methodological Standards of Direct Investments (SIMSDI). The results are available on the IMF web site.

GENERAL ECONOMIC STATISTICS

Close cooperation in the area of general economic statistics and primarily general government financial statistics continued with the ECB. The ECB considers national central banks as competent bodies independent of the government capable of evaluating the quality of general government financial statistics and ensuring (in cooperation with the Ministry of Finance and Statistical Office) relevant statistical data to the ECB twice a year. In order to arrange the process more efficiently, several meetings were held at the Ministry of Finance,

with ESA and Eesti Pank represented. At the end of the year ESA and Eesti Pank signed an agreement stipulating the rights and obligations of the two institutions in the external trade and general government sector statistics. Together with the Ministry of Finance and the Economics Department of Eesti Pank, general government financial statistics forecast for 2004–2006 was submitted to the ECB.

Eesti Pank participated in the budgetary statistics consultation process conducted by the European Commission's (Eurostat) Monetary, Financial and Balance of Payments Statistics Committee (CMFB) to find consensus on the recording of national accounts of transfers from the EU budget to the Member States not regulated by ESA95 (transfers from the EU Structural Funds to Member States' governments and private sector).

In 2004, Eesti Pank started regular submission of various general economic statistics indicators to the ECB as well as comments on main economic indicators.