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STATISTICS DIRECTORATE

## Working Party on International Trade in Goods and Trade in Services Statistics

### MOVING FROM AN ITRS TO ENTERPRISE SURVEYS FOR COLLECTING TRADE IN SERVICE STATISTICS

7-9 November 2011, OECD Headquarters, Paris

*This contribution is for information and discussion under item 11.4 of the agenda.*

*This document is available in pdf format only.*

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BANCA D'ITALIA  
EUROSISTEMA

*Moving  
from an ITRS to Enterprise Surveys  
for collecting  
trade in services statistics*

3<sup>rd</sup> WPTGS, Paris 7-9 november 2011

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## Outline of the presentation

- ✓ The new system: basic principles and project timetable
- ✓ Business Register and Sampling Techniques
- ✓ Data sources: the Direct Reporting system and the other sources
- ✓ Main results

## Why a new system ?

1. To react to prospects of decreased usability/availability of settlement data, because of:
  - Increasing disconnection between settlements and BOP transactions
  - Rising exemption threshold and prospects of dismantling of bank reporting of cross-border settlements for BOP purposes.
  
2. To improve quality of statistics
  - Asking information to subjects directly involved in international transactions.
  - More precise identification of phenomena and their characteristics.
  
3. To reduce the reporting burden, rationalise the system and increase its efficiency

## Basic principles of the new system

1. Moving from a fully-fledged ITRS to a more flexible double-entry “matrix of data sources”
2. More extensively adopting sample survey (rather census) approaches
3. Avoiding information redundancies to the maximum extent possible
4. Using already existing data sources, originally set up for non-statistical purposes (e.g. administrative data)

# The new data collection system for BoP

## Simplified sector/item matrix for services

Resident sector	Travel	Transport	Other services
General government	Survey	Survey	CB
Monetary authorities			CB
Other MFIs			IBR
Non-financial and insurance corporations			DR
Households and NPISHs			AS

AS = Administrative sources

CB = Central bank data

DR = Direct reporting

IBR = Integrated Bank Reports

Survey = Sample survey already existing

Normal	Already defined in the old system
<b>Bold</b>	Implemented in the new system



# The transition to the new system

## Project timetable (I)

### Second half of 2006

- Launch of the project. Inventory of international “best practices”

### During year 2007

- First draft of Direct Reporting (DR) questionnaires. Pilot DR questionnaires
- Definition of main IT requirements for DR
- Sample selection, finalisation and dissemination of DR questionnaires to a sample of about 7,000 enterprises
- Appointment of a “**DR Input Group**”

### January – March 2008

- “**Road show**” to present the direct reporting system to enterprises (19 meetings)
- Bid and start of “first level help desk” outsourced

### April 2008 → First DR results

- Start of DR in parallel with the old system, experimental phase (results not published)

### Second half of 2008

- Fine tuning of the system
- Dedicated meetings with enterprises

### November 2008 → Adaptation in the Foreign Exchange Law

- **Bdl's powers** to 1) define reporting forms and transmission details, 2) manage sanction procedures  
3) access to administrative data for statistical purposes

# The transition to the new system

## Project timetable (II)

During year 2009

- Analysis of results and comparisons with old system data
- Reminders to reporting entities and checking activities
- Definition of sanctions procedures
- Administrative data sources: start of interactions with Fiscal Authorities.

December 2009 → Publication of Bdl's DR Regulation

- Formalization and detailed definition of reporting forms, instructions, periodicity and timeliness
- Definition of the sanction procedure for omissions reporting, managed by the Bdl

September 2010 → dissemination of new system BOP and dismantling of settlement reports

- » Last settlement system reports referred to June 2010
- » July 2010 is the first reference period of new BOP data
- First sanctions deliberated
- Administrative data available

During year 2011 → backward revision of BOP series

- BOP revised back to end 2007
- Long-period backward revision of BOP series



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- ✓ **Business Register and Sampling Techniques**
- ✓ Data sources: the Direct Reporting system and the other sources
- ✓ Main results

# Business Register and Sampling Techniques



The ECB regards payments data as a potentially useful tool in particular to identify the reporting population to be surveyed, i.e. to set up and maintain a register of internationally active firms. This concerns information that is readily available to the banks and that can be supplied to b.o.p. compilers in a fully automated fashion at reasonable intervals...

*(Opinion of the ECB, 6 January 2009)*

Business registers can be used as survey frames for balance of payments (BoP) surveys .... The data collection for BoP has moved considerably from transaction-based data collection to direct surveys.

*EUROSTAT (Business registers-Recommendations manual 2010 edition)*

# Business Register and Sampling Techniques

Business Register as a **complete**, **integrated**, **dynamic**  
and, above all, **BoP-oriented** instrument

**Complete:** *Italian BR includes all the enterprises potentially involved in international transactions*

**Integrated:** *different sources are used at the same time, with different identification keys linked by a “Bridge Table” to obtain an homogeneous structure*

**Dynamic:** *sources can change over time*

## BoP-oriented:

### Flags for:

*listed companies  
firms involved in international transactions  
presence of FDI*

### Auxiliary variables:

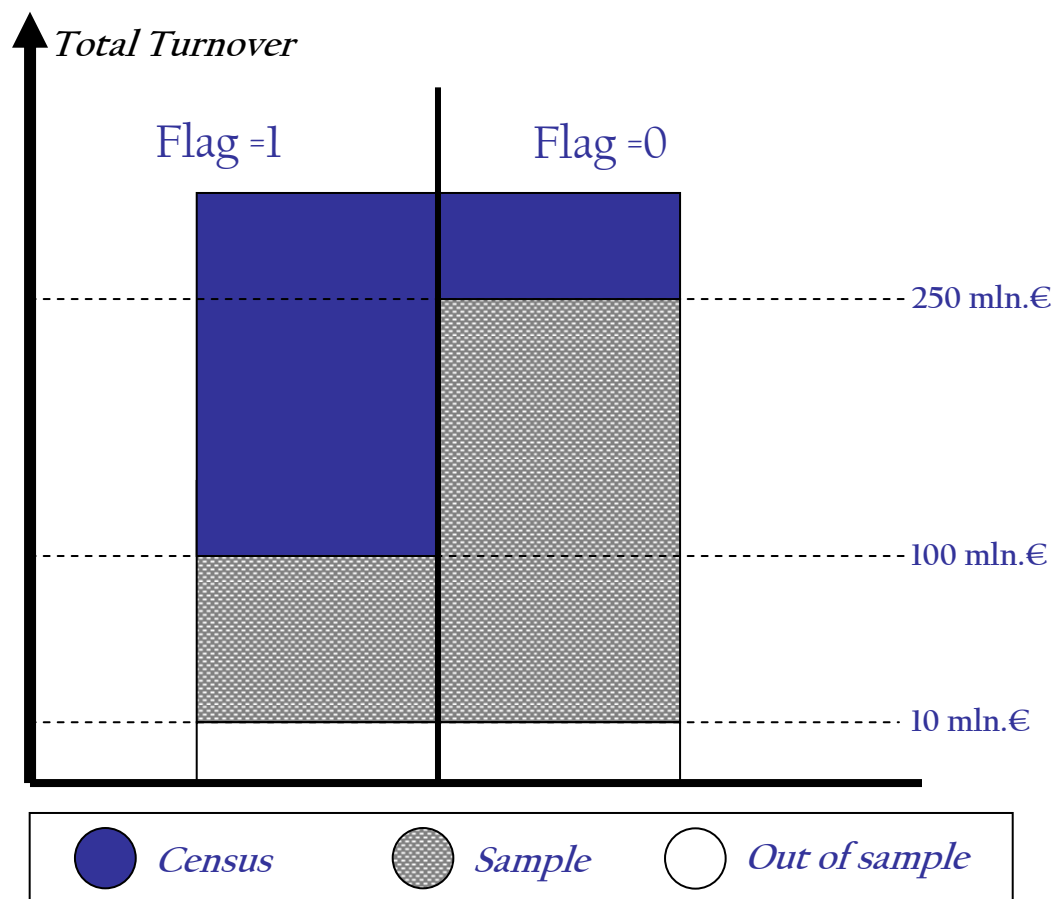
*balance sheet data  
international turnover  
sector of activity  
geographical breakdown*

# Business Register and Sampling Techniques

“Other services”

Stratification variables  
for ‘other services’

- Presence of international transactions (*flag*)
- Dimension (*total turnover*)

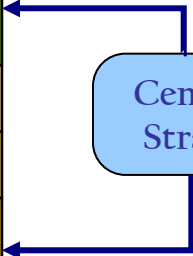


# Business Register and Sampling Techniques

## “Other services” – 2010 sample

Presence of international transactions	Dimension (turnover)	Enterprises		% Turnover	DR Flows (Previous Editions)
		Number	Percentage		
yes	1-10 million	49,305	22.7%	7.7%	0.0%
yes	10-100 million	18,739	8.6%	20.5%	5.0%
yes	more than 100 million	2,281	1.1%	43.7%	91.0%
no	1-10 million	136,924	63.1%	14.3%	0.0%
no	10-250 million	9,615	4.4%	9.9%	0.7%
no	more than 250 million	122	0.1%	3.9%	3.4%

Census  
Strata



## Outline of the presentation

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- ✓ **Data sources: the Direct Reporting system and the other sources**
- ✓ Main results



# Data sources and Methodologies

## Data sources

## OTHER SERVICES

## Methodologies

Direct Reporting - TTN (firms)  
AS - MF: Tax Authority Database (households)  
IBR (banks for their own account)  
CB (on its own account and on account of PPAA)  
Administrative data

*Communication services*  
*Financial services*  
*Computer & Information services*  
*Royalties & licences*  
*Business services (except for merchanting)*  
*Personal, cultural and recreational services*

*Government services*  
*Insurance services*

*Construction services*  
*Business services - Merchanting*

Aggregation of items  
deriving from the  
new data sources

Old methodology, including  
administrative data integrations

New methodology, fully  
compliant with  
international standard

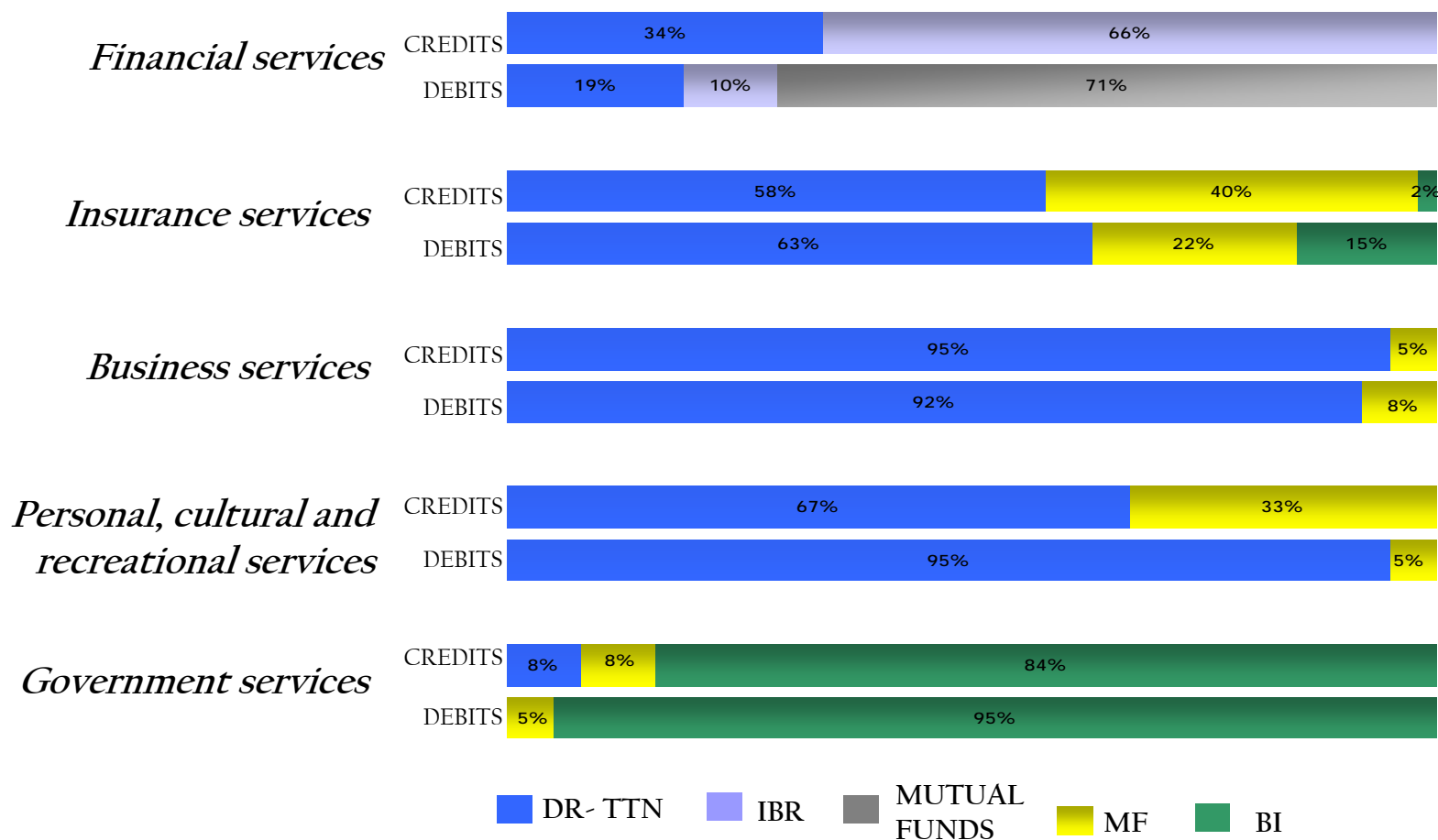
## Data sources' contributions (I)

For some sub-items Direct Reporting share is around 100% of the total:

- *Communication services*
- *Computer & Information services*
- *Royalties & licences*
- *Construction services*

## Data sources' contributions (II)

For other sub-items a number of sources contribute to the total amount:



## Data sources

- Direct Reporting - TTN (firms)
- MF - Tax Authority Database (households)
- IBR (banks for their own account)
- BI (on its own account and on account of PPAA)
- Administrative data

# Data sources

## The Direct Reporting System

### General features

- One survey in the non financial area:
  - “TTN – Transazioni Trimestrali Non finanziarie”  
(Quarterly Non financial Transactions)
- Reference population: **non-financial and insurance corporations**
- Global sample for 2010 included around **3,200 firms**

### General principles

- Every firm must report **only** with reference to **its own** operations
- **Every** transaction **between a R and a NR** is relevant even if it's an intragroup transaction
- Valuation according to **accrual** principle
- Conversion of foreign currency transactions: figures must be expressed in **euros**
- The reporter must communicate, with a specific tool, the eventual **absence of transactions** to be reported, in every reference period

# Data sources

## The Direct Reporting System

TTN: Transazioni Trimestrali Non finanziarie  
(Quarterly Non financial Transactions)

- Periodicity: Quarterly
- Timeliness: + 1 month
- Contents: flow data broken down by:
  - type of transaction
  - country of counterpart
  - currency
  - flow direction (credit/debit)

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# Data sources

## The Direct Reporting System

TTN: Transazioni Trimestrali Non finanziarie  
(Quarterly Non financial Transactions)

### Type of transaction classification

- Services

*Communication services*

*Construction services*

*Insurance services*

*Financial services*

*Computer & Information services*

*Royalties e licences*

*Business services*

*Personal, cultural & recreational services*

*Government services*

- Acquisition/Disposal of intangible assets
- Current and capital transfers
- Salaries & wages (*only if paid by the reporter*)

## Data sources

- Direct Reporting - TTN (firms)
- MF - Tax Authority Database (households)
- IBR (banks for their own account)
- BI (on its own account and on account of PPAA)
- Administrative data



## Other Data sources

### Administrative source Tax authority information

**Monitoraggio Fiscale:** legal framework enforcing resident banks to monthly report to the Ministry of Finance cross-border settlements performed on behalf of resident households.

The Ministry of Finance transmits these data in an aggregated form to the Bank of Italy for statistical purposes once a year.

**Periodicity:** Monthly

**Timeliness:** 10 months after the end of the tax reference year

**Coverage:** all households performing transactions with foreign counterparts through the resident bank over the threshold of 10,000 €

**Contents:** amount of transaction with details on:

- Type of transaction
- Country
- Direction (credit/debit)

## Outline of the presentation

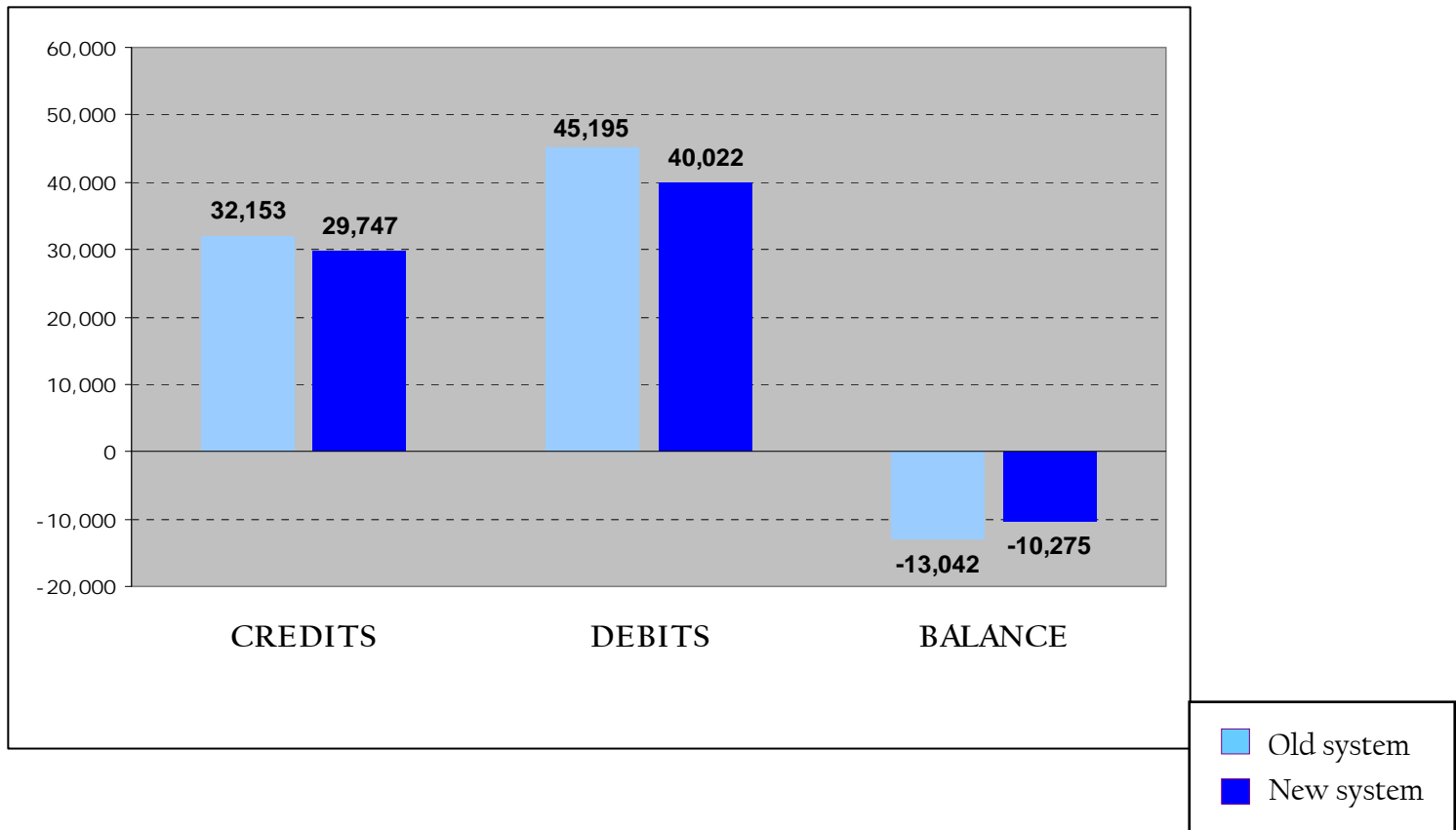
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## Main results

### “Other services” - old vs new system

Year 2009 - *million of euros*

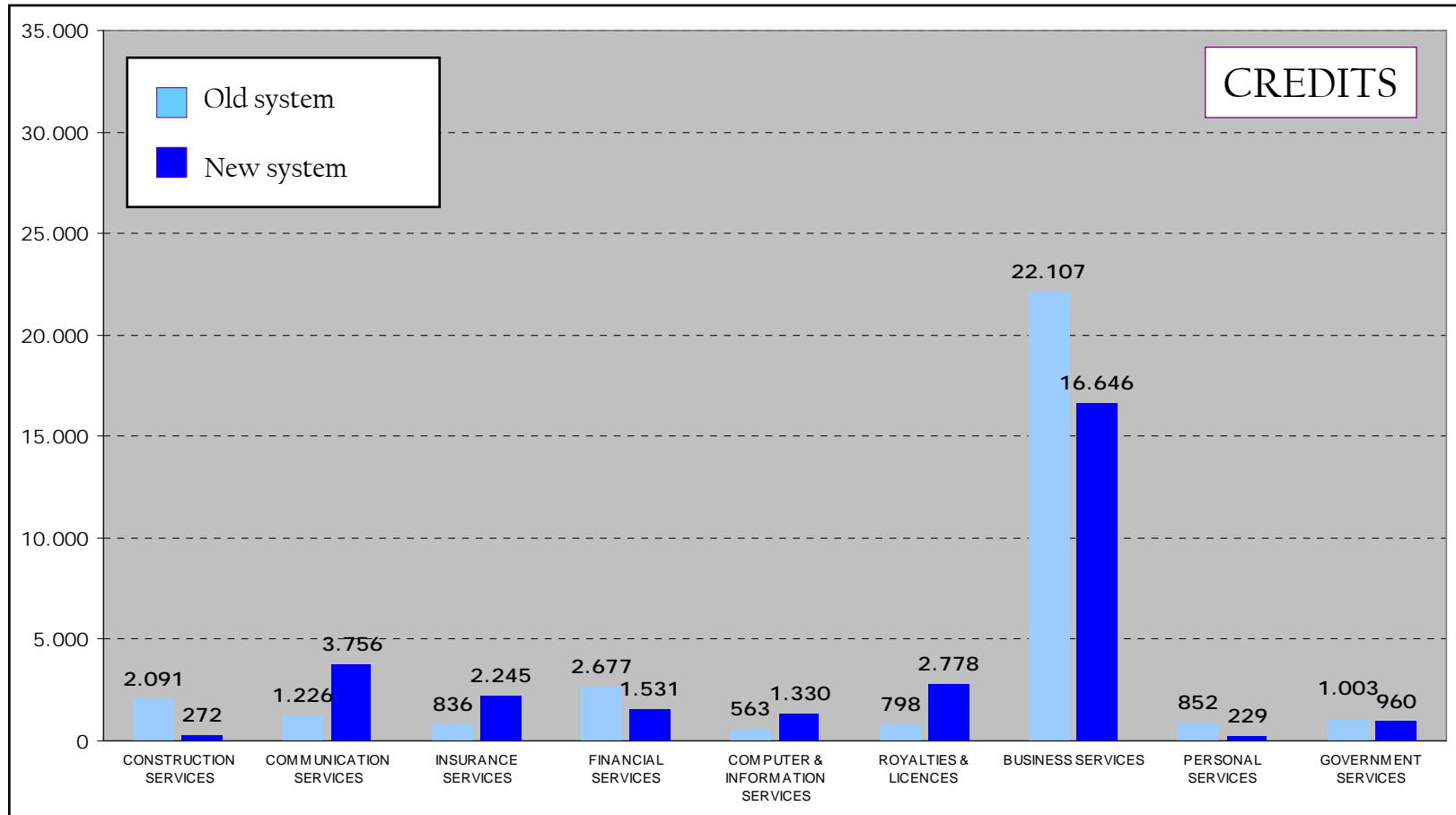




# Main results

## “Other services” by sub-item old vs new system

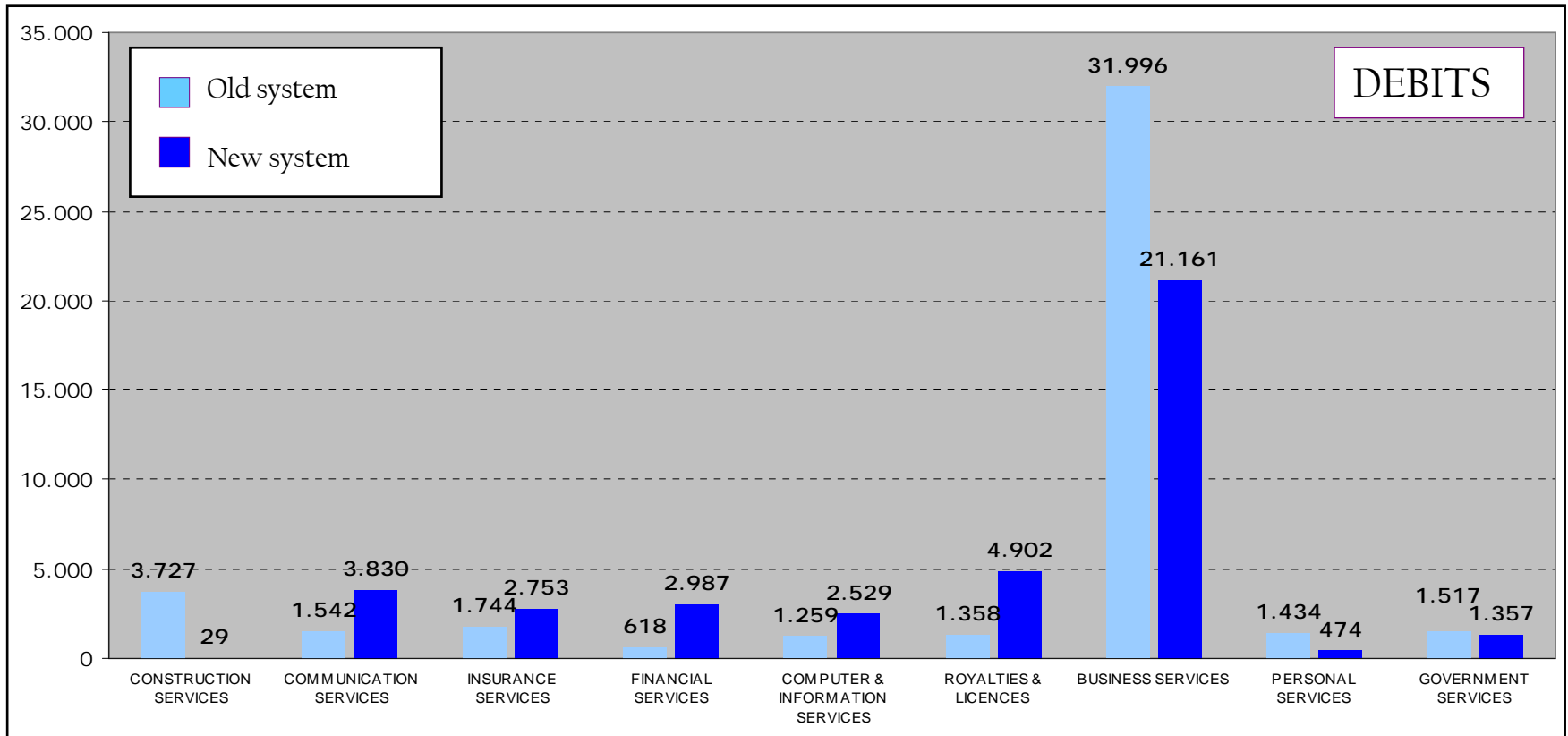
Year 2009 - *million of euros*



# Main results

## “Other services” by sub-item old vs new system

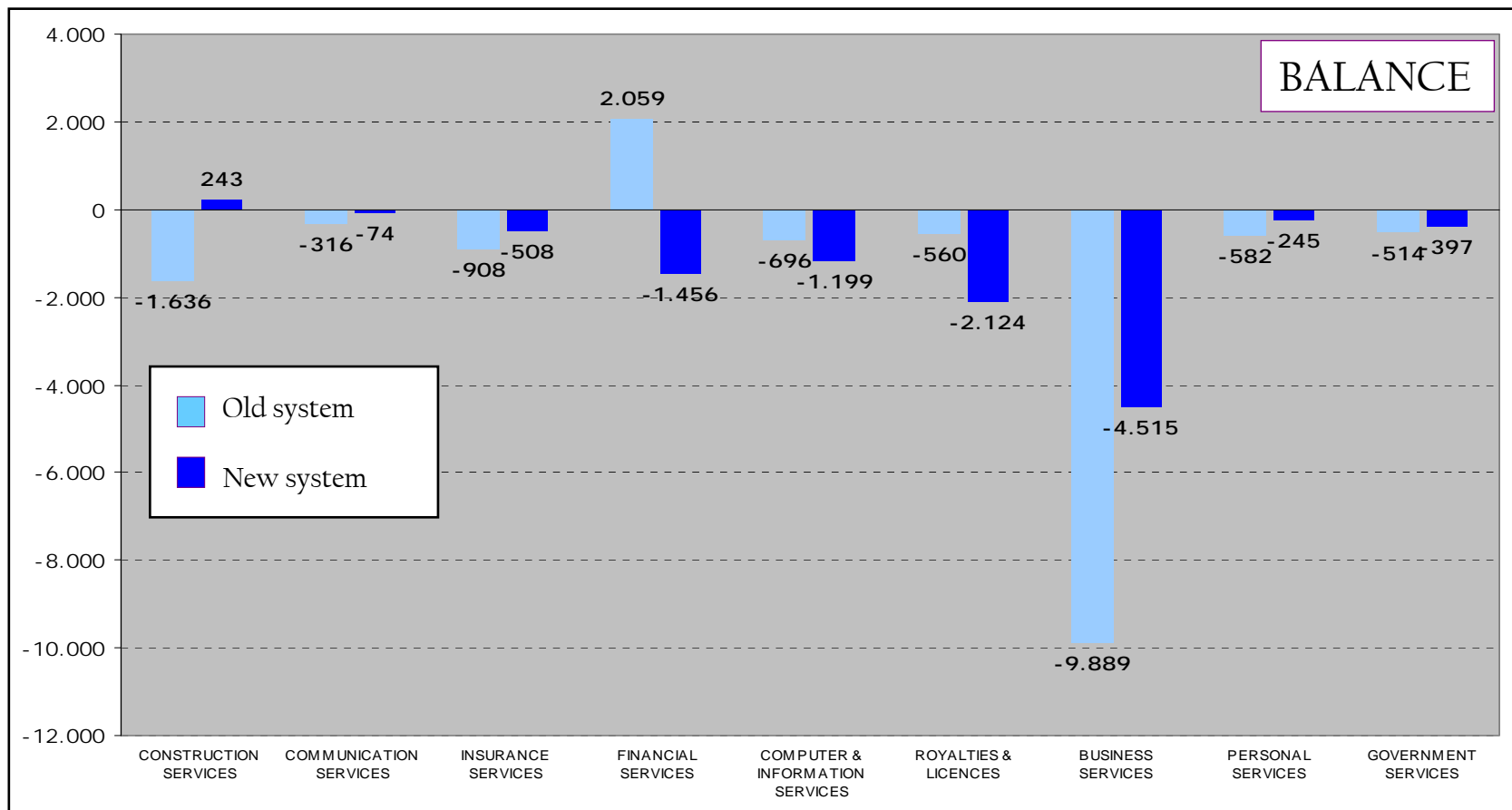
Year 2009 - *million of euros*



# Main results

## “Other services” by sub-item old vs new system

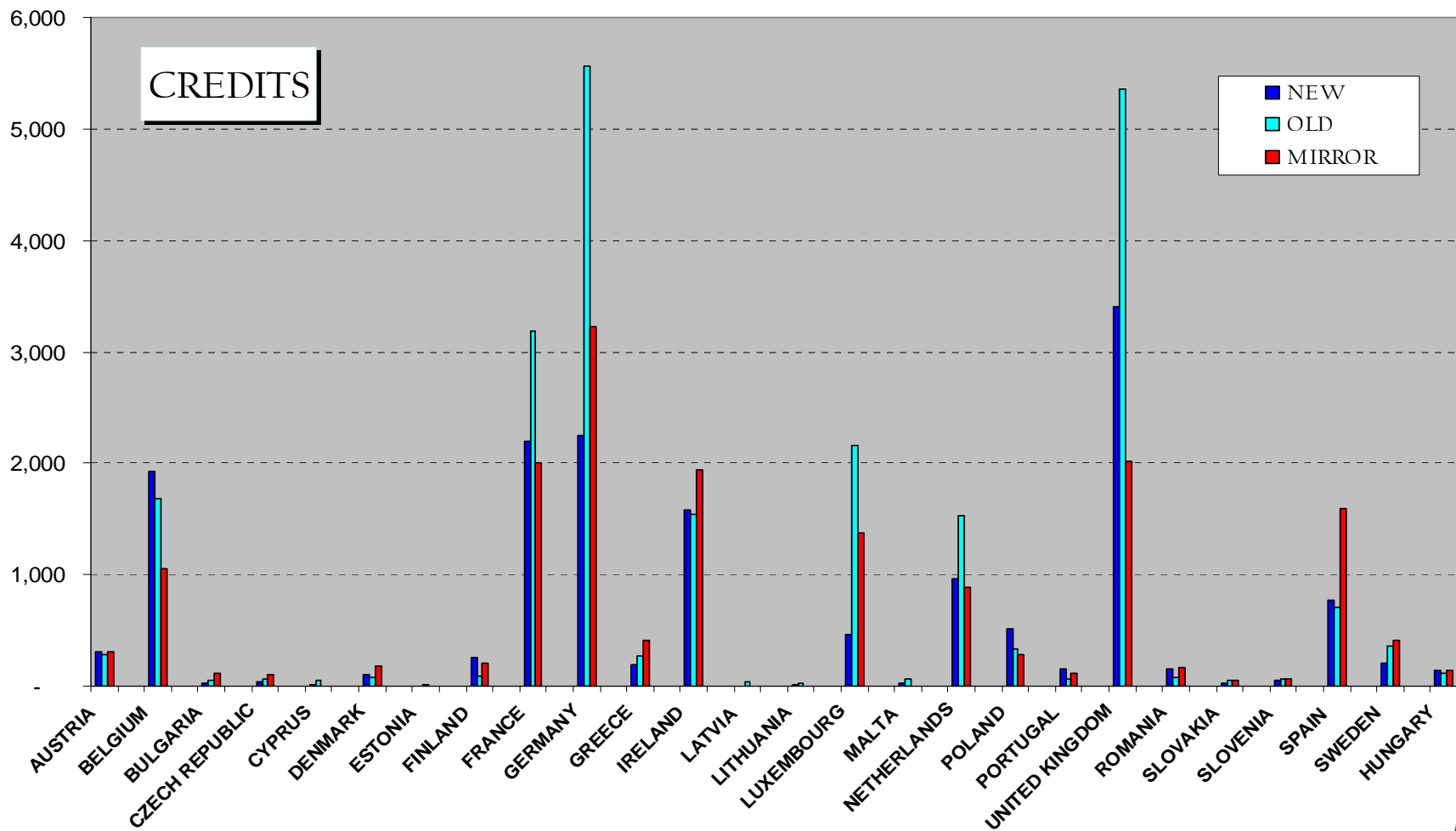
Year 2009 - *million of euros*



# Main results

## Old vs new system – “Other services” by country

Year 2009 - million euros



## The reconstruction of pre-2008 balance of payments data (1)

- ✓ After the publication of the new system data for 2008-10, back-data have been revised:
- ✓ the main items of current account and capital account have been reconstructed backwards up to 1970 (before 1991 revisions are negligible);
- ✓ the main items of the financial account have been reconstructed backwards up to 1997.

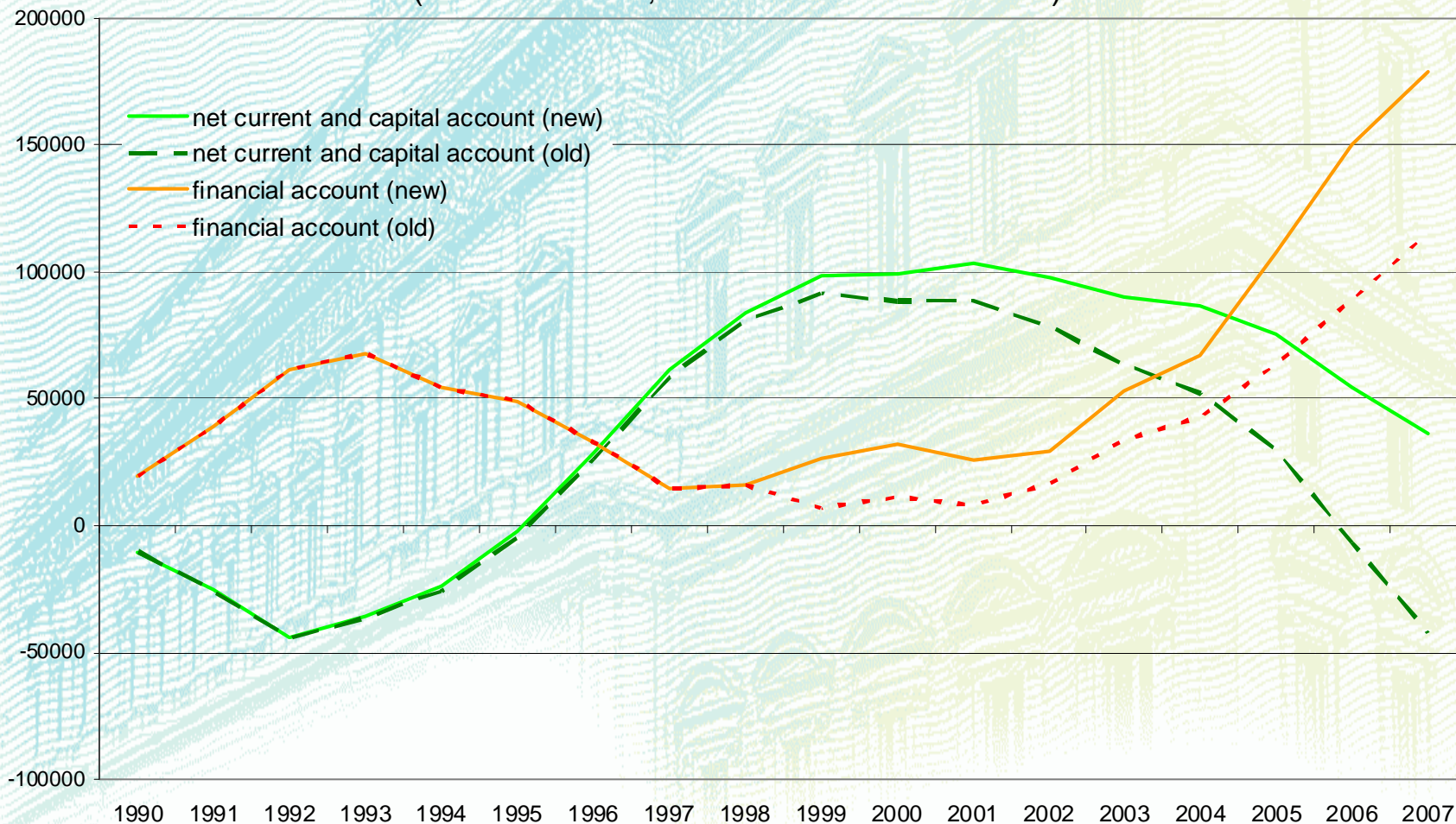


## The reconstruction of pre-2008 balance of payments data (2)

- ✓ The current account balance has been revised upwards (around 75 billions of euros between 1999 and 2007, in cumulated terms), mainly because of an upward revision of capital income balance (data from the old system did not include non-distributed income of capital accumulation funds);
- ✓ the increased debtor position in 2007-10 stocks determined an upward revision of capital inflows for the previous years;
- ✓ these diverging patterns between current account and financial account balances determined a significant increase in negative cumulated errors and omissions.



### Italy's balance of payments (old and revised data) (millions of euro; cumulated data from 1990)







### Italy's balance of payments (old and revised data): income balance (as percentages of GDP)

