

VI. DEVELOPMENTS IN STATISTICS

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 extent of statistics-related activities can be seen from the extensive and regularly updated statistics page on the web site of Eesti Pank as well as the attention devoted to developing the methodology of compiling statistical data in the Strategic Development Plan of Eesti Pank¹.

Like for the entire Eesti Pank, the year 2003 was also remarkable for the central bank's statistics-related activities, since cooperation with the European Central Bank became considerably tighter – meetings of existing working groups and task forces were more frequent, work was begun in the fields of general economic, government, and financial statistics. Cooperation with the EU statistical institutions no longer focuses on meeting accession requirements but rather on practical work within joint projects with the EU Member States.

Cooperation continued with Eurostat, the statistical department of the European Commission, and the International Monetary Fund.

PARTICIPATION IN THE STATISTICS DEVELOPMENT PROJECTS OF THE EUROPEAN CENTRAL BANK

The European Central Bank has a Statistics Committee with five working groups. Representatives of Eesti Pank participate in all of them. Besides regular working groups, Eesti Pank also takes part in some task forces that focus on in-depth treatment of certain subjects. In several areas the NCBs of the accession countries and the ECB practice direct cooperation. In the form of special seminars for the accession countries and bilateral consultations on issues related to ECB statistics.

One of the most important topics of discussion in 2003 was **determination of the basis for the long-term interest rate criterion**. Nominal convergence, i.e. meeting the Maastricht criteria is one of the prerequisites for joining the Economic and Monetary Union, with one of the criterion being the long-term interest rate criterion². As a rule, interest rates should be measured in terms of long-term government bonds or other comparable securities.

¹ See the Strategic Development Plan of Eesti Pank for 2004–2006, IV, 17.

² Long-term interest rates may not exceed the average interest rates of three EU countries with the lowest inflation, plus two percentage points.

Since Estonia has no government bond market, the most suitable replacement had to be found. Together with the ECB the possibility was discussed to base the long-term interest rate criterion on the interest rate calculated from the monthly turnover of the non-financial sector loans denominated in Estonian kroons with maturities over five years. The final decision on Estonian long-term interest rate criterion will be made in the first half of 2004.

In 2003, preparations were launched for **automated exchange of the list of monetary financial institutions (MFI) with the ECB**. The definition of MFIs has great importance with regard to the statistics collected by the ECB. In order to guarantee that the whole Europe understands which institutions are MFIs, the ECB compiles and publishes their list on its website. If necessary, the list is updated and adjusted every day. At the beginning of 2003 the ECB launched a project, which allows automated exchange of information on changes in the MFI list. Members of the European System of Central Banks as well as the accession countries participated in a year-long testing of the system. Eesti Pank passed the tests successfully. The system will become fully functional for the accession countries on 1 May 2004.

In recent years, the main objective of developing the balance of payments statistics has been guaranteeing readiness for participation in the drawing up of the EU and EMU balance of payments, which, first of all, means harmonisation of methodology, releasing more detailed data, and compiling monthly balances of payments. As a result of improvements in the system of collecting balance of payments statistics in 2003, the balance of payments statistics has become more representative and meets the Eurostat and ECB standards. In accordance with the methodological improvements, new quarterly report formats for enterprises have been developed, and the 1994 system of foreign transaction reports was reformed in order to make it more customer-friendly. Thanks to these improvements, the monthly balance of payments fully corresponds to the ECB requirements starting from 2004: additional items as well as a breakdown by countries have been included.

In 2003, a **central database of EU securities was launched**. The project covers all current and future EU Member States and is aimed at raising the quality of the statistics on portfolio investments. Eesti Pank has appointed its representative to the working group engaged in setting up the database.

General economic statistics and **government sector financial statistics** were completely new areas of cooperation with the ECB. The ECB sees NCBs as competent institutions independent of the government, capable of evaluating the quality of the government sector financial statistics and guaranteeing that the respective data is sent to the ECB twice a year in cooperation with the Ministry of Finance and the national Statistical Office. As to general economic statistics, mutual exchange of economic statistics data and their release calendars has begun between the ECB and the NCBs of the accession countries, including Eesti Pank.

BANKING AND OTHER FINANCIAL STATISTICS

Eesti Pank and the Financial Supervision Authority work closely in developing and improving reporting by credit institutions. Smooth application of improvements means that credit institutions must be regularly informed of the nature and time schedule of the planned changes. At the beginning of 2003, a **schedule of planned changes in credit institutions reporting** was introduced, which provides regular and sufficiently forewarning information on changes planned in reporting over the next year. This document is updated twice a year – in 2003 this was done in February and September. Before approving any changes in reporting procedures the plans are usually discussed with representatives of credit institutions.

The two major projects in the area of credit institutions reporting initiated by Eesti Pank concerned **updating of payment statistics reporting** and **testing of transaction and non-transaction financial flows reporting and introduction of regular reporting**.

Improvements in the payment statistics reporting concern extension of the payment instruments list, a more precise description of transactions, addition of bank card types, introduction of the term 'mobile payments',

etc. During the period of testing the new reporting format of transaction and non-transaction financial flows, problems were specified and corresponding adjustments were made in the instructions. The regular reporting introduced in 2004 is in conformity with the ECB requirements³ as well as the needs of the IMF.

Since the end of 1998, Eesti Pank collects data from the members of the Estonian Leasing Association. The respective reporting forms date from the same year. In the meantime, however, the leasing market has developed robustly, and therefore it was decided to modernize **reporting of leasing companies**. Major changes were introduced in the balance sheet and profit and loss account reporting forms with the aim of making the formats analytically more user-friendly. Extensive changes were also introduced in the structure of entries. In other reports, the list of leasing objects was updated, the option of differentiating property development projects from other real estate related leasing was added, etc. Data transmission based on the renewed reporting forms started at the end of September. In accordance with these changes, the tables on the Eesti Pank website as well as the tables sent to leasing companies as feedback were also updated.

BALANCE OF PAYMENTS STATISTICS

Several important changes were introduced in the balance of payments statistics reporting in 2003.

These increased the information value and reliability of Estonian balance of payments statistics and created prerequisites for Estonia's participation in compiling the EU balance of payments. These steps also created better prerequisites for analysis and decision making on the corporate, state, and international levels.

The first change concerned the **threshold of declaring international payments**. While so far the resident originator of a payment and the resident recipient of a payment had to declare all international payments over 100,000 kroons or the equivalent in foreign currency, then **from 1 June 2003 the threshold of declaring was set at 200,000 kroons**. Declaration means that the payment is given a transaction code, and the residency of the transaction counterparty is determined.

Another change concerned the **balance of payments questionnaires for enterprises**. Although the main entries of these forms remained the same, their degree of detail was increased. The major changes included the introduction of a regional breakdown across all entries, a more detailed balance of services, and the addition of credit and debit turnovers to the net entries of the financial account.

These changes became possible thanks to the successful introduction of the Balance of Payments Financial Accounts, Transactions, and Stocks System (BOPFACTS). The system was received from the Statistical Office of New Zealand and its introduction took three years.

With regard to international cooperation and joint projects in the balance of payments statistics, Eesti Pank's major cooperation partners besides the ECB are Eurostat and the IMF. Starting from 2003, Eesti Pank compiles and publishes the quarterly national external debt template elaborated by the IMF in the framework of the Special Data Dissemination Standard (SDDS). For the second time, Eesti Pank participated in an international portfolio investments survey coordinated by the IMF, aimed at improving the quality of statistics in this area. Eesti Pank also took part in a pilot project on direct investments statistics organized by Eurostat, which was aimed at evaluating the correspondence of statistics methodology of the accession countries to international standards. Estonian methodology received high marks.

³ Requirements are set out in Regulation (EC) No 2423/2001 of the European Central Bank of 22 November 2001 concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2001/13).