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**A Framework for Assessing the Quality of Balance of Payments
Statistics: An Initial Response by the United Kingdom**

Prepared by the Office for National Statistics

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Statistics Department

A Framework for Assessing the Quality of Balance of Payments Statistics

Initial UK response in blue, shaded text: it indicates where further information and details are published rather than including the actual text. National Statistics policy is being developed in UK and new documents are in preparation. Over time we can expand the entries to include all the relevant text and descriptions of the methodology.

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Preface

Work on this framework for assessing the quality of balance of payments statistics is part of a larger project underway in the Statistics Department of the International Monetary Fund. This draft is being circulated for comment. Comments are welcome in any form; see the contact persons identified on the cover.

A Framework for Assessing the Quality of Balance of Payments Statistics was developed by a team that consisted of Thomson Fontaine, Michelle Hassine, Natalia Ivanik, John Motala, and Beatrice Timmermann.

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A Framework for Assessing the Quality of Balance of Payments Statistics (Draft as of end-March 2001)

Introduction

A Framework for Assessing the Quality of Balance of Payments Statistics can be used to assess the quality of balance of payments compilation systems and their products. Its purpose is to provide an approach that facilitates the systematic assessment of quality on a consistent basis over time.

The framework is organized in a cascading structure that progresses from the abstract/general to the more concrete/specific.

- The first (one-digit) level of the structure of the framework defines the five **dimensions** of quality: integrity, methodological soundness, accuracy and reliability, serviceability, and accessibility.
- For each of these five dimensions of quality, the framework proceeds to identify pointers, or observable features, that can be used in assessing quality. Thus, there are **elements** (second, or two-digit, level) and **indicators** (third, or three-digit, level) of quality. The dimensions, elements, and indicators in the balance of payments assessment framework are drawn from the "generic" framework, which is the umbrella under which all of the dataset-specific frameworks are constructed.
- At the next level, **focal issues** are addressed by one or more questions underlying the indicator. Bullet points below each question are **key points** that describe quality features that may be considered in answering the question. The list is meant to be suggestive, not exhaustive. (Box A provides a view of the cascading structure approach employed in the framework.)

The five dimensions are preceded by **prerequisites** of quality. The indicators and elements classified there have an overarching role that cuts across the several dimensions of quality.

In the framework for assessing the quality of balance of payments statistics, the focus is on the assessment of problem areas and possible weaknesses rather than the whole range of possibilities. Explicit attention is given to the need for flexibility to take into account individual country specific circumstances. For the key points that are suggestive of quality features, it is recognized that there is a need to adapt them to country circumstances. For instance, countries that do not employ an international transactions reporting system would indicate, for the relevant key points (within the accuracy and reliability dimension) that these points do not apply to their countries. Certain external transactions (e.g., financial derivatives) may not be undertaken by the country. In these cases, it would be appropriate for compilers to specify that the relevant data category does not apply when information on

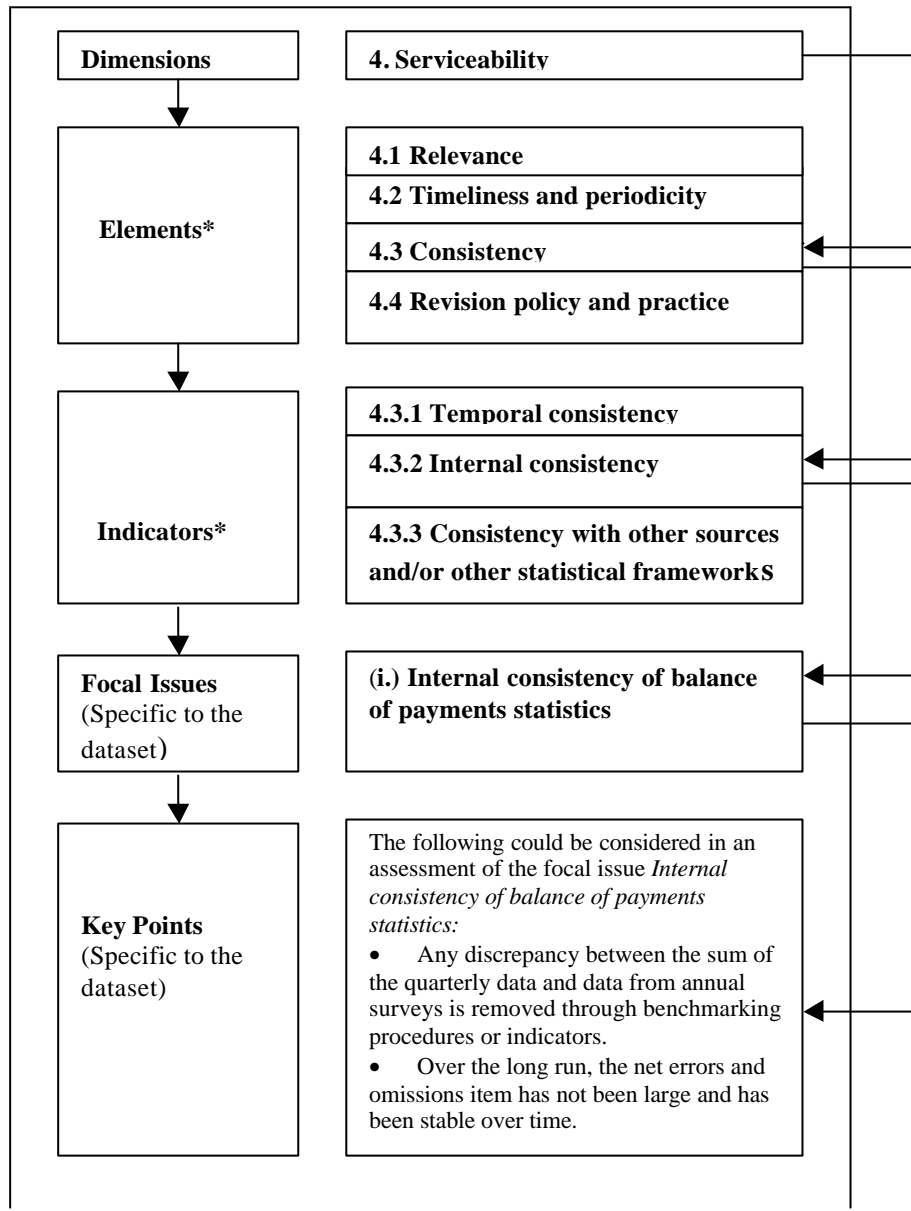
specific data categories is provided under the methodological soundness and accuracy and reliability dimensions.

A few key points about the data quality assessment frameworks and their application are summarized here:

- the framework sets out quality as a multidimensional concept, providing a comprehensive approach to address a variety of uses and users' needs;
- the thorough and detailed framework designed to meet the rigor called for by statisticians is amenable to summarization to a level that would be of interest to a general data user;
- the framework is not structured hierarchically; that is, the ordering of the quality dimensions and the pointers does not presuppose prioritization of their importance;
- while the elements and indicators are designed to maximize the use of objective information, some amount of subjectivity is inevitable.

Box A: An Example of the Cascading Structure of the Data Quality Assessment Framework of the Balance of Payments:

Using serviceability as the example of a dimension of quality, the box below shows how the framework identifies four elements that point toward quality. Within consistency, one of those elements, the framework next identifies three indicators. Specifically, for one of these, internal consistency, quality is assessed by considering specific key points.



* Prerequisites of quality, like the dimensions, contain elements and indicators.

Prerequisites of quality

0.1 Legal and institutional environment – *The environment is supportive of statistics.*

0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified.

(i) Is it clearly established which agency has the primary responsibility for collecting, processing, and disseminating the balance of payments statistics?

- A statistical law or other formal provision (inter-agency protocol, executive decree) assigns primary responsibility for the collection, processing, and dissemination of the balance of payments statistics to a single agency.
- Working arrangements among agencies are consistent with this assignment of responsibility.

The Statistics of Trade Act 1947 and the Framework Document of the Office for National Statistics (ONS) specify that the primary responsibility for all aspects of UK Balance of Payments statistics is with ONS. A major review of BoP statistics published in 1991 confirmed that other government departments and agencies had a responsibility to supply specific data within their competence as their contribution to BoP compilation. Some data collection systems were reallocated as the review clarified which agencies should collect and validate particular data series. Appropriate working arrangements were set up and they have continued and developed.

0.1.2 Data sharing and coordination among data producing agencies are adequate.

(i) Are there arrangements or procedures to facilitate data sharing and cooperation between the agency with the primary responsibility for compiling the balance of payments statistics and other data producing agencies?

- There are arrangements or procedures for the efficient and timely flow of data from agencies that produce source data for the balance of payments.
- Contacts (e.g., regular meetings, workshops) are maintained with other data producing agencies to ensure proper understanding of data requirements and to avoid duplication of effort.

There is a Service Level Agreement or a Firm Agreement between ONS and each appropriate Government agency and the Bank of England to specify timeliness, coverage, quality and briefing for delivery of BoP data to ONS. We have similar agreements with non-government organisations, trade associations, etc. Regular liaison meetings are held with data suppliers, usually soon after main data delivery rounds, to review problems and clarify needs on both sides. Continual one-to-one communications are maintained throughout the compilation process to understand and validate the data. Project management techniques are increasingly used to develop longer-term plans and improvements working with our suppliers.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.

(i) *Is the confidentiality of individual respondent's data guaranteed and is that guarantee widely known?*

- A statistical law or other formal provision clearly states that individual responses are to be treated as confidential and shall not be disclosed or used for other than statistical purposes unless disclosure is agreed to in writing by the respondent.
- In surveys and other statistical inquiries respondents are informed of their rights and obligations with regard to the provision of information.

The Statistics of Trade Act obliges respondents to supply specified information on request to ONS and guarantees the confidentiality and non-disclosure by ONS of that data unless they have given written consent. All survey forms to respondents include statements about confidentiality, their obligation to respond and potential penalties for non-response. The National Statistics Code of Practice being developed has a Protocol on Confidentiality to strengthen this guarantee.

(ii) *Are respondents informed of how the reported data will be used?*

- In surveys and other statistical inquiries respondents are informed that the information they provide will be used for statistical purposes only.

All statistical inquiries to respondents include a broad description of the needs of the inquiry and an assurance that the information will be used for these statistical purposes only.

(iii) *Are there procedures to prevent disclosure of individual data?*

- Rules and regulations to prevent disclosure include penalties against staff that disclose confidential data.
- Special aggregation rules have been developed to ensure residual disclosure does not occur when aggregations of survey or other confidential data are disseminated.
- Staff review all data prepared for dissemination for possible indirect disclosure of individual data.
- Access to individual data is limited to staff who require the information in the performance of their duties.
- If statistical files are made available for research purposes, procedures are in place to prevent disclosure.
- Steps are taken to secure the premises of the compiling agency and its computer systems to prevent disclosure.

All validation systems include checks on disclosure of statistics to be published (eg minimum number of respondents in a cell). Internal ONS procedures limit access to individual respondent data to those people processing and validating the data; BoP staff compiling the aggregates do not have access. The Firm Agreements between ONS and data suppliers ensures that no disclosive data pass between us, and any provisions they have on confidentiality (eg trade association rules) are always respected. The Statistics of Trade Act includes a section imposing penalties, including imprisonment, on any person disclosing individual estimates or returns. All ONS premises are security protected.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures implemented to encourage voluntary response.

(i) *Are there legal provisions that mandate reporting of information for balance of payments statistics compilation?*

- The compiling agency has the legal authority to collect data required for compiling the balance of payments statistics.
- Conflicts or potential conflicts between the legal authority to collect data required for balance of payment statistics and other laws or provisions (e.g., bank secrecy laws) have been successfully resolved or reconciled without detriment to the balance of payments statistics.

- There are penalties for noncompliance with reporting requirements, even if such provisions rarely need to be employed.

The Statistics of Trade Act give ONS the legal authority to collect all necessary BoP data from “any person carrying on an undertaking”. The Banking Act gives the Bank of England legal authority to collect specified, detailed BoP statistics from banks and building societies, and to deliver aggregated figures to ONS for BoP compilation. Both Acts specify penalties for repeated and deliberate non-response. In practice the penalties are used more for encouragement than retribution. Data collected from persons or households are voluntary.

(ii) *Are there other mechanisms in place to ensure adequate reporting of data for compiling balance of payments statistics?*

- The compiling agency undertakes to assure respondents that reporting burdens are carefully considered and provides support to respondents in completing and submitting forms (e.g., by providing a point of contact).
- The compiling agency seeks to secure the cooperation of data reporters by creating goodwill (e.g., by raising awareness of the importance of good statistics and providing the reporters with data upon request).

ONS publish an Annual Compliance plan. We have a programme of developments in data capture to reduce the reporting burden; progress is reported via published articles and seminars to users and reporting representatives. Every business survey is reviewed at least tri-annually with users and respondents to check the need, burden, detail, coverage, definitions and scope. These reviews are published, and copies sent to contributors. Data are provided to respondents: a system is being developed to feed back to respondents, automatically and quickly, aggregate data about their industry. Every inquiry form (paper or electronic) has a named contact point in ONS to help with queries or problems.

0.2 Resources – *Resources are commensurate with needs of statistical programs.*

0.2.1 Staff, financial, and computing resources are commensurate with institutional programs.

(i) *Are the resources for compiling the balance of payments statistics adequate to perform existing tasks?*

- Overall, staff, financial, and computing resources for compiling balance of payments statistics are adequate to perform existing tasks.

- Key staff is knowledgeable and well versed in balance of payments concepts and compilation methods. Efforts are made to ensure the retention at any point in time of a core contingent of trained balance of payments statisticians.
- New compilers are provided formal and on-the-job training in balance of payments compilation methods, including international statistical standards and procedures for handling and processing of data.

We try as hard as we can, although we can always use more resources. We have to bid for BoP resources against all the other ONS business areas, including national accounts. A lot of effort is put into training – in-house, external courses, on-the-job coaching, etc. ONS have a full-scale, modular training course covering the whole of national accounts. There a number of BoP-specific modules as well as modules on the compilation processes and systems in use. All new compilers go through the course. We do not have too much trouble attracting good people into this interesting work, but retention can be a problem; after training and some experience they can become very marketable. We have staff crises from time to time but on the whole our BoP compilers are enthusiastic, interested, knowledgeable and committed.

0.2.2 Measures to ensure efficient use of resources are implemented.

(i) Are there processes and procedures in place to ensure that resources are used efficiently?

- There are internal processes that associate costs with the different tasks performed by the compiling agency, to monitor the cost effectiveness of the balance of payments program vis-à-vis other statistical programs, and to take remedial action when imbalances arise.
- There are periodic reviews of budgeting procedures to ensure that scarce resources are best employed in addressing major data problems or meeting new data priorities.
- The compiling agency strives to make the best use of newly emerging opportunities, such as computing technology for data processing/dissemination, to effect resource savings.
- When necessary, the compiling agency seeks outside expert assistance to train staff and/or to evaluate statistical methodologies and compilation systems.

The annual bidding round to allocate budgets helps to ensure that new opportunities, data problems and priorities are evaluated and reviewed regularly. Electronic data supply,

accountancy software, etc are used extensively to constrain the reporting burden and resources needed for processing. The central processing system for compiling the national accounts and balance of payments is being overhauled to ensure the most efficient operation and use. It is part of ONS good practice to consult external experts in the development or review of BoP methodology. At present we do not have a quantified method for ensuring that our resources are spread across all the data series (BoP and national accounts) in the most cost-effective way taking into account impact and required accuracy as well as effort expended. We have set up a project to develop a robust tool.

0.3 Quality awareness – *Quality is recognized as a cornerstone of statistical work.*

0.3.1 Processes are in place to focus on quality, to monitor the quality of the collection, processing, and dissemination of statistics, to acknowledge and deal with tradeoffs within quality, and to guide planning for existing and emerging needs.

(i) *Is there recognition throughout the umbrella agency that quality builds trust and thus is a cornerstone of statistical work?*

- There is an expectation that managers pay attention to quality.
- The umbrella agency¹ has implemented processes or activities meant to focus on quality (e.g., Total Quality Management, ISO 9000, and external audits).
- The umbrella agency provides physical and intellectual infrastructure for quality (e.g., mission statements emphasizing quality, data banks that permit cross-checking) in awareness of the economies of scale and interrelations of datasets.

The Business Excellence Model is being implemented in all areas of BoP data collection and compilation in ONS. Each branch has quality improvement embedded into their business plans. All public mission, vision and values statements focus on fit-for-purpose quality

¹ The umbrella agency refers to the formal legal entity with overall responsibility and accountability for compilation and dissemination of certain classes of statistics, for example, the Central Bank or National Statistical Agency. Its structure may encompass one or several compiling agency or agencies (examples of compiling agencies are research and statistics divisions within Central Banks and balance of payments statistics divisions within National Statistical Agencies), which participate(s) in the collection, processing, and the dissemination of balance of payments statistics.

assessment and improvement. ONS have a rolling programme of audit reviews of all systems, including BoP.

(ii) *Are there processes at the level of the umbrella agency to review the quality of statistics, including implicit and explicit tradeoffs among the dimensions of quality, and are the reviews used to inform planning?*

- There is recognition of the tradeoffs among the dimensions of data quality (e.g., between timeliness and, for example, accuracy and reliability), and the significance of these tradeoffs is communicated to users of statistics.
- There is statistics users' council or an advisory council.
- There are periodic users' surveys or other systematic means of obtaining feedback.

Tradeoff between accuracy and timeliness is a continuing theme in liaison and user group meetings. They understand the issue and we try to get our major BoP users to be more specific about what fit-for-purpose means to them at our quarterly meetings. UK has an umbrella Statistical Users Council incorporating a wide range of user groups and a relatively new National Statistics Commission. We also ask our main users for a written assessment of our performance each year. ONS have a programme of reviews for each major output – the BoP review is due in 2002. Users and external experts will be heavily involved.

(iii) *Are there mechanisms at the level of the umbrella agency aimed at addressing new and emerging data requirements?*

- Meetings are periodically convened with policy makers and other data users to review the comprehensiveness of the balance of payments statistics and to identify any emerging data requirements.
- Users' feedback on balance of payments statistics is encouraged.

We participate in many user group meetings including a quarterly BoP user group meeting soon after each publication. We also meet with our main users informally and regularly to discuss BoP issues, problems, needs and developments. Europe is a major influence on and user of UK BoP statistics. We contribute fully to appropriate European initiatives.

1. Integrity – *The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to.*

1.1 Professionalism– *Professionalism in statistical policies and practices is a guiding principle.*

1.1.1 Statistics are compiled on an impartial basis.

(i) *Are there legal or formal provisions to ensure the professional independence of the compiling agency?*

- A statistical law or other formal provision addresses the general need for the professional independence of the agency compiling the balance of payments.
- A statistical law or other formal provision prohibits interference from others, including other government agencies, in the compilation and/or dissemination of statistical information.
- Provision for the choice, tenure, and reporting arrangements of the compiling agency's head are supportive of the professional independence of the agency.
- If there is no legal or formal provision to ensure professionalism, traditions or cultures of professionalism are encouraged and made known.

ONS is an independent agency of Government, with a published Code of Practice that describes the professional independence of the organisation and describes the steps taken to avoid any possibility of political interference in the presentation of statistics. In addition the newly formed National Statistics Commission has an important role in checking and maintaining the independence of the ONS. A new Code of Practice for National Statistics is being prepared. It will contain a number of Protocols including Revision Practice, Consultations (with users and ministers), Release Practice

(ii) *Is professionalism actively promoted and supported by the agency?*

- Professionalism is promoted by encouraging the publication of methodological papers.
- Professionalism is promoted by encouraging participation in or organizing lectures, conferences, and meetings with other professional groups, etc.
- In the event the compiling agency undertakes research and analysis for publication, internal review and other processes maintain the agency's reputation for professionalism.

Any significant changes to BoP methodology are generally presented as Economic Trends articles. In addition, full briefing on methodological revisions is given as part of the press release of data to both the media and analysts.

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.

(i) *Are the choices of data sources and statistical techniques informed solely by statistical considerations?*

- The choice of source data (e.g., among surveys, between surveys and administrative records) is based solely on statistical considerations.
- The choice of statistical techniques (e.g., about survey design, survey techniques, etc.) and definitions is based solely on statistical considerations.
- Staff is encouraged to present publicly its reasoning for choice of methodologies in papers and texts.

The choice of source data is largely based on data availability and to a lesser extent the cost of collection. BoP surveys are based on the main ONS business register and agreed standard survey design, data collection, imputation and grossing techniques. As mentioned above, methodological changes are both presented in articles and in briefing notes to the media and analysts.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.

(i) *Does the compiling agency comment when its statistics are misinterpreted or misused?*

- The compiling agency seeks to build trust in its work by seeking to comment publicly on erroneous interpretations or misuse of balance of payments statistics data in the media and in other fora.
- The compiling agency seeks to prevent misinterpretation or misuse of statistics by providing explanatory materials and briefings (e.g., to the press).

The decision to comment about misuse or misinterpretation of statistics depends largely on the nature and extent of the misuse/misinterpretation. For instance, misuse by the media may be followed up with a phone call from the ONS press office or an official letter to the letters page of the newspaper to set the record straight. We work hard to foster good working relations with the media so that any misuse/misinterpretation can usually be considered as accidental rather than deliberate.

1.2 Transparency – Statistical policies and practices are transparent.

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.

(i) *Is information about the statistical law, about the obligation to produce and/or disseminate statistics, about the confidentiality of individual responses, and about other key features of the terms and conditions under which statistics are collected available to the public?*

- Agency publications and/or websites reproduce material about the terms and conditions under which official statistics are produced and disseminated (e.g., the statistical law, the Fundamental Principles of Official Statistics, mission statements, and codes of conduct under which official statistics are produced and disseminated).
- Regular statistical publications identify summary features and/or identify where more information can be found.

The ONS publishes a Code of Practice on the terms and conditions under which official statistics are produced and disseminated. BoP data are published in a regular quarterly First Release together with a briefing note on the main features of the current dataset. Both are available on the website.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified.

(i) *If there is internal governmental access to statistics prior to their release to the public, is the public made aware of this access?*

- In the event of internal governmental access to statistics prior to release, the public is made aware of who has access and at what point of the compilation process access is given.

A near-final BoP First Release is released to a strictly controlled and limited list of government officials 36 hours before publication for briefing purposes. These arrangements are described in the Code of Practice

1.2.3 Products of statistical agencies/units are clearly identified as such.

(i) *Are its products clearly identified so that the public is aware of what the umbrella agency takes responsibility for?*

- Data released to the public are clearly identified as the umbrella agency's product (e.g., by name, logo, and insignia).

- In the case of joint or two-part publications, the share or part attributable to the umbrella agency is identified.
- More generally, the umbrella agency requests attribution when its statistics are used or reproduced.

ONS releases data under the National Statistics (NS) kitemark. The objectives of NS are:

- Improve quality, service and relevance of its service to customers
- To improve public confidence in official statistics by demonstrating that they are produced to best professional standards and free from political interference.
- To operate efficiently by improving value for money in the production of its outputs and minimising the burdens on those who supply it with data.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.

(i) *Are users of statistics made aware in advance of major changes in methodology, source data, and statistical techniques?*

- Advance notice is given when major changes to the statistical methodology are to be implemented (e.g., converting from the fourth edition of the *Balance of Payments Manual (BPM4)* to that of the fifth edition (*BPM5*)).
- Advance notice is given when the results of benchmarks, new surveys, or special studies are to be introduced in the data (e.g., when the results of the Coordinated Portfolio Investment Survey are introduced in the international investment position statistics).
- Advance notice is given when new statistical techniques are introduced (e.g., instead of relying on data obtained directly from respondents, investment income flows are estimated from stocks).

When major changes are made to methodology, such as in the implementation of BPM5/ESA95 in 1998, the ONS gives users advance warning in Economic Trends articles and in briefings to the media/analysts. In addition, BoP users are also kept in touch of major changes via a User Group, although care is taken to ensure that the impact of the changes is not disseminated.

1.3 Ethical standards – *Policies and practices are guided by ethical standards.*

1.3.1 Guidelines for staff behavior are clear and publicized.

(i) *Is there a clear set of ethical guidelines?*

- There are clear guidelines outlining correct behavior when the agency or its staff is confronted with potential conflict of interest situations.
- There are clear guidelines that make the connection between ethics and staff work (e.g., with respect to guarding against misuse and misinterpretation of statistics (see 1.1.3)).
- The reputation of the head of the umbrella agency and its management for the maintenance of ethical standards, assures autonomy from political interference.

Ethical guidelines are part of the Code of Practice and communicated to all staff when appropriate eg during General Election campaigns.

(ii) *Are staff made aware of the guidelines?*

- Management acknowledges its status as role model and is vigilant in following the guidelines.
- New staff is made aware of the guidelines when they join the organization.
- Staff is reminded periodically of the guidelines.

Staff are introduced to the Guidelines when they are first inducted into the work of the ONS and also reminded periodically (see above).

2. Methodological soundness – *The methodological basis for the statistics follows international standards, guidelines, or agreed practices.*

There is the expectation that compilers would want to provide, for this quality dimension, information for each important balance of payments data category e.g., goods, travel, income, direct investment, portfolio investment, etc. Also, certain external transactions may not be undertaken and, in these cases, it would be appropriate for the compilers to specify that the relevant data category does not apply when information on specific data categories is provided under this dimension.

2.1 Concepts and definitions – *Concepts and definitions used are in accord with standard statistical frameworks.*

2.1.1 The overall structure in terms of concepts and definitions follows international standards, guidelines, or agreed practices.

(i) *Are the balance of payments statistics compiled in broad conformity with guidelines in international statistical manuals?*

- Key concepts and definitions are in accord with the guidelines of the *BPM5*.
- Deviations in concepts and definitions from *BPM5* are clearly identified. (see 5.2.1)

The UK implemented *BPM5* in 1998. Deviations from *BPM5* are flagged up in the Pink Book methodological text which is available annually.

2.2 Scope – *The scope is in accord with internationally accepted standards.*

2.2.1 The scope is broadly consistent with international standards, guidelines, or agreed practices.

(i) *Are the transactions/institutional units covered in the balance of payments statistics in conformity with international statistical guidelines?*

- In principle, all resident-nonresident transactions as specified in the *BPM5* are covered in the balance of payments statistics.
- Resident institutional units are defined in conformity with the *BPM5* and relate to those that have a center of economic interest in the country/territory. In principle, all resident institutional units engaged in transactions with nonresidents are covered, which is in conformity with the *BPM5*.
- Deviations from the principles mentioned above are clearly identified (see 5.2.1).

The UK BoP operates a survey based collection system based on a register of all registered businesses in the UK – not just those that have BoP transactions. [Although, for FDI, we use the Dun and Bradstreet “Worldbase” register of companies that either have foreign affiliates or are affiliated to a foreign parent].

We have a range of surveys to collect BoP and IIP data, with samples generally weighted toward the largest companies in individual industries or to those companies that are known to have foreign transactions. Coverage of the corporate sector is generally good, although for some components we need to employ more complex sampling strategies. For trade in services, for example, we use filter questions on national accounts inquiries to determine whether companies engage in trade in services and to what extent. These results are then used in determining the sample for the International Trade in Services inquiry (IT IS).

All surveys explicitly explain the residency concept and we make use of administrative data from the Ministry of Defence and the Foreign and Commonwealth Office to estimate UK military and diplomatic expenditure abroad and vice versa.

BoP transactions of households are more problematic. The ONS use the International Passenger Survey of travelers passing through sea ports and airports to derive our travel estimates, but other BoP transactions of households are largely estimated.

2.3 Classification/sectorization – *Classification and sectorization systems are in accord with internationally accepted standards*

2.3.1 Classification/sectorization systems used are broadly consistent with international standards, guidelines, or agreed practices.

(i) *Are the balance of payments statistics classified in conformity with international statistical guidelines?*

- Institutional units are classified according to the *BPM5*.
- Transactions are classified according to the *BPM5*.
- Deviations from the systems implemented are clearly identified (see 5.2.1).

The UK uses *BPM5* as the basis of our classification and sectorisation. In some areas additional detail is provided to meet local demand for data. For instance, a more detailed breakdown of trade in goods and services is provided compared to the more limited product requirement for *BPM5*.

There are also some areas where the UK currently fails to meet the *BPM5* requirements.

- Goods for processing are not specifically separately identified, although temporary trade (ie goods that are to be returned to the original country within two years and there is no change of ownership) are available and deducted from both exports and imports when the goods are returned.
- Gold. Trade in gold (ie gold bullion, gold coin, unwrought or semi-manufactured gold and scrap) is reported, but excluded from total exports and imports of goods. However, trade in ores and concentrates and finished manufactures of gold (eg jewelry) are included.

Non-monetary gold can be subdivided into gold held as a store of value and other (industrial) gold. The UK currently makes adjustments to include industrial gold. In exports, the adjustment reflects the value added in refining gold and producing proof coins. In imports the adjustment reflects the value of gold used in finished manufactures (such as jewelry and dentistry).

Within the transactions of the London Bullion market, the UK cannot currently distinguish between monetary gold and non-monetary gold as a store of value. Accordingly the UK has obtained an ESA95 exemption from adopting the BPM5 treatment of gold until 2005. For the time being these transactions are included in the financial account.

- Sectors. The UK do not separately identify the monetary authorities sector – it is currently included indistinguishably within “banks”, although we are looking at this as part of the external debt requirement.
- Financial Derivatives. From the 2001 Pink Book, the UK will present financial derivative positions for UK banks and securities dealers for the first time. However, as yet, the only derivative transactions that are currently available for publication are those relating to interest rate net settlement receipts/payments.

2.4 Basis for recording – *Flows and stocks are valued and recorded according to internationally accepted standards.*

2.4.1 Market prices are used to value flows and stocks.

(i) *What valuation rules are used for recording transactions?*

- The principle of market valuation specified in the *BPM5* is used to measure transactions.
- Deviations from the market prices valuation principle are clearly identified (see 5.2.1).

For the most part, the price at which a transaction is recorded in the accounts of the transacts or in the administrative records used as data sources will be the market price or a very close approximation of it. This valuation is known as the transactions price and is the practical valuation basis used in the balance of payments, both because it aids consistent recording of credits and debits and because of its usual proximity to the ideal market valuation. The following paragraph discusses a special case of transactions where market prices may not apply, namely transfer pricing between affiliated enterprises in different countries.

Where transactions are between affiliated enterprises in different countries, the prices adopted in their books for recording transactions in goods and services and any associated indebtedness and interest—referred to as transfer prices—may not correspond to prices that would be charged to independent parties. There will be some departure from the market price principle if transfer prices are different from those charged to enterprises outside the group. However there are practical difficulties in identifying and suitably adjusting individual cases. Transfer pricing to avoid tax is illegal in the UK so the distortions in the international

accounts caused by transfer pricing are not considered widespread. For both reasons, adjustments to account for transfer pricing are rarely made in practice.

(ii) *How are foreign currency transactions converted into domestic currency/unit of account?*

- As specified in *BPM5*, transactions in foreign currency are converted using the mid-point exchange rate prevailing in the market on the transaction date. When the actual exchange rate is not available, the average exchange rates for the shortest period applicable are used.
- Where transaction estimates are derived from stock data, an attempt is made to re-value the stock data into their original currencies and then convert the change in original currency to domestic currency/unit of account at the average exchange rate for the applicable period.
- Deviations from the above principles in converting foreign currency transactions are clearly identified (see 5.2.1).

Transactions and stock positions originally denominated in foreign currencies need to be converted to pounds sterling using market rates of exchange prevailing at the time of the transaction (balance of payments) or at the reference date (international investment position). Transactions should be converted at the mid-point of the buying and selling exchange rates applying at the time of transaction. Stocks should be converted at the mid-point of the buying and selling exchange rates applying at the beginning or end of the period. In practice, the actual rate used varies according to the source of the transaction or stock data.

2.4.2 Recording is done on an accrual basis.

(i) *What is the basis for recording of transactions?*

- In general, change of ownership as specified in the *BPM5* is the principle governing the recognition of transactions and their time of recording.
- If accrual accounting is not in place, there are appropriate adjustments made to approximate accrual e.g., by adjusting cash accounting data.
- Deviations from accrual accounting are clearly specified in significant cases (see 5.2.1).

Wherever possible transactions are recorded on an accrual basis. In practice the time of recording of transactions in the balance of payments and international investment position statistics will reflect the practices in data sources, and may diverge from the principle of time of change of ownership.

Interest on bonds is compiled on an accrued basis, either collected directly from bank respondents or derived from reported stock levels for non-banks.

For transactions in goods credits (exported goods) are mainly recorded at the time when goods are shipped as this is assessed to be a generally good practical approximation of the time when ownership changes. Goods debits (imported goods) are recorded when customs records relating to the movement of the goods across the frontier are processed, again in the expectation that this is the best practical approximation to change of ownership that can be generally achieved. For the remainder of the current account, the time of the recording of transactions generally complies with the time of change of ownership. Exceptions occur mainly because the record-keeping practices of some data providers may not be on this basis. Financial account transactions usually are recorded appropriately, that is, when the parties record transactions in their books. However, some transactions may be derived from information supplied by intermediaries that are not party to the transactions and may not be aware of the time of change of ownership. Also, some enterprises may adopt accounting practices that lead to inconsistent time of recording; a simple example is that different enterprises may close off their accounts at different times of day.

2.4.3 Grossing/netting procedures are broadly consistent with international standards, guidelines, or agreed practices.

(i) *Are current and financial account transactions recorded in conformity with the guidelines of the BPM5?*

- In line with the recommendations of the *BPM5*, current account transactions are recorded on a gross basis while financial account transactions are recorded on a net basis, separately for the individual asset and liability components.

Entries for current and capital account items are generally treated so that credits for each component are recorded separately from debits. Current and capital account transactions, in this context, are described as being recorded *gross*.

Gross recording contrasts to the recording of transactions in the financial account, which is mainly on a net basis, although for long-term trade credits and loans, gross drawings and repayments are included in the financial account. The net recording of other financial account items means that, for each item, credit transactions are combined with debit transactions to arrive at a single result—either a net credit or net debit—reflecting the net effect of all increases and decreases in holdings of that type of asset or liability during the recording

period. There are several types of netting in the financial account, e.g. the netting of purchases and sales within an instrument in an asset position, and netting of assets and liabilities as in the case of direct investment.

3. Accuracy and reliability – *Source data and statistical techniques are sound, and output data sufficiently portray reality.*

There is the expectation that compilers would want to provide, for this quality dimension, detailed information for each important balance of payments data category e.g., goods, travel, income, direct investment, portfolio investment, etc. Also, certain external transactions may not be undertaken and in these cases, it would be appropriate for the country to specify that the relevant data category does not apply when information on specific data categories is provided under this dimension.

3.1 Source data – *Source data available provide an adequate basis to compile statistics.*

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.

(i) *Are data collection programs used to compile balance of payments statistics adequate?*

- The agency makes serious efforts to ensure that source data are comprehensive.
- The data sources are kept under continuous review to ensure that the data collection program remains comprehensive.
- The primary data sources (surveys and/or international transactions reporting system²) are broadly sufficient to compile balance of payments statistics.
- Data from primary sources are supplemented with information from secondary data sources, for example:
 - international trade statistics, which are based on customs recording procedures, are used to compile data on goods;³

² *Balance of Payments Compilation Guide*, IMF, 1995, Chapters III and IV.

³ *International Merchandise Trade Statistics: Concepts and Definitions* (UN, 1998)

- ❑ money and banking statistics on the external position of resident units are used to derive the financial transactions for these units⁴;
- ❑ data on reserves are provided by the central bank with flows distinguished from valuation changes or with sufficient detail to enable derivation of flow measures that exclude valuation changes;
- ❑ the finance/other government department(s) provide information on the government's external transactions e.g., transactions in the government's external debt.

The UK operates a survey based collection system for BoP statistics, supplemented with administrative data where available or appropriate. The sources and methods underlying each BoP component is published as part of the annual Pink Book publication (on website). Supplementing ONS surveys, foreign trade statistics are used as the basis for trade in goods estimates, money and banking statistics on the external position of resident units are used to derive the financial transactions for these units.

Comprehensive methodological notes and information on data sources for each BoP component is available and published in the Pink Book and available via www.statistics.gov.uk

[Do we want to expand this to cover each BoP item or is the reference for more detailed information sufficient?]

(ii) *Is the survey framework reliable?*

- There is a register(s) that has (have) comprehensive coverage of transactor units engaged in balance of payments transactions.
- There are established procedures for frequently integrating new transactor units into the register(s) and accounting for mergers, cessation of operations, etc.
- Where sampling is used, the samples are derived by scientific random sampling techniques e.g., stratified random sampling.

⁴ *Monetary and Financial Statistics Manual*, IMF, 2000.

- Benchmark surveys are conducted, or other framework information is collected, with sufficiently frequent periodicity to ensure that the sample results remain representative.

BoP surveys mostly use the Interdepartmental Business Register (IDBR) as the sampling frame. This is a register of all UK businesses built from PAYE and VAT records and forms the basis of national accounts and BoP surveys in the UK. For BoP surveys, the IDBR is supplemented with industry/subject specific registers for FDI, securities dealers (check) and some surveys of transport companies.

There are well established procedures for dealing with company births and deaths, including mergers and acquisitions. Surveys generally employ stratified random sampling, weighted toward those respondents with the most significant BoP transactions. Most BoP surveys are quarterly, with some having more comprehensive annual exercises (eg FDI). In addition, travel data is collected via a continuous survey of travelers at UK air, sea and rail ports.

(iii) Is the international transactions reporting system (ITRS) reliable?

- The coverage of reporting banks in the ITRS is integrated with the bank register maintained by the bank supervisory authorities.
- The structure of the reporting system for banks is consistent with the accounting practices employed by banks and thus data can be readily extracted from the banks' operational records.
- For transactions that fall below the reporting threshold, a sample survey of larger banks is conducted periodically to obtain information in order to classify the low-value transactions across the balance of payments accounts.

- The percentage of reported transactions not classified to individual items is low. The value of these transactions is not significant.
- The system does not permit netting of balance of payments transactions (e.g., credits net of debits).

Not applicable for UK reporting.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.

(i) *What procedures are used to improve the coverage, classifications, valuation, and timing of information received by the compiling agency from the respondents?*

- Specific procedures have been developed to adjust data from various data sources to improve coverage, classification, and valuation and conform to guidelines in international statistical manuals. For example, these include:
 - estimates of unrecorded exports in customs declarations are made using other sources, including partner country import data;
 - customs import data collected on a c.i.f. basis are adjusted to a f.o.b. basis using information on transportation margins compiled from periodic surveys of transportation firms;
 - adjustments are made to record income and service payments gross of withholding taxes deducted at source using information from the Ministry of Finance;
 - data on net transactions in telecommunications services reported in the ITRS are adjusted to a gross basis using information collected from a sample of the larger telecommunications firms;
 - source data on securities transactions in secondary markets, which are reported net of fees and commissions, are adjusted to a gross basis on the basis of information on average commission rates obtained from a sample of securities dealers.

The UK aims to produce high quality and timely BoP data that are consistent with international standards. To meet this goal we make a number of adjustments to the raw source data. The following adjustments are made to for trade in goods for example.

- Coverage and other adjustments. The balance of payments statistics of trade in goods compiled by the ONS are derived principally from data provided by the Tariff and Statistical Office of HM Customs and Excise (TSO) on the physical goods exported from and imported to the UK. However, this information is on a different basis to that required for Balance of Payments statistics. Accordingly in order to conform to the IMF definitions the ONS has to make various adjustments to include certain transactions which are not reported to HM Customs and Excise and to exclude certain transactions which are reported to them but where there is no change of ownership. In addition, since the value required for balance of payments purposes is the value of goods at the point of export (i.e. the Customs border of the exporting country) rather than the value of goods as they arrive in the UK, the freight and insurance costs of transporting the goods to the UK needs to be deducted from the values recorded by the TSO.

Non-response - The total values of arrivals and dispatches by traders below the Intrastat thresholds are available from their VAT returns. The figures are included in the month in which the VAT return is received by HM Customs & Excise, although the VAT return itself may relate to a period of more than one month. Detailed information on below threshold trade is not available. However it has been established that the pattern of that trade before the Intrastat system was introduced in 1 January 1993 was similar to that of traders just above the thresholds. Thus estimates enabling detailed allocations of below threshold trade can be made on this basis by the TSO.

Late response - Traders who have a legal responsibility to provide Intrastat declarations are required to do so within 10 working days of the end of the calendar month. However, where traders have failed to provide Intrastat returns estimates of the total value of such trade are included. These are based on the trade reported by these traders in a previous period and the growth rate since that period experienced by traders who have provided returns for the current month.

Similarly, for other BoP inquiries, we impute for non-response and late response and gross to population totals.

(ii) *Is information available on the extent to which secondary data sources differ from international statistical guidelines?*

- Compilers are aware of differences in practices used in compiling source data for balance of payments statistics e.g., trade data from customs documents.
- Information on external debt received from the debt compiling agencies is broadly in line with the recommendations of the *BPM5*.

Full details are published as part of the Pink Book methodological notes.

3.1.3 Source data are timely.

(i) *Does the collection system provide for the timely receipt of data?*

- Respondents are made aware of the deadlines set for reporting.
- The compiling agency employs rigorous follow-up procedures to ensure the timely receipt of respondents' data (e.g., by calling the respondent).

All inquiries have deadlines for return of completed forms. Where deadlines are missed, there is a variety of follow-up action employed, ranging from telephone contact initially, to formal letters emphasising the penalties for non-response.

3.2 Statistical techniques – *Statistical techniques employed conform with sound statistical procedures.*

3.2.1 Data compilation employs sound statistical techniques.

(i) *Are data management procedures sound?*

- Computerized edit checks have been developed to identify coding and other errors in the source data.
- Data management procedures are computerized to minimize processing errors such as coding, editing, and tabulating errors.
- Data management procedures are thoroughly documented.
- The report forms are designed in a way that makes them easy to complete and appropriate for computer processing. They have also been pilot-tested with a sample of respondents.

Inquiry results processing includes a number of validation checks to ensure both that the data is arithmetically correct and to highlight any substantial changes from previously reported data. The latter are then checked with the respondent and any relevant “stories” gleaned.

At the compilation stage, processing is done on the ONS main database (WINCSDB). This tool is used for all stages of the process from simple aggregations to eventual publication, minimising the potential for transcription errors. In addition the data are checked for consistency and coherence at each stage of the process, including meetings with ONS sector statisticians and economists.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.

- (i) *What statistical techniques do you employ to adjust balance of payments statistics?*
- The cif/fob factor for imports is estimated each year on the basis of a sample survey of large transportation enterprises.
 - Estimates of shuttle trade are made based on information from periodic surveys conducted at major border points on goods carried by organized and non-organized traders and data are extrapolated on basis of the monthly volume of shuttle traders identified by customs and immigration authorities.
 - An adjustment for the underestimation of exports is made on the basis of partner country import data.

Valuation adjustments: The cost of freight services for the sea legs of dry cargo imports is estimated by applying freight rates (derived from the rates for a large sample of individual commodities imported from various countries) to tonnages of goods arriving by sea. For the land legs, estimates of freight rates per tonne-kilometre for different commodities and estimated distances are used. Estimates of rail freight through the Channel Tunnel are estimated from data provided by Le Shuttle and freight operators. The cost of freight on imports arriving by air is derived from information on the earnings of UK airlines on UK imports and the respective tonnages landed by UK and foreign airlines at UK airports. Pending investigations of an alternative methodology the cost of freight and insurance on oil and gas imports is projected from data formerly supplied by the Department of Trade and Industry.

3.3 Assessment and validation – Source data are regularly assessed and results validated.

3.3.1 Source data – including censuses, sample surveys and administrative records ³/₄ are routinely assessed, e.g., for coverage, sample error, response error, and non-sampling error; the results of the assessments are monitored and made available to guide planning.

- (i) *How accurate is the survey-based information?*
- Information is available about sampling errors for each of the surveys conducted, which are regularly reviewed. Sample selection is adjusted when the sampling errors become too large.

- Information is available about non-sampling errors: over/under-coverage, misclassification, measurement, and non-response.
- High-value transactions are confirmed with respondents.

Sampling errors are calculated and assessed as part of the regular triennial review of surveys for those inquiries employing stratified random samples. Non-response figures and revisions analyses are available quarterly. In addition, high value transactions will be checked with respondents.

(ii) *How accurate is the information from the ITRS?*

- Data from the closed-type ITRS are checked on the completeness of reporting by banks, for instance:
 - on balances of accounts and transactions reported;
 - by monitoring the equality between debit and credit entries for non-balance of payments transactions.
- The inequality of the non-balance of payments transactions is analyzed on spread, sign of fluctuation, and type of transaction.
- Written explanations are provided for each transaction above a given reporting threshold, which facilitates verification that transactions have been correctly classified in reports submitted by banks.
- High-value transactions are confirmed with respondents.

3.3.2 Main intermediate results are validated against other information where applicable.

(i) *Are secondary data sources used to verify data compiled from surveys/ITRS?*

- Survey/ITRS data are checked across a wide range of data sources, including, for example, with:
 - data on withholding taxes on income payments received from the Ministry of Finance are used to assess the accuracy of reported information on income transactions;

- information reported in the financial press is used to verify high-value direct investment and other transactions.

Data are validated with external sources where practical. For example, large acquisition and merger deals reported in the press are followed up with an ONS inquiry to check the value of the deal. In addition, the data are validated with help of ONS economists and other sector statisticians within the national accounts framework.

3.3.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated and made available to guide users.

(i) *Are errors and omissions monitored?*

- Staff involved in producing balance of payments data is alerted on the scope of the errors and omissions and seek to understand them e.g., by crosschecks between current, capital and financial accounts.

Errors and omissions are monitored closely during the quarterly round process. Any large discrepancies will be investigated for potential data or counterpart problems.

(ii) *Is the behavior of series cross-checked with related series/indicators?*

- The behavior of series are routinely assessed against related series, for instance:
 - reported data on investment income payments and receipts are regularly assessed in relation to the corresponding stock data in the international investment position statistics;
 - data on freight earnings are regularly assessed in relation to the value/volume of the trade flows;
 - data on travel-related transactions are analyzed in relation to information compiled by the customs and immigration authorities on the numbers of international travelers entering/leaving the country;
 - the reported financial flow data are reconciled with changes in the corresponding stock data collected for external debt and for other elements of the international investment position;

- in the case of an ITRS, the discrepancies between merchandise trade and the associated financial flows are reviewed.

Income flows are routinely checked against balance sheets to ensure that any changes in rates of return can be validated. Although the UK does not produce a full reconciliation account, start and end levels are compared to flows, so that “other changes” can be calculated. These are then checked against stock market and currency movements to validate the estimates.

(iii) *Are bilateral comparisons/reconciliation conducted with data of other countries and international organizations?*

- Bilateral data reconciliations are conducted for selected trade, other current, and financial account items with principal trading partners and large differences are investigated. Differences in concepts and compilation methods are identified and are allowed for in the data comparisons.
- Data on selected external debt transactions are compared with the Joint BIS-IMF-OECD-World Bank Statistics on External Debt.

Bilateral asymmetries with EU countries are assessed as part of the Eurostat Asymmetries Technical Group work. Particular attention has been paid to the UK/Spain travel asymmetries. Bilateral discussions have led to some changes to the estimates and methodologies of both countries, with asymmetries correspondingly reduced.

The CPIS exercise has led to an alternative data source for the geographical breakdown of UK portfolio investment liabilities. This information has been used in the construction of a geographical breakdown of income debits from long-term debt securities in particular.

3.4 Revision studies – Revisions, as a gauge of reliability, are tracked and mined for the information they may provide

3.4.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.

(i) *Are revisions to the balance of payments statistics assessed?*

- Data revisions are assessed each year following the annual revision cycle and any required adjustments in the statistical processes are taken into account in compiling the data in the following year.

Revisions to the UK BoP are assessed and presented both quarterly and annually as part of our main release procedures.

3.4.2 Revision studies and analyses are made public and used to guide data users.

(i) *Are users of data informed of the causes of revisions to the data?*

- A short note at the time of the annual revision cycle is prepared to inform external users of balance of payments statistics of the causes of revisions to previously published data.

Full briefing of the causes of the revisions are provided to users at publication. If the revisions are going to be significant broad outlines of the causes (not the figures) are discussed with users in advance, eg articles in Economic Trends, presentations to User Groups.

4. Serviceability – *Statistics are relevant, timely, consistent, and follow a predictable revisions policy.*

4.1 Relevance – *Statistics cover relevant information on the subject field.*

4.1.1 Processes to monitor the relevance and practical utility of existing statistics in meeting user's needs are in place.

(i) *What actions are taken, if any, to ensure that the balance of payments statistics continue to address issues of concern to users?*

- There is an established process of consultation that takes place periodically with policy departments and with a user advisory group that includes representatives from the private sector and academia.
- The compiling agency regularly participates in international statistical meetings and seminars organized by international and regional organizations such as the IMF, the United Nations, the OECD, ASEAN, the ECB, and EUROSTAT.

The BoP User Group is a quarterly forum for the main government users of BoP statistics – HM Treasury, the Department of Trade and Industry and the Bank of England – to discuss the latest published BoP dataset with ONS compilers, and discuss/guide future BoP initiatives.

4.2 Timeliness and periodicity – *Timeliness and periodicity follow internationally accepted dissemination standards.*

4.2.1 Periodicity follows dissemination standards.

(i) *Does the periodicity of the balance of payments statistics follow the IMF data dissemination standards?*

- Balance of payments data are disseminated quarterly.
- Goods transactions and level of reserves elements are disseminated monthly.

BoP and IIP data are disseminated quarterly. Trade in goods and services and the reserves template are disseminated monthly.

4.2.2 Timeliness follows dissemination standards.

(i) *Does the timeliness of the balance of payments statistics follow the IMF data dissemination standards?*

- Quarterly balance of payments statistics are disseminated within one quarter after the reference period.
- Annual balance of payments statistics are disseminated approximately six months after the end of the reference period.

Quarterly BoP and IIP data are released within one quarter of the reference period.

4.3 Consistency – *Statistics are consistent over time, internally, and with major data systems.*

4.3.1 Statistics are consistent or reconcilable over a reasonable period of time.

(i) *Are the balance of payments statistics consistent over time?*

- When methodological changes are introduced, an attempt is made to revise the historical series as far back as data will permit.
- Breaks in series are identified and explained.
- Any unusual changes in economic trends are explained in the analytical text inserted in the balance of payments publication.

The ONS operates a revisions policy that generally allows long-run revisions every annual exercise. As such, methodological changes that result in several years data can be implemented without introducing discontinuities. Significant changes will be flagged up with users one quarter in advance of release, and full explanations of the changes given at the time of release.

4.3.2 Statistics are internally consistent (e.g., accounting identities observed).

(i) *Are the balance of payments statistics internally consistent?*

- Any discrepancy between the sum of the quarterly data and data from annual surveys is removed through benchmarking procedures or indicators.
- Over the long run, the net errors and omissions item has not been large and has been stable over time.

BoP data are internally consistent. Errors and omissions are monitored closely for size and bias.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks⁵.

⁵ Consistency or coherence between statistics is oriented towards the comparison of different statistics.

(i) *Are the balance of payments statistics consistent with the national accounts, money and banking, and external debt and/or international investment position statistics?*

- The balance of payments statistics are largely consistent with national accounts statistics.
- The banking sector transactions in the balance of payments statistics are broadly consistent with the money and banking statistics.
- The balance of payments items comprising external debt data are consistent with the corresponding debt stocks.
- Financial flow data are reconciled with changes in the international investment position and a table explaining the differences (e.g., transactions, exchange rates, prices, and other changes) is disseminated on a regular basis.

UK BoP and IIP data are compiled as part of the national accounts quarterly round and fully consistent with the Rest of the World (RoW) sector within national accounts. Banking sector transactions are derived from Money and Banking statistics.

Flows and levels are reconciled on a quarterly basis and published as part of the quarterly IIP statement. Currency and price changes are not separately identified, but included within “other” changes. This is an analysis we intend to develop in the future BoP work programme.

4.4 Revision policy and practice – *Data revisions follow a regular and publicized procedure.*

4.4.1 Revisions follow a regular, well established, and transparent schedule.

(i) *Does the practice of revisions follow a predictable pattern?*

- Users are informed of the schedule of revisions of preliminary data and of the period to which they relate.

The ONS has a well-established national accounts and BoP revisions policy which was explained in an Economic Trends article in 1992(?). This allows quarterly revisions to years t-1 except for the main annual round (part of the Q1 or Q2 round) when longer run revisions are allowed.

(ii) *Does the policy and practice of revising balance of payments statistics follow a publicly known process?*

- The revision policy is transparent and documented in the balance of payments publication and in the database accessible by users.
- Adequate documentation of revisions is included in the regular balance of payments publication.

The current revisions policy has been published and is reiterated at the time of each press release. Revisions associated with methodological improvements are presented and internally assessed as a national accounts peer group appraisal.

4.4.2 Preliminary data are clearly identified.

(i) *Are preliminary data or first estimates clearly identified in statistical releases?*

- Users are alerted that the initially published data are preliminary and subject to revision.

Both the main press releases and any briefing highlight that the latest data are estimates.

4.4.3 Studies and analyses of revisions are carried out routinely and made public.

(i) *Are users informed of the causes of revisions to the balance of payments statistics?*

- Revisions are measured, assessed, and explained to users.

Full explanation of main revisions are given as part of the regular quarterly press release alongside a table within the release detailing the changes.

5. Accessibility – *Data and metadata are easily available and assistance to users is adequate.*

5.1 Data accessibility – *Statistics are presented in a clear and understandable manner, forms of dissemination are adequate, and statistics are made available on an impartial basis.*

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).

(i) *Is the dissemination of balance of payments data commensurate with users' needs?*

- Balance of payments statistics are published with commensurate interpretation; charts and tables are disseminated with the data.
- Analysis of current-period developments is included in each publication.
- Balance of payments statistics are published according to the standard components of the *BPM5*. Some additional series are published to meet users' needs.

The quarterly and annual BoP releases include tables and charts alongside analytical text. In general, more detail is published than is strictly required to meet the requirements of *BPM5*.

5.1.2 Dissemination media and formats are adequate.

(i) *Are the dissemination means for balance of payments data commensurate with user's needs?*

- Data are first released via an information release (tailored to country circumstances), which is then followed by the release of a more comprehensive the balance of payments publication.
- Longer time series can be accessed (perhaps for a fee) through an electronic database maintained by the compiling agency.

Full BoP data are published quarterly, although a comprehensive geographical breakdown is only available annually, around 9 months after the end of each year.

5.1.3 Statistics are released on a pre-announced schedule.

(i) *Is there a schedule for data release announced in advance?*

- The balance of payments statistics are released according to a pre-announced release schedule.

Data are released according to a pre-announced national accounts timetable.

5.1.4 Statistics are made available to all users at the same time.

(i) *Are statistics made available to all users at the same time?*

- The data are released simultaneously to all interested users on the date and/or time specified in the release schedule.
- If the press is briefed in advance, measures are taken to avoid release to the public in advance of the regular schedule.

The full BoP dataset is released to all users at 9.30am on the day of release. The only exception to this, as described in the ONS Code of Practice, is to release the First Release at 5pm 2 days prior to publication, to Ministers who may be required to comment on the data. This pre-release is purely to allow briefing to be prepared.

Press agencies are given the data at 9am at a locked Press Office briefing on the day of release, but the data is embargoed until 9.30am.

5.1.5 Non-published (but non-confidential) sub-aggregates are made available upon request.

(i) *Are non-published sub-aggregates made available to statistics users?*

- Sub-aggregates are made available upon request; they comprise aggregates by balance of payments items, geographical aggregates with partner countries if applicable or sector-based aggregates (perhaps for a fee).
- Sub-aggregates are made available in quarterly and annual publications.

The vast majority of publishable data is released as part of the main BoP release. Occasionally, additional ad hoc analyses are prepared to meet demands of specific users.

5.2 Metadata accessibility – *Up-to-date and pertinent metadata are made available.*

5.2.1 Documentation on concepts, scope, classifications, basis for recording, data sources, and statistical techniques is available, and differences from international standards are annotated.

(i) *How well do the balance of payments statistics metadata, if any, provide users with information about what the data mean and about the methodology used to collect and process them?*

- Concepts, definitions, classifications, and methodology are documented and disseminated to the public. The metadata also identifies any significant deviations from internationally accepted standards, biases in the balance of payments data, information about response rates to the main surveys employed in collecting data for the balance of payments statistics, and other information the user may need to assess the data.
- The SDDS/GDDS statistical methodologies and other related metadata are regularly reviewed and updated.

Full concepts, sources and methods are published and support the dissemination of data via the ONS website.

5.2.2 Different levels of detail are provided depending on intended audience and type of collection.

(i) *Are different levels of component detail made available to meet user requirements?*

- Unpublished (but non-confidential) specialized tabulations can be provided (perhaps for a fee).
- Balance of payments statistics are published according to the standard components of the *BPM5* (pp. 43-50 *BPM5*). Some additional series are published to meet users needs.
- Relevant balance of payments series are published in a seasonally adjusted form.

See 5.1.5. Seasonally adjusted data are published alongside unadjusted data where appropriate.

5.3 Assistance to users – Prompt and knowledgeable support service is available.

5.3.1 Contact person for each subject field is publicized.

(i) *Are there provisions to provide assistance to users?*

- Prompt and knowledgeable service and support is available to users. All statistical releases identify specific individuals who may be contacted by mail, telephone, facsimile, or by email.
- Assistance is available in relevant foreign languages.
- Brochures have been developed to educate users of macroeconomic statistics, including the balance of payments statistics.
- Assistance to users is monitored through periodic surveys of users.

All releases have named contacts with full address details, including bop email addresses.

5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available.

(i) *Does the umbrella agency produce a catalogue of its statistical products and services?*

- A catalogue of publications, documents, and other services to the users is maintained and updated each year.
- The prices of the statistical products and services are clearly disclosed and assistance is provided in placing orders.

Catalogues of statistical publications are disseminated and updated regularly.