

DEVELOPMENTS IN STATISTICS

An effective system for collecting, processing and publishing statistical data is necessary as an input for monetary policy analysis as well as for assessing the developments and risks of the financial sector and the Estonian external sector. Eesti Pank's key fields in statistics are the compilation and analysis of the balance of payments, international investment position and monetary and financial statistics. Over the years, Eesti Pank has created a well-functioning, up-to-date, flexible and internationally compatible system of collecting, processing, and publishing financial sector and balance of payments statistics. The comprehensive and regularly updated statistics site on Eesti Pank's web site, which contains about 400 tables of various statistical data, makes the data compiled by the bank available to everyone.

As regards statistics, the central bank proceeds from the principles of efficiency and economic use of resources. To this end, Eesti Pank cooperates with other data collecting state agencies, such as the Financial Supervision Authority, the Ministry of Finance, Statistics Estonia, etc. One of the cooperation objectives is to avoid double data collection and secure maximum data consistency.

In order to guarantee the international comparability of published statistics, data collection methods are elaborated and aggregated data compiled and published relying on international standards and guidelines. In this area our primary cooperation partners are the European Central Bank, the European Commission and the International Monetary Fund.

Banking and other financial statistics

2006 saw further gradual integration with the European System of Central Banks (ESCB) with regard to banking and financial statistics. This is confirmed both by the **increasing volume of statistical data submitted to the ECB** as well as the **conclusions drawn by the ECB mission that evaluated the level of Eesti Pank's financial statistics** in spring 2006. To this end, the com-

pliance of the banking and financial statistics submitted by Eesti Pank with the ECB methodology was studied. The mission also assessed the central bank's readiness to fulfil additional statistics requirements, which become mandatory after Estonia's accession to the monetary union, and found it to be high.

Daily cooperation with the ECB in statistics indicated a clear trend towards involving non-euro area countries, incl. Estonia more frequently in the discussions and studies of the ESCB regarding statistics. For instance, as a member of the ECB statistics working group on monetary and financial institutions and financial markets, Eesti Pank has had the opportunity to engage in **preparing amendments to legislation** concerning statistical reports collected from monetary financial institutions (MFI). In the second half of 2006, Eesti Pank participated in several studies aimed at gathering information on the significance of new data requests specified by consumers and the justification of costs related to the collection of such data. The preparation of amendments to the statistics regulations of monetary financial institutions continues in 2007.

According to the European Central Bank's schedule, **Eesti Pank updated the set of regularly forwarded data**. In the second half of 2006, Eesti Pank started submitting quarterly data on other financial institutions (investment funds, leasing companies) to the ECB. The increasing volume of submitted data also required improvements in the IT applications used for compiling the data. Meanwhile, the quality of submitted data was further improved.

In 2006, Eesti Pank continued developing the system for compiling **quarterly national financial accounts** that was initiated in 2004. The aim was to make quarterly financial accounts ready for publication by the end of 2006. This goal was successfully achieved and they were first published in January 2007. Moreover, a special issue of the central bank's quarterly *The Kroon & Economy* was

dedicated to national accounts and financial accounts to explain this issue in greater detail. January 2007 witnessed also the first submission of data on quarterly financial accounts to the ECB. In recent years, financial accounts have become an increasingly important source of information for the preparation of economic policy analyses in several countries. As financial accounts enable to make detailed analyses of the financial status of various economic sectors, they are a useful tool for forecasting economic development. Furthermore, analysis of financial accounts helps estimate the vulnerability of economic entities to interest rate or income changes and their financial behaviour resulting from any economic policy decision.

Eesti Pank is participating in the project of compiling and publishing **Financial Soundness Indicators** (FSI) initiated and coordinated by the International Monetary Fund (IMF). The project was launched at the beginning of 2004 in order to collect and publish comparable data on the financial soundness of the MFIs of various countries in a common format. The first financial soundness indicators on Estonia according to the FSI methodology were compiled in 2006 and submitted to the IMF. In addition to the indicators, metadata explaining the essence and specific compilation methods of FSI were included.

Regular annual **meetings on reporting** between the representatives of reporting entities, Eesti Pank and the Financial Supervision Authority continued also in 2006. As the year passed without significant changes for reporting entities, the discussions mainly focused on the changes scheduled for two forthcoming years and encompassing a large share of the existing reporting system.

Besides smaller updates in the financial statistics published on Eesti Pank's website, two major changes were made. As of May, more detailed information is provided on the interest rates on loans granted in euro or related to the euro. While to date, Eesti Pank published statistical data on the interest rates on euro loans only by maturity ranges, now

the breakdown of customers was added as well. The other major change was related to Eesti Pank's accession to the Trans-European Automated Real-Time Express Transfer system TARGET, due to which the tables reflecting payment data became more specific.

Balance of payments statistics

The main objectives for 2006 included improving the quality of initial data, intensifying cooperation with reporting agents and developing a web-based reporting channel.

The most important source of input data for the balance of payments statistics is the **survey system for companies**. In order to ensure fast and flexible data exchange for reporting entities, Eesti Pank developed an **online environment for compiling and submitting balance of payments reports** in 2006. The web portal became operational in January 2007.

The collection of operational preliminary data for monthly balance of payments statistics is based on the **settlements system**. As in 2006 banks could start making international express transfers via the TARGET system, proposals were elaborated for amending Eesti Pank's "Procedure for the declaration of international payments and submission of data required for the balance of payments statistics" approved by Eesti Pank Governor's Decree, so that the data submitted for the balance of payments would also include transactions processed via TARGET.

A significant share of the balance of payments' initial data originates from **administrative sources** (foreign trade, tourism statistics, general government statistics, etc.). Cooperation with government agencies that collect and administer such data (Statistics Estonia, Tax and Customs Board, Ministry of Finance, Unemployment Insurance Fund, etc.) went smoothly. In the area of collecting initial balance of payments data, the most important partner of Eesti Pank from among government

agencies is **Statistics Estonia** with whom several bottlenecks were solved in 2006. For instance, the current account data of the balance of payments for 2000–2003 were integrated into the system of supply and use tables compiled by Statistics Estonia¹. According to the revised data and methodological corrections received from Statistics Estonia, Eesti Pank adjusted the accounts of goods, transport services, government services, and transfers. Eesti Pank and Statistics Estonia also agreed upon the data structure for the exchange of quarterly non-financial accounts and annual financial accounts. Intense cooperation in the field of foreign trade statistics raised the question of insufficient statistical data coverage in some fields. Exporters/importers have introduced several new schemes (transactions in free zones and excise warehouses, processing of goods, etc.). In order to solve the problems, specialists from Statistics Estonia, the Tax and Customs Board, the Ministry of Finance and Eesti Pank came together at the end of 2006 to discuss how such schemes should be reflected in statistics. Several solutions were found and work continues in 2007.

The inter-agency **pilot project of sample surveys for border crossers**, where also Statistics Estonia and the Ministry of Economic Affairs are participating besides Eesti Pank, was launched in 2006 and continues in 2007. The central bank expects the estimates derived from the survey to indicate the total number and country of origin of border crossers leaving Estonia.

Another important issue raised in 2006 was the improvement of balance of payments statistics with respect to **households**. Some topics of interest include the purchase of goods and services via the Internet; the purchase, sale and renting of real estate; money transfers and labour compensations; financial investment (shares and other equity, de-

posits) made abroad by households without domestic intermediation, etc. Eesti Pank has started negotiations with Statistics Estonia on adding questions concerning households' foreign investment to the surveys conducted by Statistics Estonia. In cooperation with the **Land Board**, Eesti Pank continued to find opportunities for the regular estimation of the total volume of real estate owned by non-residents in Estonia on the basis of information provided by the databases of the Land Board and the Centre of Registers and Infosystems of the Ministry of Justice. Data exchange with the **Tax Board** enabled to estimate the wage expenditure of foreign embassies in Estonia with respect to resident employees and the taxes calculated on those wages. Information was also retrieved concerning wage costs on residents borne by non-resident companies operating in Estonia.

Eesti Pank participated in several **international statistics projects** (e.g. the Centralised Securities Database project initiated by the ECB; the IMF's survey on portfolio investment; the elaboration of an European Commission regulation on the collection of statistics of foreign-controlled subsidiaries). The follow-up assessment of the 2005 **GDP-GNI project** (external sector's income account) was carried out in cooperation with the European Commission, which entailed the specification of Estonia's inventory report (the report evaluated the calculation methodology of the gross national income and the reliability of the data). Also, cooperation in the IMF working group BOPTTEG on the elaboration of **the new manual on the balance of payments statistics** continued.

In 2006, the quality of statistical outputs was repeatedly checked. Eesti Pank participated in a large-scale **pilot project on the assessment of balance of payments statistics**, where the

¹ The supply and use tables are matrixes (rows of products and columns of economic sectors) that show how the output of an economic sector is divided by product types and how the domestic supply and imports of goods and services is distributed between intermediate and final consumption and exports. Use tables also reveal the structure of production costs and the formation of profit by economic branches.



2004–2005 balance of payments and the annual international investment position were examined. The quality of the Estonian balance of payments is good – later revisions have generally remained within acceptable limits. Together with Statistics Estonia, Eesti Pank also took part in another Eurostat study on **data discrepancies between GDP's external sector account and balance of payments**. Besides submitting statistical data, the participants were required to answer questions concerning methodology, including the recording of components, use of data sources, etc.

General economic statistics

Close cooperation continued with the ECB in the field of general economic statistics. Eesti Pank participated in compiling the **ECB's Convergence Report 2006** and the **5th progress report on the statistical readiness of the non-euro area EU Member States**.

In October 2006, Eesti Pank took part in the project on the **evaluation of resource costs related to the statistical function** carried out to determine the human resources necessary for the implementation of the ECB's statistical function. Questions included the organisational structure applied for fulfilling the statistical function, resource costs in various statistics areas (bank statistics, interests, balance of payments and investment position, central bank's balance sheet, loans, payments statistics, financial accounts and IT applications used for collecting and processing statistical data), separately identifying costs on data collection, the compilation and dissemination of statistics, development activities, IT etc. Moreover, costs related to the services outsourced for fulfilling the statistics function had to be evaluated (whether in money or in fulltime jobs).