

New balance of payments benefits the business community

As from 2005, Danmarks Nationalbank and Statistics Denmark will amend the method of collecting data for the compilation of Denmark's balance of payments. The purpose is to ensure an up-to-date and reliable balance of payments and to reduce the burdens on the business community.

Today the balance of payments is compiled on the basis of Danmarks Nationalbank's payment statistics, which are based on information from the banking system on external payments to and from enterprises, etc., and on the external trade statistics (trade in goods) collected by Statistics Denmark. The amendment involves abolishing Danmarks Nationalbank's statistics and replacing them by a collection method with a total of only around 2,500 primarily large enterprises reporting data about their external transactions to Statistics Denmark and Danmarks Nationalbank. For comparison, approximately 25,000 enterprises now report data to Danmarks Nationalbank's payments statistics via the banking system.

In future, Danmarks Nationalbank will only collect data on the financial items on the balance of payments, as well as the capital balance and property income¹. Statistics Denmark will collect the remaining data for the balance of payments, i.e. external trade in goods and services, transfers, etc., cf. the description at www.dst.dk/betalingsbalance.

New compilation of the financial items, etc. on the balance of payments

To a large extent, Danmarks Nationalbank intends to base its new compilation of the financial items, etc. on the balance of payments on a number of existing financial statistics, the external dimension being included as an integral part. This applies to e.g. the monthly balance-sheet and transaction statistics for banks and mortgage-credit institutes, etc., the so-called MFI statistics and the investment-association statistics. The securities statistics, based on detailed information from VP Securities Services and the large custodian banks, will be a key source for compiling external securities statistics and will also be used to compile corporate income from and expenditure for interest and dividend on portfolio assets and liabilities.

In addition, the compilation will be based on a questionnaire survey among a number of enterprise types, mainly large enterprises. The questionnaires are structured in accordance with accounting principles and include information on holdings at the beginning of the period, transactions, value adjustments and holdings at the end of the period broken down by the following types of claims on non-residents:

¹ The financial items on the balance of payments are a statement of the capital flows between Denmark and abroad, while the capital balance is a status of Denmark's total financial assets and liabilities vis-à-vis abroad (international investment position). Denmark's property income is a statement of the income from and expenditure for interest and dividend on Denmark's financial assets and liabilities. The property income is included in the current account.

Direct investments, comprising Danish enterprises' ownership interests in foreign enterprises and non-residents' ownership interests in Danish enterprises. Direct investments are subdivided into capital contributed (equity capital) and intra-group loan accounts.

Portfolio investments, comprising Danish residents' holdings of foreign securities and non-residents' holdings of Danish securities. The portfolio investments are broken down by types of securities, e.g. shares and various types of bonds.

Derivatives, comprising Danish residents' hedging of risks on foreign accounts, e.g. hedging of interest and exchange-rate risks.

Other investments, comprising, *inter alia*, Danish banks' lending to and deposits from non-residents, Danish enterprises' loans from and deposits with foreign banks, trade credits and financial leasing.

Reporting for the financial items, etc. on the balance of payments has been included on the same form, and the built-in reconciliation in the questionnaire also offers enterprises a number of administrative advantages. Any errors can be disclosed and corrected before the report is submitted to Danmarks Nationalbank, which means that rework can be avoided.

The inclusion of the existing financial statistics means that the number of participants in the questionnaire survey can be limited, and also that the enterprises in question need not report information collected or retrieved by Danmarks Nationalbank in other ways.

Reporting methods

The enterprises will have a selection of electronic reporting options based on standard Internet technology. The electronic reporting form also allows enterprises to automate their reporting to Danmarks Nationalbank.

To support the enterprises' automation options, Danmarks Nationalbank has attached importance to, whenever possible, basing the statistical reporting on accounting terms and thus information already registered by the enterprises in their own ERP and accounting systems.

Time schedule

In recent months, Danmarks Nationalbank has discussed the content of the questionnaires with a number of large enterprises

In the period October to December 2003 the enterprises will be notified of the forthcoming restructuring of the collection of balance-of-payments data, and they will receive questionnaires with completion guidelines.

This notification will be followed by information meetings on the new data collection method until the spring of 2004.

Subsequently the enterprises are expected to perform the actual adaptation of their retrieval systems for generating the questionnaire information. During this phase, Danmarks Nationalbank will keep up a close dialogue with the enterprises. The first reporting will take place in February 2005 for data concerning January 2005.