



TREATMENT OF FINANCIAL INTERMEDIATION SERVICES INDIRECTLY MEASURED (FISIM) IN NATIONAL ACCOUNTS

Eurostat's method of allocating FISIM starts from the European Regulation of 1998, with some amendments which have been proposed by the Eurostat FISIM Task Force and approved in 2007 by the National Accounts Working Group. The main characteristics of this method are the following:

- All loans and deposits provided by, or deposited with financial intermediaries (deposit-taking corporations and other financial intermediaries sub-sectors) generate FISIM, irrespective of the source of the funds
- FISIM is calculated on the basis of the comparison between the actual rates of interest and reference rates
- Eurostat proposes only one « internal » reference rate to calculate FISIM produced by resident financial intermediaries (FIs) and consumed by residents
- The « internal » reference rate is the rate observed between resident FIs, calculated on interbank loans (or deposits) during the year. This is not a published rate but a rate calculated from FIs balance sheets.
- This is a weighted average of rates on interbank loans and deposits from different maturities
- To improve the results of the calculations, several reference rates might be introduced by currencies, but Eurostat's proposal excludes the possibility of introducing reference rates according to maturities.
- Main methodological reason:
 - Several reference rates according to maturity eliminate the « matching benefits », which is the use by FIs of short-term deposits to finance loans with longer maturity (conclusion of the 2002 report from the Commission to the Council and the European Parliament after the trial period).
- Practical reason:

The 1998 European Regulation had introduced a « method 3 » to be tested during the trial period, including one reference rate for long-term transactions and one reference rate for short-term transaction. A majority of Member states could not implement this method, as they could not breakdown loans and deposits according to their maturity (2002 report from the Commission to the Council and the European Parliament after the trial period).

- To calculate imports and exports of FISIM (which have different currencies components), the « external » reference rate is based on interbank loans and deposits between resident FIs and non-resident FIs.
- It is recommended to have several « external » reference rates by currencies (or groups of currencies) in order to better measure imports and exports of FISIM.
- FISIM has no more to be calculated between resident FIs and non-resident FIs, but has only to be calculated towards user sectors.
- This simplification is in line with the results of the FISIM Task Force and the NAWG discussion in May 2007.