

# MIP Quality Reporting Template for Financial Accounts as provided by Belgium (National Bank of Belgium)

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## A. INSTITUTIONAL ENVIRONMENT

### A.1 *CoP1 Professional independence / PCI Professional independence*

#### A.1.1 Legal basis

The National Bank of Belgium is responsible for producing the annual and the quarterly financial accounts in Belgium. The independence of the National Bank of Belgium is provided for by the Law of 22 February 1998 establishing the Organic Statute of the Nationale Bank van België/Banque Nationale de Belgique. The independence of the NBB, in its capacity as a member of the ESCB, is further emphasized in Article 130 of the EU Treaty and Article 7 of the Statute of the ESCB and of the ECB, which stipulate that “*when exercising the powers and carrying out the tasks and duties conferred upon them..., neither the ECB nor a national central bank nor any member of their decision making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision making bodies of the ECB or of the national central banks in the performance of their tasks.*”

#### A.1.2 Statistics work programme

The National Bank of Belgium has a statistical work programme, that is not made public. National financial accounts work programmes are principally guided, at the European level, by the work programmes of both

(i) Eurostat - ESTAT Annual Work Programme 2017, under Detailed Objective [04.1] Macroeconomic accounts, Activity Code [438] which outlines the objective – “Quarterly and annual National Accounts: Compliance monitoring and quality: Annual assessment of Member States' compliance with the transmission legal requirements, accompanied by regular checks of transmitted data and irregular country visits.”

<http://ec.europa.eu/eurostat/web/ess/-/the-european-statistics-annual-work-programme-20-1>

(ii) ECB – From a quarterly perspective the work programme for quarterly financial accounts is determined by the Working Group on Financial Accounts (WG FA) operating under a mandate from the ECB Statistics Committee (STC). This programme is reviewed and updated annually. For the ESCB Statistics work programme see:

<https://www.ecb.europa.eu/stats/pdf/2017escbstatisticsworkprogramme.en.pdf>

### A.2 *CoP2 Mandate for data collection/PC2 Mandate for data collection*

#### A.2.1 Allocation of responsibilities

Both the annual and quarterly financial accounts are produced by the National Bank of Belgium.

#### A.2.2 Legal basis

The annual financial accounts have to be compiled and transmitted to Eurostat by the Member States according to the Regulation 549/2013 of the European Parliament and of the Council. The responsibility of the NBB regarding the compilation of the financial accounts is specified in art.109

§3 of the Law of 21 December 1994 establishing the Instituut voor Nationale Rekeningen/Institut des Comptes Nationaux. Moreover, the NBB, as part of the ESCB, is allocated the task by the Council Regulation 2533/98 to collect statistical information necessary to fulfil the tasks of the ESCB, such as the requirement to have comprehensive and reliable quarterly financial accounts, as stated in the Guideline ECB/2013/24.

### A.3 *CoP6 Impartiality and objectivity / PC6 Impartiality and objectivity*

#### A.3.1 Advance release calendar

A release calendar for the quarterly publication of the national financial accounts is available on the website of the NBB: <https://www.nbb.be/en/statistics/general/calendar>. In general the quarterly financial accounts are published at t+104days.

#### A.3.2 Revision policy

From October 2017 the revision policy of the Belgian financial accounts data will be fully in line with the recommendations of the CMFB. This revision policy will be applied to both the annual and the quarterly financial accounts. Nevertheless some primary sources might have a different revision calendar which might cause discrepancies between the financial accounts and its primary sources. Major methodological changes, such as the implementation of the new ESA 2010, are accompanied by more specific explanations and are communicated separately to the users (e.g. <https://www.nbb.be/en/statistics/nationalregional-accounts/esa-2010>). The next benchmark revision for national accounts in general is scheduled for 2019.

## **B. STATISTICAL PROCESSES**

### B.1 *CoP7 Sound methodology / PC7 Sound methodology*

#### B.1.1 General remarks

The financial accounts in Belgium are compiled in accordance with the methodology of the European system of national and regional accounts (ESA 2010). The methodology is furthermore described in various documents available on the website of the NBB: <https://www.nbb.be/en/statistics/financial-accounts/methodology>.

#### B.1.2 Residency and territory

In the compilation of the financial accounts residency and territory are compliant with the definitions in ESA 2010.

#### B.1.3 Institutional unit definition

In the compilation of the financial accounts the definition of institutional unit is compliant with the definitions in ESA 2010.

#### B.1.4 Sectorisation & sector delimitation

In the compilation of the financial accounts the sector definition and delimitation are compliant with the definitions in ESA 2010. Regarding the identification of holding companies and head offices, a methodology was developed based on the outcome of the ECB-Eurostat-OECD Task Force on head offices, holding companies and special purpose entities (SPEs).

#### B.1.5 Instrument identification

In the compilation of the financial accounts the definitions of the financial instruments are compliant with the definitions in ESA 2010.

#### B.1.6 Valuation, including derivation of transactions and other flows

Transactions are valued at the price at which they occur. The outstanding amounts of financial assets and liabilities are valued at current prices and shown for the same value under assets and liabilities. Outstanding deposits, loans and other accounts receivable/payable are recorded at their nominal value as defined by ESA 2010. Listed securities, i.e. bonds, listed shares and investment funds, appear at their market value. For unlisted shares and other equity the market valuation is estimated with reference to the value of the own funds at book value. This method is consistent with IIP-statistics.

#### B.1.7 Time of recording (accrual accounting)

Interests accrued are recorded with the financial asset or liability on which they accrue.

#### B.1.8 Coverage gaps

Coverage gaps in the financial accounts are of minor importance. This might occur for instruments/sectors where primary sources are not available and at the same time the relevance of the data is marginal. For example, loans from households to households are not recorded.

#### B.1.9 Non-consolidation/Consolidation at sectoral level – As required under the ESA 2010 Transmission programme (Tables 6 and 7)

The NBB is able to report the consolidated and non-consolidated data of the financial accounts. Both are derived from the same database. The database is conceived as a full who-to-whom matrix, which allows for the calculation of the consolidated data for each financial instrument and each institutional sector.

Table 6 and 7 transmitted to Eurostat are fully consistent with the ESA 2010 Transmission programme in terms of requested series (consolidated / non-consolidated) and their corresponding time span (from 1995 onwards).

#### B.1.10 Specific issues for instruments covered by MIP indicators

There are no major issues for the instruments covered by the private sector debt, private credit flow and the total financial sector liabilities. The most important source for NFCs and OFCs are the annual balance sheets from the Central Balance Sheet Office (CBSO, sources NFC and OFC in CoP8). This source provides a full coverage so there is no need for grossing up. However the annual balance sheets show a time lag of  $t + 15$  months. Before that, estimates have to be made based on other quarterly data sources. This impacts mainly the intrasectoral loans of the non-financial corporations sector, which are part of the time series of the MIP auxiliary indicator “non-consolidated private sector debt”.

#### B.1.11 Other major deviations not listed above

There are no other major deviations not listed above.

### B.2 *CoP8 Appropriate Statistical procedures / PC8 Appropriate Statistical procedures*

#### B.2.1 Data source map

An overview of the principal data sources for the different sectors and instruments can be found in the table below. The table describes the main data sources used in the financial accounts compilation process for the various instruments and sectors.

#### B.2.2 Description of procedures and methods

The financial accounts are secondary statistics. This means that the compilation depends on various primary data sources collected by the NBB or other institutions. The primary sources are very

heterogeneous. Some of the primary statistics are already fully in line with the ESA 2010 methodology (e.g. the data for general government QFAGG), so they can easily be integrated in the financial accounts. Other primary statistics are conceived for other purposes than the compilation of financial accounts or financial statistics in general (e.g. data from the CBSO, the Central Balance Sheet Office) and need more processing to be converted into ESA 2010 methodology. Where different data sources are overlapping, a choice has to be made based on the reliability of the data sources. Where data is lacking, often residual calculations have to be made in order to preserve horizontal consistency.

Another important observation is that for some institutional sectors no direct information is readily available and so counterpart sector information has to be used in order to compile the data. This is for example the case for the household sector, where no direct information (such as surveys) are available.

More information on the statistical procedures can be found on the website of the NBB: <https://www.nbb.be/en/statistics/financial-accounts/methodology>.

### B.2.3 Estimation of missing data

In the cases where information is available on an annual basis only, quarterly figures are generally estimated by way of various estimation methods.

### B.2.4 Balancing procedures (horizontal and vertical)

For most institutional sectors it has been decided to show the vertical discrepancies between the financial and the non-financial accounts. However a balancing procedure through the instrument F.89 is applied to the financial accounts of the rest of the world S.2 (and thus also to S.1), to match the B.9F to the B.9.

### B.2.5 Methods to align quarterly and annual data

Both the annual and the quarterly financial accounts are compiled by the NBB and are derived from the same database. There is no difference in methodology between them. This means that the annual stocks coincide with the end of period figure of the 4<sup>th</sup> quarter, and annual flows correspond to the sum of the quarterly flows. Moreover, both quarterly and annual data are revised, transmitted and published following the same calendar in order to avoid vintage differences.

Map of main data sources

Country:	Belgium
Name of institution:	National Bank of Belgium
Year	2017

COP8. Map of main data sources for compiling financial accounts in Belgium.

		Assets									Liabilities								
		S11	S12K	S124	S12O	S128	S129	S13	S14+S15	S2	S11	S12K	S124	S12O	S128	S129	S13	S14+S15	S2
		NFCs	MFI	IFs	OFls	IC	PF	Gov	HH+NPISH	RoW	NFCs	MFI	IFs	OFls	IC	PF	Gov	HH+NPISHs	RoW
F11	Monetary gold		MFI																
F12	SDRs		MFI																MFI
F21	Currency	NFC	MFI						*	*									MFI
F22	Deposits, transferable	MFI	MFI	IF	MF/OFI/OFC	IC	PF	QFAGG	MFI	MFI									MFI
F29	Deposits, other	MF/BoP	MFI	IF	MF/OFI/OFC	IC	PF	QFAGG	MF/BoP	MFI							QFAGG		MF/BoP
F3	Debt securities	SHS	MFI	IF	SHS	IC	PF	QFAGG	SHS	SHS*	SEC	MF/SEC		FVC/SEC	IC		QFAGG		SHS
F4	Loans	NFC*	MFI		FVC/OFI/OFC	IC	PF	QFAGG	NPISH	BoP	MF/BoP/NFC*	MFI	IF	MF/OFI/OFC	IC		QFAGG	MF/FVC/OFI	BoP
F511	Listed shares	SHS/LDB	MFI	IF	SHS/LDB	IC	PF	QFAGG	SHS	SHS/LDB*	LDB	LDB		LDB			QFAGG	/BoP/QFAG	SHS
F512	Unlisted shares	NFC/SIS/*	MFI	IF	OFI/OFC/SIS	IC	PF	QFAGG	SIS/*	BoP	NFC/SIS	MFI		OFI/OFC/SIS	IC				BoP
F519	Other equity	NFC/SIS/*	MFI		OFI/OFC/SIS		PF	QFAGG	SIS/*	BoP	NFC/SIS	MFI		OFI/OFC/SIS	IC		QFAGG	NPISH	BoP
F52	Investment fund shares/units	IF	MFI	IF	IF	IC	PF	QFAGG	IF*	IF			MFI	IF					IF
F61	Non-life insurance techn. res.	IC			IC	IC			IC	IC									IC
F62	Life insurance and annuities								IC	IC									IC
F63-F65	Pension entitlements								IC/PF						IC	PF	QFAGG		
F66	Standardised guarantees								QFAGG									QFAGG	
F7	Financial derivatives	SHS	MFI	IF	FVC	IC			SHS	BoP	BoP	MFI	IF	FVC	IC		QFAGG		BoP
F81	Trade credits and advances	NFC*	MFI		OFI/OFC			QFAGG	ENA	BoP	NFC*	MFI		OFI/OFC	IC		QFAGG	ENA	BoP
F89	Other accounts excl. F81	NFC*	MFI	IF	FVC/OFI/OFC	IC	PF	QFAGG	QFAGG	MF/BoP	NFC*	MFI	IF	FVC/OFI/OFC	IC		QFAGG	QFAGG	MF/BoP

Key for data sources and calculation/estimations:

QFAGG Quarterly financial accounts for general government

MFI MFI balance sheet statistics (including NBB balance sheet data)

IC Insurance corporations statistics

PF Pension fund statistics

IF Investment fund statistics

FVC Financial vehicle corporations statistics

SHS Securities holdings statistics

LDB Listed shares database

BoP Balance of payments and international investment position.

OFI other financial institution statistics

SEC Securities issues statistics

NFC Non-financial corporation balance sheets (CBSO)

OFC Other financial corporation balance sheets (CBSO)

NPISH NPISH balance sheets (CBSO)

SIS Share issues statistics

ENA Estimation based on national accounts data

\* Residual sector for respective instrument - i.e. the sector (assets or liabilities) where source is available, but most likely adapted to achieve horizontal consistency.

## C. STATISTICAL OUTPUT

### C.1 *CoP11 Relevance / PC11 Relevance*

At the international level the financial accounts are used as an input for the Special Data Dissemination Standard of the IMF (e.g. Financial Soundness Indicators) and are required for the annual IMF Article IV consultations. In the EU, they are part of the scoreboard of the macroeconomic imbalances procedure (MIP), and support the assessment of vulnerabilities and interconnectedness for financial stability purposes by the European Systemic Risk Board (ESRB). For the euro area, financial accounts statistics support the Eurosystem in its tasks to define and implement the single monetary policy.

At national level the financial accounts are used extensively by the Research Department of the NBB for performing various analysis and economic research. Therefore, direct access to the financial accounts database is granted to the members of the Research Department. Within the monetary policy area of central banks, the national financial accounts are essential for a proper understanding of the transmission of monetary and financial shocks through the economy, thereby complementing traditional monetary analysis centred on bank balance sheets. Examples include the analysis of bank loans to the economy, as well as broader macrofinancial developments, such as households' saving behaviour, wealth and (external) debt dynamics of the domestic sectors and the Belgian economy.

The financial accounts also contain vital information for the new macroprudential responsibilities of the NBB. In particular, credit measures based on the financial accounts are used in the construction of the countercyclical capital buffer (CCB). Furthermore, for the monitoring of the broader financial cycle, indices are composed containing elements such as private sector leverage, etc. Also for the monitoring of the non-banking financial sector ("shadow banking sector"), the financial accounts provide valuable information within one consistent framework.

### C.2 *CoP12 Accuracy and reliability / PC12 Accuracy and reliability (including stability)*

#### C.2.1 Accuracy and reliability

The financial accounts are checked quarterly during and after every production cycle regarding quality and plausibility by the compilers and/or the users. The accuracy, reliability and stability of the financial accounts depends highly on the primary data sources. No quantitative measuring of reliability is performed at the national level. The quality is monitored closely by both the General Statistics Department and the Research Department. Moreover the NBB transmits metadata to the ECB to provide comments on the revision and/or the major events. In terms of quantitative assessment of the reliability of financial accounts an exercise is carried out once a year by the ECB for the quarterly financial accounts quality reports.

#### C.2.2 Internal consistency

The national financial accounts are compiled within a consistent framework. All financial instruments are built on a who-to-whom basis. Thus, by construction there are no discrepancies between assets and liabilities. The consistency between outstanding amounts, transactions, revaluations and other changes in volume are ensured. The financial accounts data transmitted to Eurostat and the ECB are internally consistent, as validation checks (such as horizontal consistency checks) are performed before sending the data. The ECB draws up an internal annual quality report for the Euro Area financial accounts which contains a section with short country comments.

### *C.3 CoP13 Timeliness and punctuality / PC13 Timeliness (including punctuality)*

#### C.3.1 National requirements

The financial accounts are published each quarter generally at t+104 days.

#### C.3.2 International requirements

In the EU, the ESA 2010 transmission program requires reporting of annual data at t+9 months. The quarterly data requirements of the ECB are t+85 days (supplementary data for the compilation of the euro area aggregates only) and t+97 days (national data, for publication by the ECB from t+104).

### *C.4 CoP14 Coherence and comparability / PC14 Consistency and comparability*

#### C.4.1 External consistency

The financial accounts are compiled using various primary statistics. However not all of these data sources are in line with the ESA 2010 methodology. Therefore comparing financial accounts data with other financial statistics can be difficult.

In theory the net lending/net borrowing of the non-financial sector accounts (B.9) should be equal to the net lending/net borrowing of the financial accounts (B.9F). In practice sometimes large discrepancies are observed. These discrepancies arise from the use of totally different data sources in compiling the data. As stated before, in Belgium there is no reconciliation strategy to balance the vertical discrepancies between the financial and the non-financial accounts for the different resident institutional sectors. The discrepancies are being monitored by both compilers of financial and non-financial accounts, in search for potential improvements in the underlying statistics. One can observe that there seems to be a certain bias for the household sector in recent years where  $B.9 < B.9F$ . However this trend seems to have changed the last quarters. This will need further investigation.

The comparability between BoP/IIP and financial accounts could have improved considerably due to the introduction of the new methodologies in ESA 2010 and BPM6, which have to a large extent common definitions. However in the compilation of the financial accounts for the rest of the world, B.o.p./i.i.p. is not always the primary source (see CoP8 Annex Table). For the instruments and sectors where B.o.p./i.i.p. is the primary source, the main reason for differences is vintage issues. A revision exercise of the IIP data took place in September 2017, which reduced considerably the discrepancies between IIP and financial accounts.

#### C.4.2 Time and back data consistency

There are no significant breaks in the time-series of the financial accounts. Annual back data are available from 1995. Quarterly back data are available from 1998Q4 for outstanding amounts and from 1999Q1 for transactions.

#### C.4.3 Consistency across frequencies

Consistency across quarterly and annual data is ensured. The quarterly and annual data are produced from the same database. For transactions, revaluations and other changes in volume the annual data is the sum of the four quarters. For outstanding amounts, the end-of-year stocks in the annual accounts are equal to the stocks at the end of the fourth quarter.

### *C.5 CoP15 Accessibility and clarity / PC15 Accessibility and clarity*

#### C.5.1 Data

The financial accounts data are available on the website of the NBB and they are also published in the Statistical Bulletin. The publication is supplemented by a short commentary, mainly on household

financial assets and liabilities, and on any major methodological changes if applicable. The links to the data and the commentary are found here: <https://www.nbb.be/en/statistics/financial-accounts/data>.

The national financial accounts data are also available through the website of different international institutions.

ECB: <http://sdw.ecb.europa.eu/reports.do?node=1000002779>

Eurostat: <http://ec.europa.eu/eurostat/data/database>

OECD: [http://stats.oecd.org/Index.aspx?DataSetCode=FIN\\_IND\\_FBS#](http://stats.oecd.org/Index.aspx?DataSetCode=FIN_IND_FBS#)

#### C.5.2 Metadata

Metadata regarding the national financial accounts are available on the website of the National Bank of Belgium: <https://www.nbb.be/en/statistics/financial-accounts>.

#### C.5.3 Contact

The financial accounts compiler can be contacted per email: [financialaccounts@nbb.be](mailto:financialaccounts@nbb.be).