

Financial information collection system in the Bank of Latvia: Heading toward direct reporting and surveys

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The Statistics Department of the Bank of Latvia is responsible for the compilation of monetary and banking statistics and balance of payments statistics. The Bank of Latvia took over the compilation of the balance of payments statistics from the Central Statistical Bureau starting with the data for 2000. In order to fulfil these tasks, financial information is collected from a variety of sources.

Monetary and Banking Statistics.

Reporting institutions, for monetary statistics purposes, are all those credit institutions that are licensed in the Republic of Latvia. "The Monthly Financial Position Report" with supplements (full balance sheet data) is collected from all credit institutions. Banks submit data electronically, using the interbank data transmission network. Credit unions submit data on paper.

To obtain true flows for monetary analysis purposes, the main items of credit institutions' aggregated balance sheets are adjusted for valuation effects arising from changes in exchange rates of the lats against foreign currencies. Monthly flows are calculated as a difference between the previous and current end-month amounts outstanding minus adjustments.

Balance of Payments Statistics.

In order to compile the balance of payments statistics, the Bank of Latvia collects financial information from different data sources – banks, enterprises, legal authorities and others – using a mixed collection system (ITRS – International Transaction Reporting System with direct reporting elements supplemented by surveys and administrative sources).

Monetary authorities

Information on the monetary authorities sector is derived from the Bank of Latvia balance sheet and profit and loss statement.

General government

Information on the general government sector is derived from administrative sources.

Banks

Information on the banking sector is derived from the monetary and banking statistics which provides residency split for balance of payments needs.

Other sectors

The main data source on other sectors for the monthly balance of payments key items is the International Transaction Reporting System, which is an open, settlement-based system, supplemented by direct reporting system elements. Information on non-bank resident external payments made via domestic banks is reported to the Bank of Latvia by domestic banks unless the amount of the payment is below the threshold of LVL 1000. Information received from domestic

banks is supplemented by the information from non-bank residents – direct reporters – that report to the Bank of Latvia on incoming external payments. Starting with the year 2001, the direct reporting element was broadened by introducing a new reporting form under the International Transaction Reporting System for non-bank residents making external payments via foreign banks. Information on non-bank resident external payments is collected on a monthly basis. When submitting information, nonbank residents have to show the code of any external payment chosen in accordance with the List of External Payment Codes. The List comprises 108 codes that are divided in 9 groups.

The International Transaction Reporting System has its pros and cons. On the one hand, the system is very useful for keeping a register of enterprises involved in foreign transactions, which can be used for sampling when designing surveys. These data also represent investment market values and are very important for compiling the monthly balance of payments key items. Yet this system also has its minuses. These data are not appropriate for the compilation of some of the quarterly balance of payments items, for instance, goods, which is compiled on transaction basis. For some balance of payments items, e.g., trade credit or a part of non-cash investments made by non-residents, it does not provide any information whatsoever. For that reason, the International Transaction Reporting System is supplemented by different surveys when the quarterly balance of payments is compiled.

Commencing with the reporting period for year 2000, when the responsibility for the balance of payments compilation was transferred to the Bank of Latvia, it devoted a great effort to improve its data sources. The overall tendency is toward survey methodology.

Until 2001, the principal survey, taken by the Central Statistical Bureau, was the survey on enterprise external settlements. This survey was the main data source for foreign investment in Latvia and abroad, investment income and export and import of services. Therefore, the survey form was broad and in many cases probably too complicate for respondents. Another problem for the Bank of Latvia as the agency responsible for the compilation of the Balance of Payments was the lack of individual data as data from Central Statistical Bureau according by Statistical Law of Latvia were received on an aggregated basis. As the Bank of Latvia took over the compilation, it revised this survey by splitting it in two. One of the resulting surveys is used to collect data on foreign investment abroad and in Latvia, other one - on transportation services. These steps allowed the Bank of Latvia to reduce the number of respondents, improve on sampling methodology, and get more detailed information on several Balance of Payments items.

The Bank of Latvia also uses data from surveys taken by other institutions and from administrative sources. A survey on financial intermediation was launched in close collaboration with the Securities Market Commission.

Nevertheless, there are some additional tasks for the future. The most important of those is to supplement the foreign investment form, so as to get not only stock, but also flow data. The development of a special survey on other services and for insurance companies is also currently underway.

RESUME

Le Département de Statistique de la Banque de Lettonie collecte directement de statistiques sur la monnaie et le financement de même que la balance des paiements. La Banque de Lettonie remplaçait le Bureau de Statistique dans la responsabilité de la balance des paiements en commençant par les statistiques pour l'année 2000. Afin d'accomplir cette tâche, l'information financière est collectée de nombreuses sources.

Pour les besoins de statistiques monétaires, des établissements rapportants se définissent comme tous les établissements de crédit autorisés en République de Lettonie. Afin de collecter des statistiques pour la balance des paiements, la Banque de Lettonie fait usage de plusieurs sources: banques, entreprises, administrations publiques et autres, en utilisant un système de collection mixte, ITRS.