SELECTED STATISTICS WITHIN THE HARMONIZATION PROCESS – EVALUATION OF THEIR CURRENT DEVELOPMENT AND MID-TERM OUTLOOK

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The National Bank of Slovakia collects, compiles and publishes various types of statistics, the main purpose of which is to support the implementation of monetary policy and financial stability. Following Slovakia's accession to the European Union, and based on systematic preparations made in the preceding years, the NBS compiles and publishes harmonized statistics in accordance with the requirements of the European Central Bank (ECB). As regards the mid-term outlook in statistics, the NBS will assist in harmonization activities aimed at meeting the requirements of the ECB, other EU institutions, as well as various international institutions.

Current development

Monetary and banking statistics

The transition from a national methodology for monetary and banking statistics to the harmonized methodology of the ECB traces its preparation back to 2002.

During 2003, this process centred on a new concept for compiling balance sheet statistics for the institutional sector of monetary financial institutions (the central bank, banks and branches of foreign banks, money market mutual funds), monetary aggregates, and the M3 aggregate's counterparty items. To this end, it was necessary to change both the structure of the reported financial instruments, and the methodology of the source reports from which status data on the banking sector is compiled. Data on balance sheet statistics for money market mutual funds have been reported since 2004, as have the data for central government (State Treasury), thus completing the harmonization of statistics for the compilation of the monetary aggregate M3. The reporting of data on financial non-transactions (revaluations, write-offs/write-downs of loans, reclassifications) has been introduced for the compiling of balance-sheet flow statistics (such as net transactions), and beginning in 2005 the year-on-year growth rate for selected items of the monetary survey is calculated in accordance with the ECB methodology.

For the purpose of compiling statistical balance sheets, updating is carried out on the register of resident monetary financial institutions (MFIs) that are reporting entities.

As regards the compilation of interest rate statistics for the banking sector, the harmonization process was completed during the course of 2004 and 2005 by incorporating the requirements for status data, the reporting of so-called new transactions arising from deposits made and credits provided, as well as the methods used to calculate interest rates (arranged annual, cost). Particular categories of financial instruments have already been adapted to the product innovations on the banking market.

Balance sheet statistics for other financial intermediaries have been provided since 2004, compiled for individual resident mutual funds (share, bond and mixed funds, and funds of funds). Preparations are also underway to extend reporting so that it covers companies providing financial leasing, hire purchase and factoring. The first data for this sector will be available during 2006.

For the purpose of examining convergence, the NBS has cooperated with the Bratislava Stock Exchange and the Central Securities Depositary to introduce statistical reporting of long-term interest rates for representative long-term government bonds, as well as statistics on activities in the primary and secondary market.

The mutual correlation and usability of monetary and banking statistics with other types of statistics is most clearly shown by the fact that data for balance sheet statistics are employed not only for compiling the monetary survey, but also as bases for compiling quarterly financial account statistics and for ensuring the calculation of mandatory minimum reserves, bank development statistics, financial stability (prudence analyses), balance of payment statistics, structural statistical indicators, and payment system statistics.

In accordance with ECB and Eurostat requirements for observance of the conceptual bases of monetary statistics, the harmonization of reporting for the central bank and other monetary and financial institutions was successfully carried out during the course of 2005. The

presentation and accessibility of the data was expanded both on the website and in publications.

Quarterly financial accounts statistics

The field of statistics has recently seen increasing emphasis placed on compiling quarterly financial accounts (QFAs) for Slovakia, broken down according to sectors. Together with the quarterly non-financial accounts, the QFAs should provide a future framework for analysing the link between the financial and non-financial development of the economy and also, relatedly, for analysing the transmission channels of monetary policy.

The reporting required for QFAs compilation is based on the so-called "seven sector approach", in accordance with the ESA95 methodology. Under this approach, individual sectors are grouped into three main economic areas: non-financial sectors (general government, non-financial corporations, households – including non profit institutions serving households), financial sectors (central bank, other monetary financial institutions, other financial intermediaries, auxiliary financial institutions, insurance corporations and pension funds), and the rest of the world. The financial links between individual economic sectors are presented in the QFAs through seven core financial instruments: monetary gold and Special Drawing Rights (SDRs), currency in circulation and deposits, securities other than shares, loans, shares and other equity, insurance technical reserves, and other accounts receivable/payable. As regards the collecting of data for non-financial sectors, it is mainly the responsibility of the Statistical Office of the Slovak Republic (ŠÚ SR). Preparations for the compilation of QFAs for the general government sector were completed in 2005, and the first item of data was sent to the ECB and Eurostat in the first quarter of 2006. In 2005, the SÚ SR was in its second year of collecting data for non-financial corporations on the basis of a sample survey on a selected group of financial instruments; the first evaluation of the results should have been carried out in the first half of 2006. The most problematic sector so far has been households; in this area, the collection of data for QFAs is carried out solely on the basis of sample surveys designed to monitor the structure of household consumption. The view for now is that the data for this sector will probably be collected on a residual basis.

The NBS bears primary responsibility for the collection of statistical data on financial sectors.

In accordance with the requirements for compiling QFAs, quarterly data for the sector of insurance corporations and pension funds was provided for the first time in 2005, on the basis of cooperation between the NBS and the Financial Market Authority (ÚFT).

Mid-term outlook

As regards monetary and banking statistics, the reporting of data on deposits and credits in their nominal value will continue in order to comply with the bases of monetary statistics, and regardless of whether International Financial Reporting Standards are applied. During the course of 2007, it will be necessary to ensure the reporting of balance sheet and interest rate statistics for the monetary financial institutions sector in accordance with the draft amendment to the ECB regulation.

The reporting of financial instruments within balance-sheet flow statistics will need to be expanded to include data from the internal database based on the principle "security-by-security". It is expected that ECB requirements for statistics of issued securities will be widened.

In terms of having to ensure full coverage and provision of QFAs in accordance with ECB and Eurostat requirements, a number of challenges face the NBS and other relevant institutions (ŠÚ SR, the Ministry of Finance, the Tax Directorate, and others), in regard to both sectoral coverage and the coverage of financial instruments.

In the area of non-financial corporation statistics, it will be necessary to revise the selective sample of entrepreneurs and available financial instruments, and to propose alternatives for estimating missing data in order to integrate the data reported by non-financial corporations with counterparty reports. As far as the rest of the world sector is concerned, it will be important to define in clear terms the data basis on which data is collected since, depending upon the financial instrument, several available data sources will be used (e.g. balance of payments data, international investment positions, the "security-by-security" database, and so on).

In regard to the QFA concept itself, procedures will soon be elaborated for the collection of flow indicators that represent the movement of financial instruments between individual sectors in particular quarters. The said cash-flow data provides key information not only about the investment decisions taken in individual economic sectors, but also about the price development of given financial instruments and the effect of exchange rate fluctuations on the value of investments.

As Slovakia approaches entry into the euro area and the entailing fulfilment of the convergence criteria for economic development, ever more emphasis will be placed on the need to ensure fully harmonized statistical data that credibly describe the economic development in Slovakia. The work of the NBS statistical department will remain subordinated to this goal.