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THE FINNISH BALANCE OF PAYMENTS STATISTICS
SOURCES, DATA MANAGEMENT AND PUBLICATION

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1. General

On the basis of the Foreign Exchange Act, the Bank of Finland is entitled to obtain information on residents' foreign transactions needed for compiling balance of payments statistics. The Bank of Finland collects comprehensive data on payments between residents and nonresidents and conducts surveys on residents' foreign positions and transactions, the respondents to which are chosen on the basis of statistical criteria.

In compiling balance of payment statistics, the foreign trade statistics are the main source of information on commodities. Trade statistics are compiled by the Board of Customs. On some service items, Statistics Finland and other statistical authorities collect the basic data for the balance of payments.

The resource inputs and systems used are continuously compared with international practice, taking the size and openness of the economy into consideration. At the Bank of Finland, some 30 people are involved in drawing up the balance of payments, 10 of whom are economists. Some 12 persons work with foreign payments data as well as with various surveys. The remaining six are responsible for compilation and information service.

For a system description, see appendix 1.

2. Foreign Payments

2.1 Reporting Regulations

Residents are obliged to report their foreign payments to the Bank of Finland. In practice, this information is supplied by the authorized banks and those business undertakings located in Finland (= corporate enterprises and persons carrying on a trade or business) which maintain accounts abroad for the purpose of effecting payments. Transactions pertaining to set-offs and nettings are also regarded as payments which must be reported.

The person effecting a foreign exchange transaction must report the information required by the Bank of Finland to the bank through which the transaction is effected or the bank surrendering or receiving foreign exchange. The person effecting the foreign exchange transaction is also responsible for the correctness of the information. Authorized banks are obliged to request residents to give details of the purpose

of outgoing and incoming payments as well as other information required under the foreign exchange regulations.

A holder of an account abroad must provide the Bank of Finland with corresponding information on payments that have passed through the account.

For payments with a value of over 10 000 markkaa effected through an authorized bank or a foreign account subject to the reporting requirement, details should be given regarding such matters as the purpose of the payment and the trade and corporation number or personal identification number of the resident party, in addition to the amount and the currency. Minor payments (not exceeding 10 000 markkaa) may be reported as sums broken down by currency.

The information must be reported to the bank effecting the payment on a payment instruction form containing the data required by the Bank of Finland or on a separate Bank of Finland foreign exchange form, unless some other reporting procedure has been agreed on with the Bank of Finland.

If the payment does not exceed 10 000 markkaa, it is not necessary to complete the Bank of Finland's foreign exchange form.

2.2 Reporting Systems

In order to obtain the right to effect payments, a bank must submit details of its reporting system in advance to the Bank of Finland. After a transitional period, payments data are to be submitted to the Bank of Finland in machine readable form. The Bank of Finland issues separate instructions on the supplying of information in machine readable form.

The reporting system for foreign payments passing through an authorized bank covers primarily accounts held by the bank abroad for payments purposes and nonresident accounts in Finland. In addition, an authorized bank is required to provide the Bank of Finland with information on certain resident accounts. The accounts included in the foreign exchange reporting system are listed on page 6. The foreign exchange report should include net balances broken down by currency at the beginning and end of the reporting period, as well as transactions on accounts. The length of the reporting period is one day, unless otherwise agreed with the Bank of Finland.

Prior to opening a foreign account, the resident owner of the account must notify the Bank of

Finland and undertake to observe the Bank of Finland's instructions for reporting.

Resident enterprises are required to supply information on their foreign accounts according to the same principles for balancing accounts applied by authorized banks. However, an enterprise reports data on its payments passing through accounts as sums broken down by currency and purpose of payment. The reporting period is usually one month. The data should, in general, be submitted in machine readable form. An enterprise may also participate in netting systems for foreign payments, in which case payments passing through them are reported in both net and gross terms. Nettings can be reported via an authorized bank or directly in machine readable form to the Bank of Finland. Enterprises that report directly to the Bank of Finland are required to observe the separate instructions on direct reporting issued by the Bank of Finland.

Private persons must report payments passing through their foreign accounts in the same way as companies if they use such accounts for carrying on a trade or business. Private persons are also required to give details on their foreign investments and any changes therein, as well as on credit raised from a foreign financial institution in connection with such investments.

2.3 Form Procedure

Two types of forms are used for effecting foreign payments: the banks' forms through which payments are made, containing the information required by the Bank of Finland, or the Bank of Finland's foreign exchange forms. It is not necessary for the bank effecting a payment to forward its forms to the Bank of Finland if its records of foreign payments are reported entirely in machine readable form. However, the Bank of Finland's forms for reporting direct investment in Finland and direct investment abroad must always be returned to the Bank of Finland. In addition, a bank must, whenever necessary, submit to the Bank of Finland all the forms requested by the latter. If a bank's foreign exchange reporting does not take place in machine readable form, all the forms should be included in the foreign exchange report.

In the case of set-offs and nettings, forms containing gross data should be presented to a bank that makes a foreign exchange report. As regards zero set-offs, forms containing gross data may be submitted directly to the Bank of Finland. In addition, foreign investments, the conversion of a foreign investment from a portfolio investment into a direct investment and vice versa and credit raised from a foreign financial

institution must be reported either through an authorized bank or directly to the Bank of Finland. If an enterprise participates in a payments transmission or netting system which is in machine readable form and if the data required by the Bank of Finland are included in gross amounts in the enterprise's accounts, it is not necessary to use the forms.

2.4 Detailed Data Content in Reporting Foreign Payments

Reports on foreign payments consist of identification, balance and transaction data.

Identification data:

- reporting bank or enterprise
- reporting date or last day of reporting period
- name of report

Balance data:

- currency
- opening and closing balance

Transaction data:

- currency
- value date (not in enterprises' reports)
- date of payment (for outgoing payments)
- amount of currency
- domestic party's organization number or personal identification number of the payor/payee
- foreign party's country of domicile
- filing number (not in enterprises' reports)
- foreign trade reference number (FTRN)
- import date or economic activity of a direct investment enterprise
- purpose of payment
- breakdown of currency amounts
- countercurrency or country of direct investment enterprise or direct investor
- counterbank in interbank foreign currency transactions.

ISO codes are used as currency and country codes.

If the actual amount of currency to be transferred comprises several different payments, the payments are to be broken down by payment code, country and FTRN number.¹

¹

FTRN, Foreign Trade Reference Number, consists of the kind of transaction (1, 2 or 3), organization number or social security number and internal reference number of the exporting/importing enterprise.

2.5 The Accounts Included in the System

In its exchange reports to the Bank of Finland, an authorized bank must supply complete and consistent information on balances and transactions regarding the following types of accounts:

- accounts used for payment purposes and various kind of auxiliary accounts held abroad by the authorized bank
- accounts held in authorized banks by nonresidents
- the authorized banks' accounts for cash in foreign currencies
- accounts held by the authorized bank in another authorized bank for the settlement of foreign payments.

In certain cases a nonresident private persons' accounts in Finland are exempted from reporting.

The net balances of accounts subject to foreign exchange reporting are to be recorded daily by currency. The net balances on the last day of the month are divided into gross claims and liabilities. The reporting of gross claims and gross liabilities links the foreign payment reporting with banks' accounting.

A resident enterprise is required to report the balances and transactions on the following types of foreign and domestic accounts:

- accounts held in foreign monetary institutions or enterprises for the purpose of foreign payments
- accounts held by an enterprise in a resident authorized bank for the settlement of netted foreign payments.

Accounts held abroad by resident private persons (investment accounts or accounts held abroad for management of foreign assets) need not to be reported to the Bank of Finland. However, when funds are transferred to and from Finland, the transfer must be effected through an authorized bank or an other account subject to the reporting requirement. The conversion of foreign investments in the form of funds held on account into investments in securities or into direct investment or vice versa, as well as credits raised from foreign financial institutions, must be reported using the set-off method. If the account is used for trade or business activity, it must be included in the foreign payments reporting.

2.6 Reporting of Direct Investment

Finnish direct investment abroad and foreign direct investment in Finland are not reported on the payment forms described above but rather on a separate form. The reporting obligation applies to the making of direct investment, the disposal of direct investment (disinvestment) and loans granted by direct investment enterprises to direct investors. The notification is to be presented to an authorized bank when transferring funds or in other cases directly to the Bank of Finland.

Direct investments are undertaken:

- as investments in equity capital by investing in share or other basic capital or by granting a group contribution to an enterprise which is to be established or which already exists or by the acquisition of an existing enterprise or its business operations
- as investments in loan capital by granting a parent-company loan to a direct investment enterprise.

2.7 Main Features of the DP System

The DP system for foreign payments (YVT) operates on a Unisys A17 mainframe.

Input data

Statistical data for the system are obtained from the Board of Customs, banks and enterprises. The Bank of Finland receives the data on magnetic tapes, on diskettes, on forms or by electronic mail.

The foreign payments data file from the authorized banks contains four different kinds of records: an identification record (VT), a balance record (VS), the authorized banks' and Bank of Finland's joint data (VP) and additional data for the Bank of Finland (E1), (see appendix 13).

Datasets and their updating

Payments and customs clearance data are recorded in the DMSII databases. These datasets comprise: (see diagram in appendix 12)

- major import clearances (ITUT) containing clearance data
- major export clearances (IVIT)
- minor export and import transactions (less than 10 000 FIM) summed up daily in separate datasets (PVUT) and (PTIT)

- dataset containing data on balances and foreign exchange dealings (SALV)
- dataset for major import payments (ITUM)
- dataset for major export payments (IVIM)
- dataset for other major payments (IEKM)
- datasets for minor export and import payments summed up daily by payment code and by currency in datasets (PVIM, PTUM, PIEN)
- the dataset for a time series matrix MSA1 dimensioned by year, month, payment code and currency
- the datasets for a time series matrix MSA2 dimensioned by year, month, reporting organization, payment code, currency converted into markka
- in addition, a log dataset (YLOG) records updated input data
- the enterprise dataset (FIRREK), in which transactions and payments are aggregated by enterprise and by payment code groups. Monthly data are stored for the previous 12 months and annual data for 5 years.
- a dataset in which data containing logical error are entered (PUUT).

Exchange rate data are obtained from a separate exchange rate dataset. The FIM amount calculated using the average rate on the last day of the month preceding the transaction day is added to the transaction and payment records.

Likewise, data on FIRREK enterprise names and lines of business are taken from the official dataset for organization numbers, from which, if necessary, addresses of enterprises can also be obtained. The register is maintained by Statistics Finland, which sends quarterly updates to the Bank of Finland.

Balancing

The data on initial and final balances in the input file correspond to the balances of the relevant accounts of the reporting banks with which data on individual payments must be balanced. If the difference between the initial and final balances in the input file does not match the sum of payments, the program always produces a balancing 'payment', which is entered in the error dataset (PUUT) for further action.

Within the data submitted by a reporting organization, the amount of the VP record (see above) must equal the total of the amounts of the EI records related to it. If it doesn't match, the data are rejected and the reporting organization has to submit new balancing data.

In addition, a FIRREK balancing run is carried out daily in which the transactions of all enterprises are added together and compared to the data produced separately for the entire file.

Programs

The loading and control programs for data have been formulated in Cobol74. Databases are updated and revised using programs developed with the Olgen program generator. Olgen also produces Cobol74 code programs. Part of the reports are produced in standard form using Cobol74 programs; however, users also have access to the Dargal report generator, which they can use themselves to produce the reports they require from data obtained from the databases.

Collected data

YVT data are transferred to the Bank's time series database for balance of payment economists and to serve as comparison data for different balance of payment surveys (quality control). (see appendix 7)

Resource requirements

The space required by the system for foreign payments and data on the disk storage is about 1250 MB (million characters). About 300 - 350 CPU hours of computer time is used annually for system runs.

3. The Survey System

The purpose of surveys is to collect data on the stock of assets and liabilities as well as more detailed breakdowns of data on capital movements. The surveys deal with direct investments and other foreign assets and liabilities. Surveys on direct investments are annual, whereas surveys on other foreign items are conducted on a monthly basis.

The respondents to the surveys include banks, other financial institutions, securities broking firms, enterprises, certain local authorities and the central government. For banks and financial institutions the surveys are complete in their coverage. Banks are granted licences of various kinds to engage in foreign activities, and financing surveys are based on these licences.

Surveys of enterprises (excl. banks) include monthly surveys on financial assets and liabilities as well as annual surveys on direct investment.

3.1 Surveys of Direct Investment

Data on Finnish direct investment abroad and foreign direct investment in Finland are collected annually for the purpose of calculating the stock of direct investment and reinvested earnings. The data are drawn mainly from the balance sheets and profit and loss accounts of the direct investment enterprises.

All resident investors with an ownership share of at least 10 per cent in foreign subsidiaries, associates or branches are required to reply to the survey of Finnish direct investment abroad.

Similarly, all foreign-owned subsidiaries, associates or branches located in Finland in which the share of foreign ownership is at least 10 per cent are required to reply to the survey of foreign direct investment in Finland. The questionnaires are sent out in April, and the replies have to be returned by the end of June.

The potential survey population comprises enterprises that have made foreign investments or have been investment objects in Finland in earlier years and enterprises that have reported the making of a direct investment during the previous year. Some of these firms have ceased operations or disposed of their investment (disinvestment). At the time of the survey in 1991, about 1400 Finnish enterprises had direct investments abroad and about 1000 foreign enterprises had direct investments in Finland. The number of banks included in the surveys is less than 10.

The enterprise samples for the direct investment surveys are checked annually. For outward direct investment, the group of potential respondents is restricted on the basis of the balance sheet total of the direct investment enterprise. Enterprises are required to reply to the survey if the balance sheet total of the direct investment enterprise exceeds FIM 50 million. Balance sheet figures are public and they can be checked. For direct investments with a balance sheet total below this limit, the investing enterprise is required to report the existence of such an investment.

The survey conducted in 1991 covered about 200 Finnish direct investors. Data provided by the survey on the stock of direct investment are corrected in regard to coverage before using them in the statistics.

Direct investment in Finland is surveyed using stratified sampling. The survey covers all direct investments made in industry and the financial

sector as well as other investments involving a stock of direct investment of more than FIM 5 million. Sampling is used in strata containing enterprises operating in sectors other than industry or financing. The sample includes about every tenth enterprise. Last time, the survey covered more than 400 companies, 78 of which were selected on the basis of sampling. Without sampling, the survey would have covered 325+650 enterprises rather than 325+78.

The data content of the surveys is described in appendices 2 and 3.

3.2 Survey of Foreign Securities Dealings

As the classifications needed for statistics on securities dealings are not used for payments purposes, the Bank of Finland conducts a separate monthly survey of foreign securities dealings. All banking units dealing in foreign securities trade and securities broking firms recognized by the Banking Supervision Office are required to reply to the survey. Replies must be returned to the Bank of Finland by the 15th of the month following the reporting month.

Replies to the survey may be submitted on standard forms or in machine readable form according to instructions agreed on separately.

The number of banks and securities broking firms included in the survey is presently 32.

The data content of the surveys is in the appendix 4.

3.3 Survey of Foreign Assets and Liabilities

Residents are required to report their foreign assets and liabilities and changes therein to the Bank of Finland on a monthly basis. In practice, the survey covers a small group of enterprises and municipalities, the central government and the most important financial institutions (incl. banks). The survey also combines data on balances in an authorized bank's books with data on balances in the reporting of foreign payments. Replies must be returned to the Bank of Finland the by the 15th of the month following the reporting month.

Replies to the survey may be submitted on standard forms or in machine readable form according to instructions agreed on separately.

For the survey on financing, a questionnaire is sent to nearly one hundred enterprises. There is a maximum of twenty questions on the questionnaire each month. In practice, only the biggest

enterprises acquire foreign financing in such varied forms that they need to reply to all or nearly all the questions. The data are delivered to the Bank of Finland at the end of the response time, usually by fax. Instead of by follow-up letter, enterprises that are late are reminded by telephone.

The survey on financing is sent to 56 banks and 30 other financial institutions. Due to bank mergers the number of respondents is decreasing sharply in 1993. There are minor differences in the questions aimed at banks and non-banks.

The data are preliminarily processed in a few days. The net capital movements obtained from the surveys are already used in the first preliminary statistics published. Naturally, the checking and quality control of the survey data continue after the initial publication.

Originally, the survey on foreign financing was constructed on the basis of exchange control data available up to the year 1990, which was assumed to have complete coverage; the survey conducted at the end of 1991 covered a couple of hundred enterprises. However, it was soon discovered that the exchange control data age quickly.

Consequently, the enterprise population of the survey is now based not only on the official register of enterprises and establishments but also on the comprehensive foreign payments data obtained by the Bank of Finland.

The official register of organization numbers contains more than 200 000 firms and other establishments. Combining this information and the data on foreign payments, the number of potential firms to be included in the system is reduced to 30 000, i.e. to firms having foreign business. The number of firms involved in capital movements is much smaller, numbering clearly less than 1000 firms and other establishments. In 1992, the survey was sent to only about a hundred enterprises.

The detailed data content is in appendices 5 and 6.

3.4 DP Systems for Surveys

3.4.1 Direct Investment Surveys

The survey information system for direct investment, including companies' responses, has been designed for the UNISYS A17 central unit. Displays and updating programs have been done with the Link14 application generator and outputs with the Dargal report generator.

The Lotus 1-2-3 spreadsheet computation program is used to refine the time series and produce tables. The monthly balance of payments time series on reinvested earnings, dividends and interest, and investment stocks, based on survey data, are included in the time series data base (POLTI, TAKO) and upgraded by Lotus. The annual investment stock time series by sector and region are upgraded from Lotus to TAKO, (see appendix 14).

A list of foreign direct investment enterprises is produced using the Lotus spreadsheet computation program. Data on a particular investor can be obtained from the list. Other data in the list can also be used as search keys, depending on the software.

Classification of data by files and key data

The information system for the survey on Finnish direct investment abroad (USKO) has been built into the information system for the survey on foreign direct investment in Finland (SISU).

The data used in the information systems for the surveys is filed under the following headings:

- Permanent basic data on a company located in Finland
- Basic data on a company located in Finland, which varies over accounting periods
- Data based on responses to the survey on foreign direct investment in Finland
- Data on investors, based on responses to the survey on Finnish direct investment abroad
- Basic data on a foreign direct investment enterprise, which varies over accounting periods
- Data on direct investment enterprises, based on responses to the survey on Finnish direct investment abroad
- Basic data for each accounting year on countries and the market areas to which they belong

Data in the files can be combined by using the accounting period and a surrogate for the organization's ID number as key data. For the majority of companies, the surrogate is the same as the actual organization's ID number. However, in general, a surrogate is needed because historical data on some companies has previously been recorded in this way.

Data on foreign direct investment enterprises are recorded using former Bank of Finland licence numbers as codes. It is thus possible to compare data on foreign investment enterprises over different accounting periods. The use in some cases of different sub-group classifications in different accounting periods can make such comparisons difficult.

If more than one Finnish investor has invested in the same foreign direct investment enterprise, responses are provided by each investor. Data on the direct investment enterprise's profit and loss statement and balance sheet will thus be recorded several times. However, as the data based on the responses are weighted by the investor's ownership share, duplication of data on an investment enterprise is avoided.

Companies convert foreign currency-denominated data into Finnish markkaa in advance.

Basic data on enterprises and information systems

As regards direct investment, the **basic data on enterprises** include: name, organization number or Bank of Finland code (foreign direct investment enterprise), sector, country of location of the foreign direct investment enterprise/investor, investor's ownership share in per cent and investor's address (Finnish company).

The Bank of Finland's central survey register includes basic data on enterprises (name, organization number, sector, address) covering all Finnish companies that are investors or direct investment enterprises. New companies are included in the surveys if they have payments related to direct investment in the YVT information system (YVT-IEKM). Companies are removed from the register in accordance with inquiries made in connection with the surveys on direct investment.

In the information system for direct investment flows (YVT-IEKM), each payment is connected with the following data: organization number of the Finnish direct investment enterprise/investor, sector of the direct investment enterprise and the foreign investor's/direct investment enterprise's country of location. When direct investment abroad is classified according to the Finnish investor's sector, available data classified by sector in the YVT-FIRR file is used when applicable.

The information system for direct investment surveys includes basic data on enterprises covering all those investors and direct investment enterprises that have replied to the annual survey at least once. Basic data on Finnish companies are updated with the data in the survey register as regards new investors/direct investment enterprises. Data in the survey register is also used for quality control purposes regarding the basic survey data. Companies are asked to use survey forms to provide information not found in the survey register (eg. ownership share in per cent).

The list of foreign direct investment enterprises includes basic data on all direct investment enterprises. The list does not show the ownership chains of foreign groups but only the investor's ownership share in per cent (direct and indirect).

The Statistical Services Department adds new direct investment enterprises to the list on the basis of information from newspapers and report forms concerning direct investment flows. Investors correct and update the list annually when they reply to the survey. The list is also available to companies in file form for the purpose of making corrections. The list helps in checking whether replies have been received from every large direct investment enterprise and whether an investor continues to hold an investment in a foreign direct investment enterprise.

As regards foreign-owned enterprises in Finland, which are not included in the survey, a list by name and sector only is available in the survey register.

3.4.2 DP Systems for Other Surveys

A general diagram of the methods for data input and processing related to the other surveys is presented in appendix 7.

Data Input with Lotus 1-2-3

At the present time the surveys of foreign securities dealings and foreign assets and liabilities are received on paper monthly. The data input is performed with the Lotus 1-2-3 version 3.1 spreadsheet program.

The DP application for the survey of foreign assets and liabilities contains six different file types according to the target group in the survey (three groups) and the data type (stock or flow). Each year comprises one file which includes multiple (13) worksheets, rendering the file three dimensional, with one worksheet for each month and a macro worksheet.

The worksheet is organized in matrix form. The rows represent the respondents. Each respondent has three (or four) labels: name, corporation number and sector (and branch of enterprise). The columns represent different codes for time series in the same order as they appear on the paper form.

The codes are identical to those used in the mainframe database. Rows are summed up by codes and a Lotus macro program makes an ASCII-file of the row sums.

The organization of the worksheets of the Survey for Foreign Securities Dealings is different from the one described here but the basic principle of data input and transfer are the same.

All files are located in a local area network server.

Transferring Data from PC to Mainframe

Handshake 6.1 is a program connecting the PC to the mainframe (Unisys A17). It also has a data transfer feature. After the first ASCII text transfer, the whole routine is saved as a parameter file. Parameter file transfer saves time in regular file transfers.

The aggregate data is transferred as a file to the POLTI directory. After transfer, the data is readable with the CANDE (Command and Edit) message control system, which allows generalized file preparation and updating capabilities in an interactive, terminal-oriented environment.

Data Processing with Mainframe

The main purpose of data transfer is to update time series in the POLTI database. The time series are updated and calculated by the program Ekta at the mainframe level. Ekta is specially designed to handle time series data and is based on the IAS program developed in Austria. The Ekta commands needed to update a time series are saved as a file. This file is then executed under the CANDE.

The command file includes a time specification which must be changed as required. Ekta reads the data file figure by figure and updates the series in the exact order they appear in the command file. This naturally requires that the figures in the data file be in the same order. It is also possible to update several months at the same time.

POLTI: Database of Capital Movements

The POLTI database includes about 700 time series from balance of payments surveys with approximately 230 time series from the survey of foreign securities dealings. The series begin from 1990.

The survey of foreign claims and liabilities produces 400 time series. These include the series for normal sample survey and different series for the more extensive survey conducted annually. There are also series for the distribution of foreign assets and liabilities by currency.

The use of the POLTI database is restricted. The series are aggregated and sampling errors are corrected and transferred for common use.

4. Quality Control System for Primary Data

For the primary data there are a number of automatic and semiautomatic quality control systems. In foreign payments, the Finnish system does not include the so-called 'home loop', but the quality of the data of incoming and other payments is maintained by various controls.

Firstly, the payment information is compared automatically with real foreign trade flows on an enterprise level. In connection with payments exceeding certain minima, the computer makes a list of potential errors if the difference between real flows and payment flows is larger than the anticipated trade credit.

Secondly, there is a system for technical quality control whereby the monthly surveys of foreign assets and liabilities as well as securities dealings and payment flows are checked against each other on an aggregated item basis for each survey respondent.

The net flows for the reporting period are also reported. With respect to foreign payments, all transactions should be recorded on a gross basis. The survey information can be checked against payment flows for the relevant firms and banks. When inconsistencies are found in this crosschecking, further information can be requested. Overall values of balance of payments data from various sources can be examined.

The coverage of the surveys can be estimated using payment flows as proxies for foreign positions. Although the samples are reselected once a year, continual monitoring keeps the balance of payments compilers aware of potential bias in the surveys. Similarly, the system provides information on firms to be included for the first time in the surveys.

For a system description of the quality control, see appendix 8.

5. Compilation and Sources of Information for Various Items

5.1 Data Management (see appendix 7)

The technical system of data management consists of four levels of information sets. On the first level, there are primary data systems for payments data in the mainframe and primary survey data in PCs and in the mainframe.

On the second level, there are primary time series from foreign payments (YVT-TEKO) and from surveys (POLTI). These time series are for internal use.

The third level is the time series directory (KTMAKS) of the balance of payments compilers in the mainframe for the iteration of balance of payments statistics during the compilation process. In current practise, the time series are often transferred by the compilers to their PC:s for iteration.

The fourth level of data (TAKO) consists of the fully processed balance of payments time series to be published or sent to international organizations, used in the bank or sold to customers.

5.2 Sources of Information by Item

Below is a list of the main information sources for various items in the final statistics. In the preliminary statistics, foreign payments and capital movement surveys are of major importance. There are also items estimated by the compilers on the basis of partial information.

Abbreviations:

BF	Bank of Finland
BFp	Bank of Finland, foreign payments
BFsf	Bank of Finland, survey of foreign finance
BFss	Bank of Finland, survey of securities trade
BFsd	Bank of Finland, survey of direct investments
SF	Statistics Finland
BC	Board of Customs
BN	Board of Navigation
SR	State Railways
AY	Finnair
PT	Post, Tele

<u>Item</u>	<u>Source</u>	<u>Periodicity</u>	<u>Lag, Weeks</u>	<u>Quality</u>
Merchandise trade	BC	month	2	good
Coverage adj.	BC, SF, BFp	month	4	fair
Passenger service	BFp, SF, AY	day, quarter	1, 8	fair
Sea transport	BN	quarter	30	good
Air transport	AY	year	8	good
Railway transport	SR	year	8	good
Road transport	SF	year	8	fair
Information	PT	year	8	fair
Travel	BFp	month	6	fair
Construction	BFp	day	1	fair
Other planning	BFp	day	1	fair
Commissions	BFp	day	1	fair
Advertising	BFp	day	1	fair
Processing	BFp	day	1	fair
Repairs	BFp, BN, AY	day, quarter	1, 6	fair
Overheads of affl	BFp	day	1	fair
Governm. services	BFp	day	1	fair
Licenses	BFp	day	1	poor
Wages, salaries	BFp	day	1	fair
Insurance	SF yearly survey		8	good
Equipment rentals	BFp	day	1	fair
Investment income	BFp, sf, sd	day, m, y	1, 2, 30	fair
Transfers	BFp, State	day, year	1, 8	fair
Direct investment	BFp, sd	day, year	1, 30	good
Portfolio inv.	BFp, ss, sf	day, month	1, 2	good
O. capital non-b.	BFp, sf	day, month	1, 2	good
O. capital banks	BFp, sf	day, month	1, 2	fair
Trade credits	BFp, sf	day, month	1, 2	fair
Reserves	BF	week	1	good
Capital stocks:				
Direct inv.	BFsd	year	30	fair
Financial Assets:				
Enterprises	BFsf	month	2	fair
Banks	BFsf	month	2	fair
Households	BFp	day	1	poor
Fin. Liabilities:				
Enterprises	BFsf	month	2	good
Banks	BFsf	month	2	good
Public sector	BFsf, ss	month	2	good
Households	BFp	day	1	poor

5.3 Compilation and Publication

The first preliminaries of the preceding month are published on the 25th of each month on Reuter's screen and in the Bank of Finland's Financial Markets publication. The statistics include only main items; see appendix 9.

The quarterly statistics are published on the 25th of January, April, July and October. The delay is one month. The statistics include detailed quarterly and yearly time series; see appendix 10.

Timetable for publication of quarterly statistics
and revision in 1993:

January 1993

- revision for 1991
- preliminaries for 1992

April 1993

- final for 1991
- revision for 1992
- preliminaries for the first quarter of 1993

July 1993

- revision for 1992
- preliminaries for the first half of 1993

October 1993

- revision for 1992
- preliminaries for the first three quarters of 1993

January 1994

- revision for 1992
- preliminaries for 1993.

The publication of preliminaries and revision coincide with the publication of the national accounts by Statistics Finland.

The final statistics are revised with five year intervals in collaboration with SF. The IMF and the OECD get quarterly updates. The BIS and the secretariat of the governor's committee of the European community central banks also get monthly updates.

As part of the quality control for the balance of payments statistics, the size and variance of errors and omissions is monitored. In Finland the error term of the balance of payments is close to zero on average. However, its variance has increased recently. Due to timing factors, the error term is relatively larger on a quarterly basis than on an annual basis. According to international standards, balance of payments statistics are considered to be good if the error term tends to stay below 5 per cent of current account earnings. In Finland this corresponds to about FIM 5 billion per year. See diagram in appendix 11.

12.3.1993

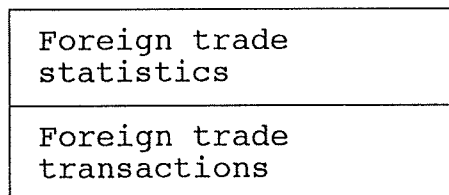
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BALANCE OF PAYMENTS REPORTING FLOWS, GENERAL DESCRIPTION:

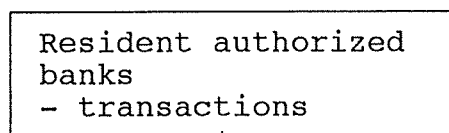
BANK OF FINLAND

Statistical Serv. Dept.

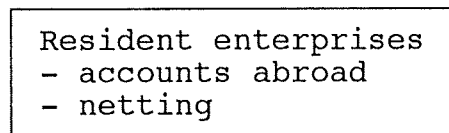
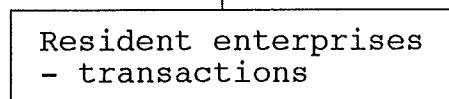
Foreign trade statistics:
 (Board of Customs)



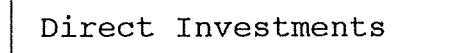
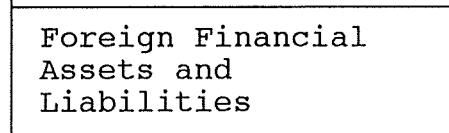
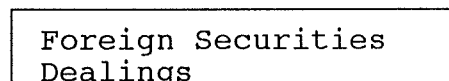
Foreign payments:



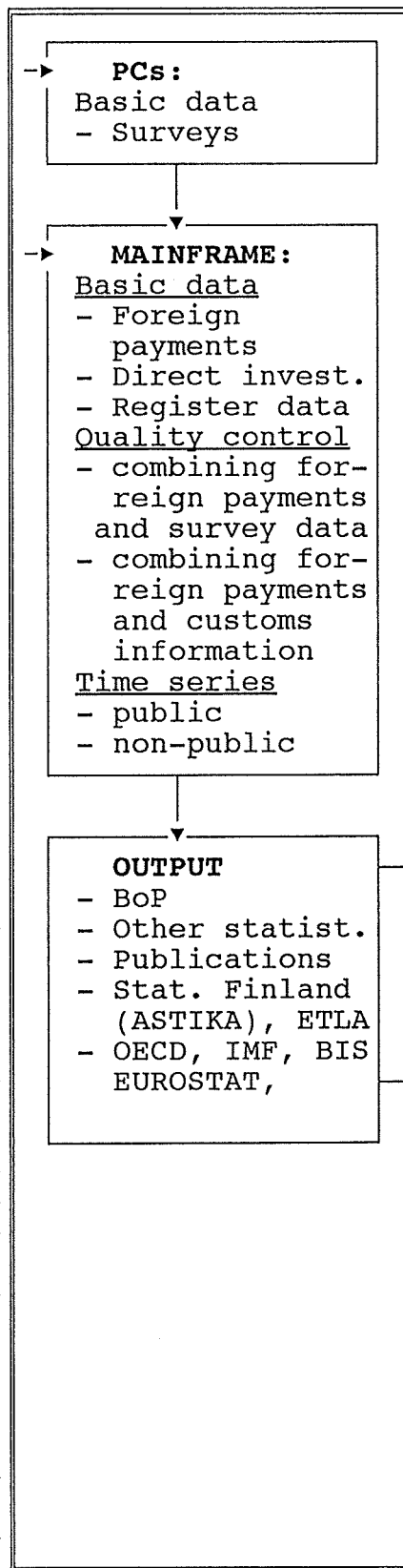
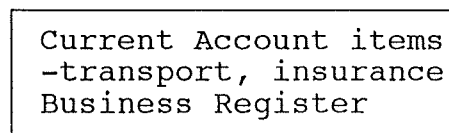
(PAPER)
 (ON LINE)



Surveys:



Other information:
 (Statistics Finland)



INFORMATION USED IN COMPILING BALANCE OF PAYMENTS STATISTICS IN FINLAND:

Foreign trade statistics

National Board of Customs

- Foreign trade statistics (monthly)
- Foreign trade transactions in the customs (daily reports to BOF)

Foreign payments

Resident authorized banks (15, daily or weekly reports to BOF)

- Payment accounts, abroad and in resident banks
(position & transactions)

Resident enterprises (all, monthly reports to BOF)

- Payment accounts, abroad
(position & transactions)
- Netting (approx. 130 enterprises)

Surveys

Monthly reports to Bank of Finland:

Foreign Securities Dealings:

Securities broking firms, incl. commercial banks, (approx. 40)

Foreign Financial Claims and Liabilities:

Resident banks (97) and other financial institutions, (34)

Resident enterprises (sample approx. 200)

Central & local government

Annual reports to Bank of Finland:

Direct Investment:

Finnish direct investment abroad (sample approx. 900)

Foreign direct investment in Finland (sample approx. 400)

Other information

Statistics Finland:

- Register of Organisation Numbers (quarterly)
(corporation number, industrial activity etc.)
- Current Account items (transport, insurance)

DATA LIST FOR SURVEY OF FOREIGN DIRECT INVESTMENT IN FINLAND

In the annual survey, accounting period data are collected from direct investment enterprises in Finland. Amounts of money are reported in markkas.

B = data used as a source for compiling statistics on direct investment stocks and direct investment earnings in the balance of payments statistics (incl. the classification of these data by industry, sector and country). Other data are used for wider analysis of direct investments and as an aid in controlling the quality of the survey.

1. Basic data on the Finnish direct investment enterprise

- B Name of company
- B Address
- B Name and telephone number of contact person
- B Corporation number
- B Industrial activity (SIC)
- B Sector
- Name of largest foreign investor
- B ISO codes of investor countries
- B Investors' ownership shares, %
- B Accounting period for which data reported

2. Financial accounting data on the Finnish direct investment enterprise

- Turnover
- Number of employees
- B Profit (incl. extraordinary income and before reserves)
- B Dividends paid during the accounting period
- B Interest paid to foreign investors
- B Interest received from foreign investors
- B Shareholders' equity, reserves and valuation items at the end of the accounting period
- Balance sheet total at the end of the accounting period
- B Long-term loans due to investors at the end of the accounting period
- B Long-term loans due from investors at the end of the accounting period
- B Net short-term loans due to investors at the end of the accounting period
- B Net trade-related credits due to investors at the end of the accounting period
- B Total of net loans and net trade-related credits due to investors at the end of the accounting period

3. Other foreign exchange transactions between the Finnish direct investment enterprise and its foreign investors

Earnings from abroad:

- Intra-group exports of goods
- Intra-group exports of services
- Licence fees and royalties

Expenditure abroad:

- Intra-group imports of goods
- Intra-group imports of services
- Licence fees and royalties

DATA LIST FOR SURVEY OF FINNISH DIRECT INVESTMENT ABROAD

In the annual survey, accounting period data are collected on Finnish direct investors and their direct investments abroad. The data are reported by Finnish companies with direct investments abroad.

Amounts of money are reported in markkas.

B = data used as a source for compiling statistics on direct investment stocks and direct investment earnings in the balance of payments statistics (incl. the classification of these data by industry, sector and country). Other data are used for wider analysis of investments and as an aid in controlling the quality of the survey.

1. Basic data on the Finnish direct investor

- B Name of company
- B Address
- B Name and telephone number of contact person
- B Corporation number
- B Industrial activity (SIC)
- B Sector
- Accounting period for which data reported

2. Financial accounting data on the direct investor during the accounting period

- Number of employees in the group
- Number of group employees abroad
- Group turnover
- Foreign component of group turnover

3. Foreign exchange transactions between the direct investor and its direct investment enterprises abroad during the accounting period

- Earnings from abroad:
 - Intra-group exports of goods
 - Intra-group exports of services
 - Dividends
 - Interest
 - Licence fees and royalties

- Expenditure abroad:
 - Intra-group imports of goods
 - Intra-group imports of services
 - Interest
 - Licence fees and royalties

4. Basic data on the direct investment enterprise abroad

- B Corporation number of Finnish investor
- B Bank of Finland's internal code for the investment
- B Name
- B Industrial category (SIC)
- B ISO code of host country
- B Investor's ownership share, %
- B Investor's direct ownership share, %
- B Accounting period for which data reported

5. Financial accounting data on the direct investment enterprise abroad during the accounting period

- Number of employees
- Turnover
- Operating income
- Net profit
- B Profit (incl. extraordinary income and before reserves)
- B Dividends paid during the accounting period
- B Interest paid to the investor
- B Interest received by the investor
- B Shares and participations in subsidiaries and associated companies at the end of the accounting period
 - Short-term liabilities at the end of the accounting period
 - Long-term liabilities at the end of the accounting period
- B Shareholders' equity, reserves and valuation items at the end of the accounting period
- B Long-term loans due to the investor at the end of the accounting period
- B Long-term loans due from the investor at the end of the accounting period
- B Net short-term loans due to the investor at the end of the accounting period
- B Net trade-related credits due to the investor at the end of the accounting period
- B Total of net loans and net trade-related credits due to the investor at the end of the accounting period

SURVEY OF FOREIGN SECURITIES DEALINGS

Consists of following forms:

1.A SALES TO FOREIGN COUNTRIES OF SECURITIES ISSUED BY RESIDENTS
(New issues and secondary market transactions)

1.B SALES TO FINLAND OF SECURITIES ISSUED BY RESIDENTS

2.A SALES TO FINLAND OF SECURITIES ISSUED BY NONRESIDENTS
(New issues and secondary market transactions)

2.B SALES TO FOREIGN COUNTRIES OF SECURITIES ISSUED BY NONRESIDENTS

3. CUSTODIAN HOLDINGS OF SECURITIES ISSUED BY RESIDENTS AND OWNED BY NONRESIDENTS

4. BREAKDOWN OF SECURITIES DEALER'S FOREIGN ASSETS AND LIABILITIES

The content of forms 1.A, 1.B, 2.A, 2.B and 3:

Shares, warrants and unit trust (mutual fund) units
 Bonds
 - Foreign currency-denominated
 - Markka-denominated
 Money market instruments
 - Foreign-currency denominated
 - Markka-denominated
 Interest and dividends paid to foreign countries (only 1.A and 2.A)

Reported by sector of issuer/Finnish purchaser:

Enterprises	
Banks	
Households	(only 2.A, 2.B)
Other financial institutions	(including insurance)
Central government	(only 1.A, 1.B, 3.)
Local government	(only 1.A, 1.B, 3.)

The content of form 4:

Foreign shares
 Foreign bonds
 Foreign money market instruments
 Foreign deposits
 Accounts receivable pertaining to securities trading
 Accounts payable pertaining to securities trading
 Other foreign assets
 Other foreign liabilities
 - long-term
 - short-term

SURVEY OF FOREIGN ASSETS AND LIABILITIES (Enterprises):

1. BREAKDOWN OF FOREIGN LIABILITIES

- Net change during reporting month and liabilities outstanding at end of reporting month

LONG-TERM LIABILITIES:

- Loans
- Bonds
 - public issues
 - private placements
- Shares
- Financial leasing
- Supplier credits on imports
- Prepayments related to exports

SHORT-TERM LIABILITIES:

- Loans
- Marketable debt instruments
- Supplier credits on imports
- Prepayments related to exports
- Other trade-related liabilities
- Other short-term liabilities

INTEREST PAID DURING REPORTING MONTH ON

- long-term liabilities
- short-term liabilities

DIVIDENDS

2. BREAKDOWN OF FOREIGN ASSETS

- Net change during reporting month and assets outstanding at end of reporting month

LONG-TERM ASSETS:

- Loans
- Bonds issued by nonresidents
- Shares issued by nonresidents
- Deposits
- Financial leasing
- Prepayments related to imports
- Export receivables

SHORT-TERM ASSETS:

- Loans
- Deposits
- Prepayments related to imports
- Export receivables
- Other trade-related assets
- Other short-term assets

INTEREST RECEIVED DURING REPORTING MONTH ON

- long-term assets
- short-term assets

DIVIDENDS

3. SECURITIES ISSUED BY OTHER RESIDENTS

- Transactions with nonresidents: Net change during reporting month
- Securities repurchased: Outstanding assets at end of reporting month

TYPE OF ASSET:	Shares
	Long-term bonds
	Short-term securities

4. FORWARD CONTRACTS AGAINST THE MARKKA ENTERED INTO WITH NONRESIDENTS

- New contracts entered into during reporting month
 - Outstanding contracts at end of reporting month
- | | |
|-------------------|----------------------------|
| TYPE OF CONTRACT: | Forward currency purchases |
| | Forward currency sales |

SURVEY OF FOREIGN ASSETS AND LIABILITIES (Financial institutions):

1. BREAKDOWN OF FOREIGN ASSETS

- Net change during reporting month and assets outstanding at end of reporting month are reported

LONG-TERM ASSETS:

- Loans
- Bonds issued by nonresidents
- Shares issued by nonresidents
- Deposits
- Other long-term assets

SHORT-TERM ASSETS:

- Loans
- Deposits
 - time deposits
 - demand deposits
- Other short-term assets

INTEREST RECEIVED (NET) DURING REPORTING MONTH ON

- long-term assets
- short-term assets

DIVIDENDS

2. BREAKDOWN OF FOREIGN LIABILITIES

- Net change during reporting month and liabilities outstanding at end of reporting month

LONG-TERM LIABILITIES:

- Loans
- Bonds
 - public issues
 - private placements
- Shares
- Deposits
- Other long-term liabilities

SHORT-TERM LIABILITIES:

- Loans
- Marketable debt instruments
- Deposits
 - time deposits
 - demand deposits
- Other short-term liabilities

INTEREST PAID (NET) DURING REPORTING MONTH ON

- long-term liabilities
- short-term liabilities

DIVIDENDS

3. PARTICIPATION IN FOREIGN SYNDICATED LOANS TO RESIDENT BORROWERS

By sector: - Enterprises
 - Central and Local government

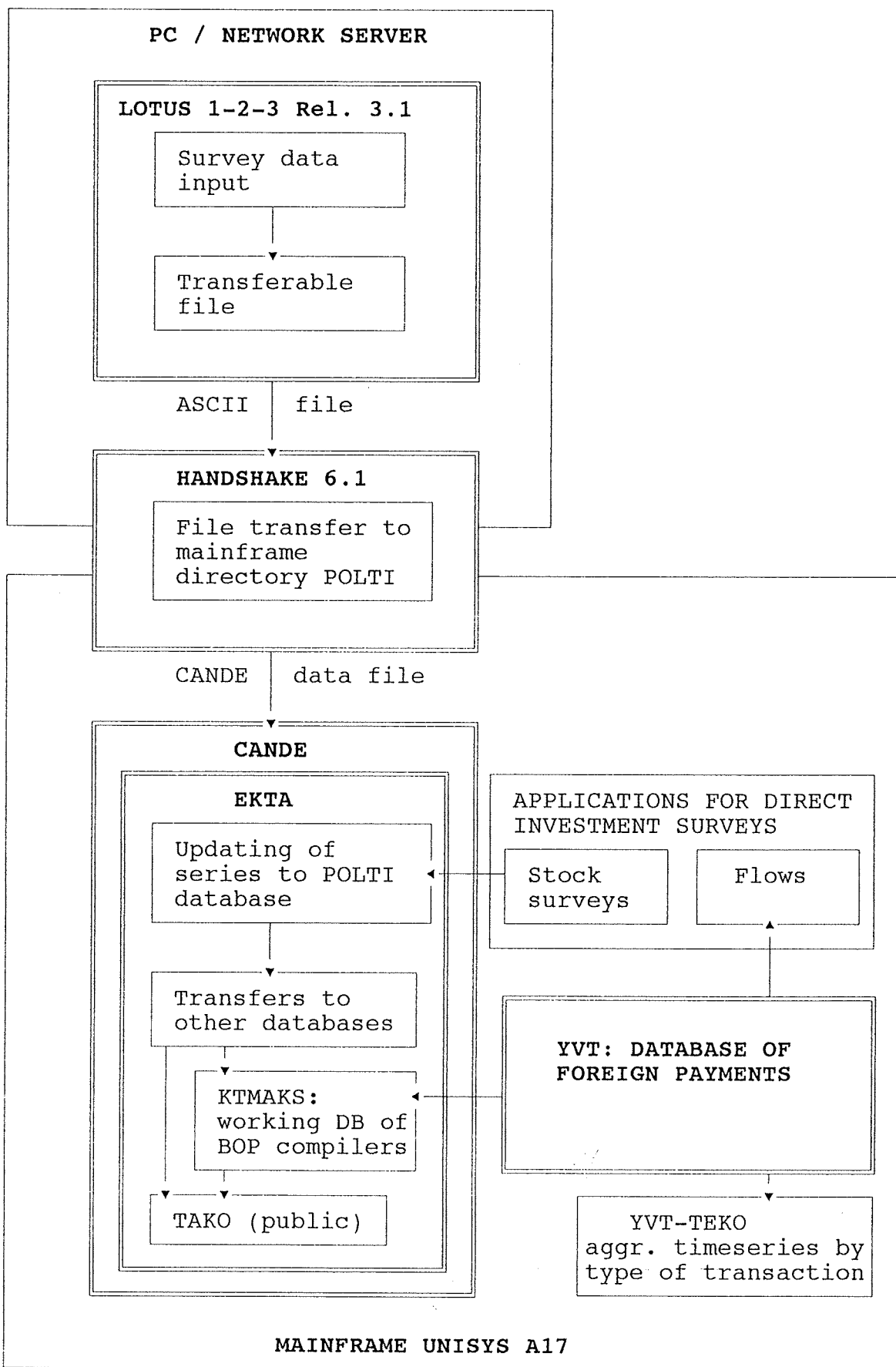
4. FOREIGN CURRENCY-DENOMINATED FINANCING GRANTED TO RESIDENT BORROWERS

By sector: - Enterprises
 - Financial institutions
 - Central and Local government
 - Households

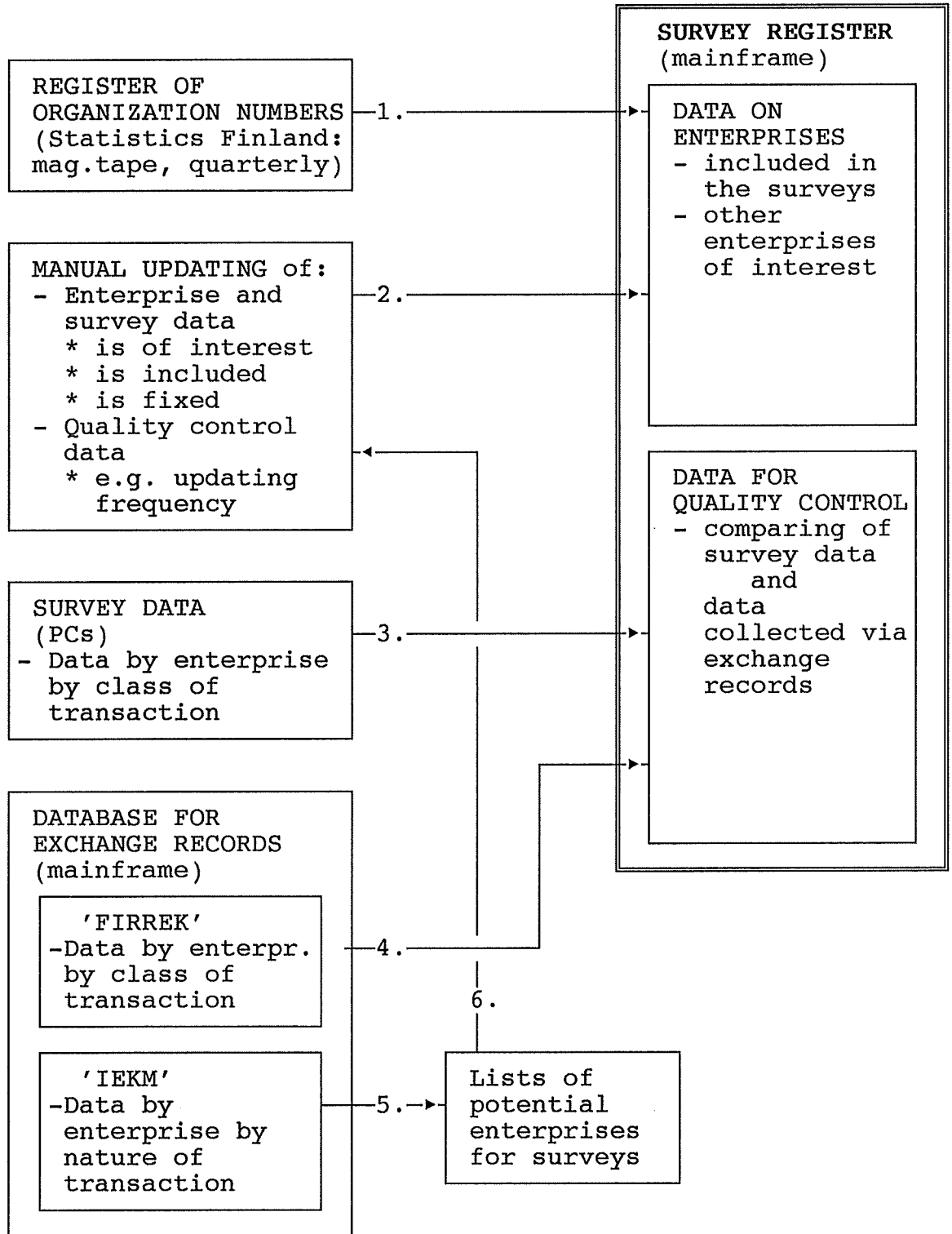
5. TRANSACTIONS ON OWN ACCOUNT IN SECURITIES ISSUED BY OTHER RESIDENTS

- Long-term bonds
- Shares
- Short-term securities

BALANCE OF PAYMENTS: DATA INPUT AND PROCESSING



QUALITY CONTROL SYSTEM - GENERAL DESCRIPTION



Explanations:

1. Updates of the names and addresses of the relevant firms taken from the official register of organization numbers for the Bank of Finland survey register. The reliability of the official register is not always sufficient for the Bank of Finland's purposes.
2. Manual updating of the Bank of Finland survey register:
 - to correct errors in the official register
 - to avoid false updates from the official data
 - to add the relevancy code for the firm as to whether it
 - a) is included in the survey system
 - b) is potentially interesting.
3. The survey data transferred from the PC network to the mainframe for automatic quality control purposes.
4. The foreign payments data transferred to the automatic quality control directory.
5. Firms making large payments are classified as potential respondents in surveys.
6. Potential and new enterprises to be surveyed are added to the bank of Finland survey register.



28 January 1993

1(3)

FINLAND'S BALANCE OF PAYMENTS IN 1992

	1991	1992	1992 First half	1992 Second half
CURRENT ACCOUNT	-26.7	-22.8	-14.9	-7.9
Trade account	4.8	12.2	4.2	8.0
Services account	-7.9	-6.5	-4.1	-2.4
Investment income	-18.7	-23.8	-12.0	-11.8
Unrequited transfers and other items	-4.9	-4.7	-3.0	-1.7
CAPITAL ACCOUNT				
Loans	12.1	2.3	-0.5	2.8
Direct investment	-5.3	-3.6	-1.3	-2.3
Portfolio investment	38.4	36.8	15.5	21.3
Other long-term capital	0.5	-0.5	0.1	-0.6
Short-term capital	-25.3	-21.4	-1.6	-19.8
Foreign exchange reserves (decrease +)	6.4	9.2	2.7	6.5

CURRENT ACCOUNT According to preliminary data for 1992, the deficit on current account decreased by FIM 3.8 billion and amounted to FIM 22.8 billion. This is equivalent to about 4.5 per cent of GDP. In 1991, the deficit had amounted to FIM 26.7 billion.

The main contributions to the improvement came from a substantial increase in the trade surplus and a decrease in the deficit on the services account. The improvement in the external balance was, however, partially offset by the sharp rise in net interest expenditure.¹

Goods Compiled on a balance-of-payments basis, the trade account (incl. adjustment items) posted a surplus of FIM 12.2 billion, as against a surplus of FIM 4.8 billion in 1991. The value of exports grew by 16 per cent. The sharpest increase was registered for exports of metal and engineering products and paper products. The value of imports rose by 8 per cent.

Services The deficit on the services account decreased by FIM 1.4 billion from 1991. The surplus on the transport account grew by FIM 0.7 billion, totalling FIM 4.2 billion. The deficit on the travel account narrowed, largely because of a 17 per cent increase in receipts. Travel expenditure did not begin to decline to any significant extent until the last quarter of the year. There was a slight increase in the deficit on the other services account.

¹Current account data include estimated reinvested earnings from direct investment, ie the combined income of direct investment enterprises after payment of dividends, which gave a net negative balance of FIM 3.6 billion in 1992. In previous years, the current account was not adjusted for this item until later, in the balance of payments report for January - June.

Investment income	Investment expenditure abroad amounted to FIM 30.6 billion, while investment income from abroad totalled FIM 6.8 billion. The deficit on the investment income account was mainly due to interest payments on foreign debt. The sharp increase in foreign debt in the course of the year is not fully reflected in interest expenditure, since interest on much of the new borrowing does not fall due for payment until 1993.
CAPITAL ACCOUNT	Net imports of long-term and short-term capital totalled FIM 13.5 billion, FIM 6.8 billion less than one year earlier. Net imports of long-term capital amounted to FIM 35.0 billion and net exports of short-term capital to FIM 21.5 billion. As the net inflow of capital did not cover the current account deficit, the Bank of Finland's foreign exchange reserves decreased by FIM 9.2 billion.
Loans	Net imports of long-term loan capital amounted to FIM 2.3 billion, which was almost FIM 10 billion less than in 1991. Liabilities grew by FIM 4.3 billion, most of which can be ascribed to borrowing by companies and financial institutions outside the banking sector. The banks repaid their loans. Net drawings of long-term export credits granted to foreign customers amounted to FIM 1.6 billion.
Direct investment	Finnish direct investment abroad totalled FIM 4.4 billion in net terms, approximately the same as in the previous year. Foreign direct investment in Finland amounted to FIM 0.8 billion in net terms.
Portfolio investment	Net capital imports in the form of portfolio investment amounted to FIM 36.8 billion. Net sales of Finnish securities abroad totalled FIM 37.0 billion. Sales of bonds amounted to FIM 36.6 billion, slightly less than in 1991. Government bonds were sold to the value of FIM 48.2 billion. By contrast, redemptions and repayments of bonds issued abroad by companies and banks exceeded new sales of such bonds by a substantial margin.
Short-term capital	Net imports of short-term capital (incl. trade credits) by companies amounted to FIM 6.2 billion. The banks reduced their short-term net debt by FIM 27.8 billion. The Bank of Finland repaid foreign loans to the value of of FIM 8.4 billion during the last quarter. Hence, the Bank's net borrowing amounted to FIM 1.9 billion for the year as a whole.
Foreign exchange reserves	The Bank of Finland's foreign exchange reserves fell by FIM 9 249 million and totalled FIM 29 416 million at the end of the year.

NET FOREIGN DEBT At the end of the year, Finland's net foreign debt amounted to FIM 234.7 billion. This was equivalent to 46 per cent of GDP and 168 per cent of current account earnings. Long-term debt accounted for FIM 207.9 billion and net short-term debt for FIM 26.8 billion. The central government's share of net foreign debt was FIM 113.2 billion and the banks' FIM 80.6 billion.

BALANCE OF PAYMENTS, FIM milli

BANK OF FINLAND
Statistical Services Department
28.1.1993

	1991*				1992*				1992*				1992*			
	CREDIT		DEBIT		CREDIT		DEBIT		CREDIT		DEBIT		CREDIT		DEBIT	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Trade (exports f.o.b., imports c.i.f.)	92872	12945	87720	107427	94932	25196	23137	26864	24606	25275	21133	30092	26056			
Adjustment items	-1772	-997	-1372	-1844	-1510	-458	-382	-455	-384	-471	-378	-460	-366			
Trade account	91100	38004	86348	10583	93422	24738	22755	26409	24222	24804	20755	29632	25690			
Transport	7508	561	3974	8402	4217	1902	1045	2111	1078	2319	1063	2070	1031			
Travel	5044	817	11089	5894	10772	1136	2703	1470	2793	1937	2835	1351	2441			
Other services	5636	-1301	11011	7268	13044	1718	3400	1595	2966	1744	3148	2212	3529			
Services account	18189	-1301	26074	21564	28033	4756	7148	5175	6837	6001	7046	5633	7001			
Goods and services account	109289	-1229	112421	127147	121455	29494	29904	31585	31059	30805	27801	35265	32691			
Investment income	10003	18945	28674	6771	30582	2494	8357	1487	7661	1375	6909	1415	7654			
- Reinvested earnings	-3855	817	-918	-4500	-900	-1125	-225	-1125	-225	-1125	-225	-1125	-225			
- Interest and dividends	13858	817	29592	11271	31482	3619	8582	2612	7886	2500	7134	2540	7879			
Unrequited transfers	1178	-1301	5175	1662	5512	342	1968	346	1216	431	1248	543	1081			
Other	3942	-1229	4838	3944	4753	963	1196	982	1201	992	1173	1006	1183			
Current account receipts and expenditure	124412	-1301	151108	139525	162302	33293	41425	34400	41136	33603	37130	38229	42610			
A. CURRENT ACCOUNT	-26696	18945	-26696	-26696	-22777	-8133	-8133	-8133	-6736	-3528	-3528	-4381	-4381			
Loans	-838	12945	12945	-2065	4333	-302	-979	266	487	-1008	771	-1020	4054			
Direct investment	-4303	-997	-1372	-4369	807	-1613	464	-156	35	-1018	-49	-1582	357			
Portfolio investment	371	38004	38004	-189	36954	-186	3923	-1144	12917	997	5336	143	14777			
Other long-term capital	-101	561	561	-344	-157	-273	794	-29	-392	-80	-1	36	-557			
B. LONG-TERM CAPITAL ACCOUNT	-4871	50512	-4871	-6967	41937	-2374	4202	-1062	13047	-1109	6056	-2422	18631			
BASIC BALANCE (A+B)		18945	18945		12193		-6304		5249		1419		11829			
Trade credits	-957	817	817	-4362	8967	-959	306	-1198	4056	-336	1556	-1870	3049			
Short-term capital of banks	-6261	-13133	-13133	504	-28341	4134	-2010	1612	-9527	-6064	-11092	822	-5712			
Other short-term capital	-3285	-1301	-1301	-5665	11116	-1720	3490	3259	416	-322	12295	-6881	-5085			
Errors and omissions		-1229	-1229		-3659		1422		-4916		-3621		3456			
C. SHORT-TERM CAPITAL ACCOUNT	-25349	-1229	-25349	-25349	-21442	-6663	4663	-6663	-6298	-7585	-7585	-12222	-12222			
OVERALL BALANCE (A+B+C)	-6404	6404	-6404	6404	9249	-6404	1641	-6404	-1049	1049	6165	-394	-394			
Change in foreign exchange reserves																

Assets: increase +, decrease -
Liabilities: increase +, decrease -

* preliminary data

BALANCE OF PAYMENTS, NET, FIM million

BANK OF FINLAND
Statistical Services Department
28.1.1993

	1989				1990				1991*				1992*			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
A. CURRENT ACCOUNT	-24874	-26513	-26696	-22777	-8676	-7771	-4319	-5931	-8133	-6736	-3528	-4381				
Trade (exports f.o.b., imports c.i.f.)	-5737	-1700	5152	12495	39	419	2328	2366	2059	2258	4142	4036				
Adjustment items	-398	-518	-400	-334	-106	-110	-105	-78	-77	-70	-93	-94				
Trade account	-6134	-2218	4752	12161	-67	309	2223	2288	1982	2188	4049	3942				
Transport	3793	3984	3534	4185	791	831	1010	902	857	1033	1256	1039				
Travel	-4471	-6117	-6044	-4878	-1677	-1326	-1270	-1770	-1567	-1323	-898	-1090				
Other services	-2482	-3422	-5374	-5775	-1371	-1317	-1165	-1521	-1682	-1372	-1404	-1318				
Services account	-3160	-5555	-7885	-6468	-2257	-1812	-1425	-2389	-2393	-1662	-1045	-1368				
Goods and services account	-9294	-7772	-3132	5693	-2325	-1503	797	-102	-410	526	3004	2573				
Investment income	-11670	-14234	-18671	-23810	-4620	-5429	-4159	-4463	-5864	-6174	-5534	-6239				
Unrequited transfers	-3273	-3721	-3997	-3850	-1513	-606	-744	-1134	-1626	-869	-817	-538				
Other	-637	-785	-896	-809	-218	-232	-213	-233	-233	-219	-180	-177				
CAPITAL ACCOUNT																
Loans	3285	20173	12106	2268	3586	3190	3295	2036	-1281	754	-238	3034				
Direct investment	-11232	-9461	-5300	-3562	-1083	-1072	-1765	-1380	-1149	-121	-1067	-1225				
Portfolio investment	14576	22079	38375	36764	7793	17103	9969	3511	3737	11774	6333	14921				
Other long-term capital	-194	-125	460	-501	-432	502	-59	449	522	-421	-81	-520				
B. LONG-TERM CAPITAL ACCOUNT	6435	32666	45641	34970	9863	19723	11440	4615	1829	11985	4947	16209				
BASIC BALANCE (A+B)	-18439	6153	18945	12193	1188	11952	7121	-1316	-6304	5249	1419	11829				
Trade credits	1152	2372	-140	4604	-433	519	-656	429	-653	2858	1220	1179				
Short-term capital of banks	2823	18548	-19394	-27838	-4434	-11330	-13170	9541	2124	-7915	-17156	-4890				
Other short-term capital	2970	-2600	-4586	5451	-1610	-2576	-2452	2053	1769	3675	11973	-11966				
Errors and omissions	5533	-9381	-1229	-3659	2187	-786	2252	-4883	1422	-4916	-3621	3456				
C. SHORT-TERM CAPITAL ACCOUNT	12478	8939	25349	21442	4290	-14173	-14026	7140	4663	-6298	-7585	-12222				
OVERALL BALANCE (A+B+C)	-5961	15092	-6404	-9249	-3102	-2221	-6905	5824	-1641	-1049	-6165	-394				
Change in foreign exchange reserves	5961	-15092	6404	9249	3102	2221	6905	-5824	1641	1049	6165	394				

* preliminary data

NET FOREIGN DEBT, by type of debt, FIM, million

BANK OF FINLAND
Statistical Services Department
28.1.1993

	1991*				1992*				1991*				1992*			
	III	IV	I	II	III	IV	I	II	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.		
Non-marketable promissory notes	2280	2684	-1054	375	613	3902			61050	67170	67961	66332	74412	81714		
Suppliers' credits	-1	-16	-63	-18	277	117			906	591	526	512	807	927		
Leasing credits	279	-7	90	135	-68	-20			1129	1167	1296	1394	1503	1589		
Prepayments related to exports	217	127	48	-4	-51	56			623	752	807	801	754	820		
Direct investment	-435	-777	464	35	-49	357			18273	17443	17907	17942	17893	18250		
Equity capital	60	-1069	315	-167	208	466			15232	13954	14269	14102	14310	14776		
Other capital	-495	292	149	202	-257	-109			3041	3489	3638	3840	3583	3474		
Portfolio investment	10402	3157	3923	12917	5336	14777			136365	148446	155836	164855	188562	214180		
Shares	29	-516	199	145	6	47			4136	4149	4279	3986	3062	2997		
Bonds	10373	3673	3724	12772	5330	14731			132230	144297	151558	160869	185500	211183		
of which denominated in FIM	3958	-580	-1492	114	-2712	-642			18607	19036	17366	17851	15547	14366		
Other long-term liabilities	-61	404	794	-392	-1	-557			4718	5427	6513	6061	6652	6347		
A. LONG-TERM LIABILITIES	12681	5573	4202	13047	6056	18631			223064	240997	250847	257896	290584	323827		
Non-marketable promissory notes	-630	321	-51	-976	755	-234			13126	14226	14808	13358	15181	15762		
Trade credits	415	433	364	672	269	267			11552	12281	12994	13242	14368	15409		
Leasing credits	-6	-27	-9	-6	-15	948			612	627	617	612	635	1574		
Development credits	-300	26	-1	43	0	40			548	574	572	624	615	655		
Direct investment	1330	603	1613	156	1018	1582			48391	53285	54898	55054	64258	65840		
Equity capital	283	1475	-3	121	331	578			34333	39125	39122	39243	45548	46126		
Other capital	1047	-872	1616	35	687	1004			14058	14160	15776	15811	18710	19714		
Portfolio investment	434	-354	186	1144	-997	-143			7385	7561	8053	9242	8654	9108		
Shares	41	-175	27	-19	12	24			569	490	510	490	523	533		
Bonds	393	-179	159	1163	-1009	-168			6815	7071	7543	8752	8131	8575		
Other long-term assets	-2	-44	273	29	80	-36			5934	6161	6738	6503	7109	7629		
B. LONG-TERM ASSETS	1242	957	2374	1062	1109	2422			87547	94713	98681	98635	110818	115976		
LONG-TERM DEBT, NET (A-B)	11440	4615	1829	11985	4947	16209			135517	146283	152166	159261	179765	207851		
Trade credits	392	1456	306	4056	1556	3049			12710	14233	14506	18587	20166	23207		
Banks	-16261	-4094	-2010	-9527	-11092	-5712			100908	100837	102919	91661	88898	86864		
Other short-term liabilities	-613	-2460	3499	439	12396	-5184			19529	17852	21624	21399	35315	30502		
C. SHORT-TERM LIABILITIES	-16482	-5098	1795	-5032	2859	-7847			133147	132921	139048	131646	144379	140573		
Trade credits	1048	1027	959	1198	336	1870			14326	15845	16974	18120	18946	20717		
Banks	-3091	-13635	-4134	-1612	6064	-822			47064	36727	32960	32786	43316	43603		
Other short-term assets	-5066	1311	89	-4285	-5743	6389			44159	46500	48225	42622	39390	49430		
D. SHORT-TERM ASSETS	-7109	-11297	-3086	-4699	657	7437			105549	99072	98158	93528	101652	113751		
SHORT-TERM DEBT, NET (C-D)	-9373	6199	4882	-333	2202	-15285			27599	33849	40890	38118	42727	26822		
NET FOREIGN DEBT	2066	10814	6710	11652	7149	925			163116	180132	193056	197379	222492	234673		

* preliminary data

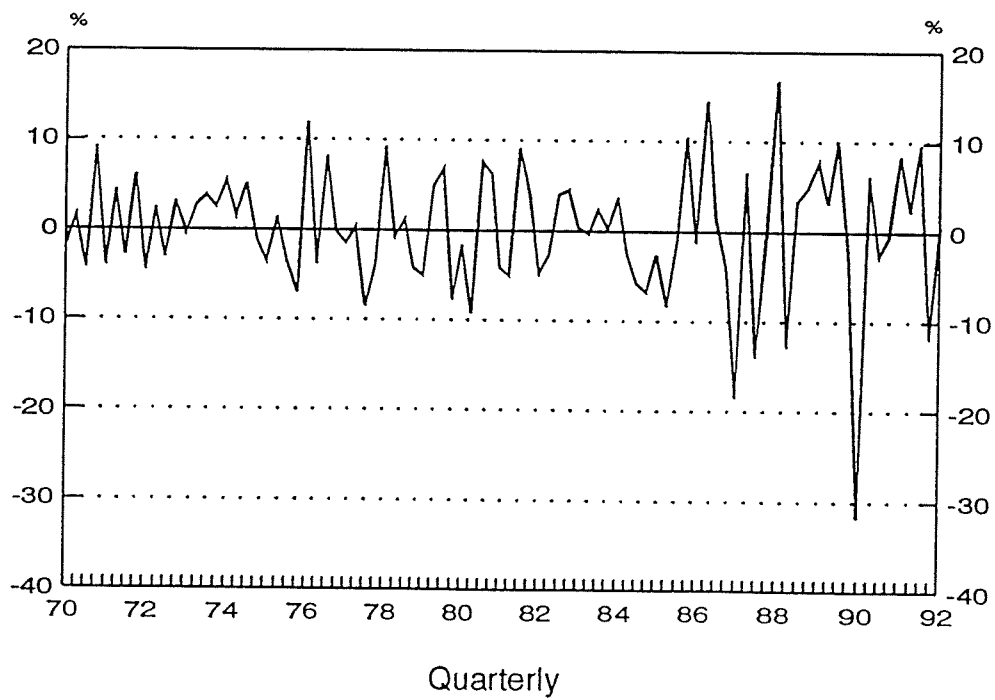
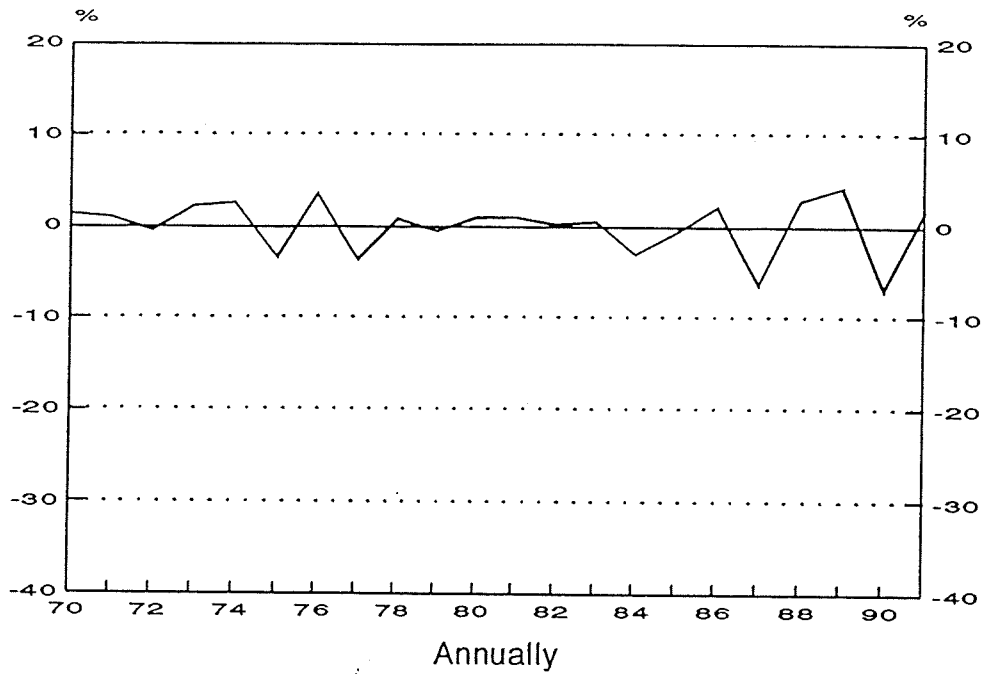
NET FOREIGN DEBT, by sector, FIM million

BANK OF FINLAND
Statistical Services Department
28.1.1993

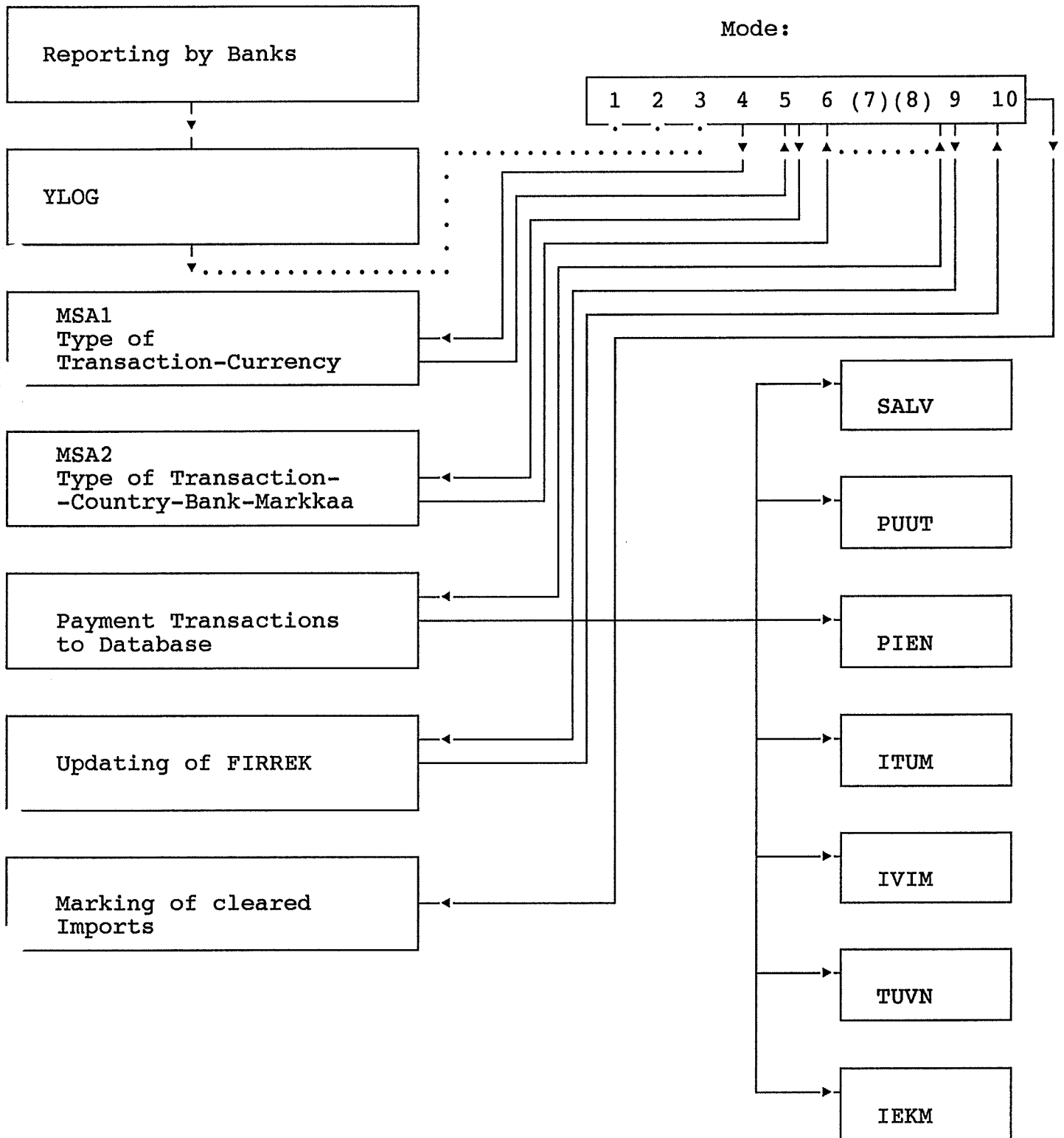
	1991*				1992* Net change				1991*				1992* Net Debt on			
	III	IV	I	II	III	IV	I	II	III	IV	30.9.	31.12.	31.3.	30.6.	30.9.	31.12.
Corporate sector	837	129	-280	-682	340	615			77071	79266	80395	78074	84246	87108		
Banks	3886	-1946	-3565	-3389	-3120	-5082			66742	69014	67432	61908	66370	68054		
Other financial institutions	2531	-341	-1134	3108	-968	5972			34196	35626	36032	37685	39131	48523		
Central government	5406	7732	8284	13910	9779	17125			44332	56377	65370	78534	98824	118081		
Local government	22	-2	897	101	25	1			723	713	1617	1695	2012	2061		
A. LONG-TERM LIABILITIES	12681	5573	4202	13047	6056	18631			223064	240997	250847	257896	290584	323827		
Corporate sector	1893	2016	1893	1013	1305	2862			53941	60251	62526	63104	72484	76113		
Banks	-382	-870	21	-21	-241	-858			26843	27619	28516	28119	30385	30708		
Other financial institutions	-1	-147	109	45	17	432			2109	2092	2271	2265	2422	3122		
Central government	-268	-42	350	25	29	-13			4655	4752	5367	5147	5528	6034		
Local government	0	0	0	0	0	0			0	0	0	0	0	0		
B. LONG-TERM ASSETS	1242	957	2374	1062	1109	2422			87547	94713	98681	98635	110818	115976		
LONG-TERM DEBT, NET (A-B)	11440	4615	1829	11985	4947	16209			135517	146283	152166	159261	179765	207851		
Corporate sector	134	454	1379	4109	2609	2301			23010	24249	25933	29840	33463	36015		
Banks	-16261	-4094	-2010	-9527	-11092	-5712			100908	100837	102919	91661	88898	86864		
Bank of Finland	-61	276	-4	86	10417	-6328			2826	3149	3185	3242	14067	7849		
Other financial institutions	-433	-1879	2353	-1453	2085	698			5082	3365	5944	4281	6948	8497		
Central government	138	145	77	1753	-1159	1195			1321	1322	1068	2623	1003	1348		
Local government	0	0	0	0	0	0			0	0	0	0	0	0		
C. SHORT-TERM LIABILITIES	-16482	-5098	1795	-5032	2859	-7847			133147	132921	139048	131646	144379	140573		
Corporate sector	2051	-1086	2878	-665	100	1926			20358	19698	22812	22019	22757	24670		
Banks	-3091	-13635	-4134	-1612	6064	-822			47064	36727	32960	32786	43316	43603		
Bank of Finland	-6966	6100	-1645	-963	-6044	1642			29006	35922	35429	33516	29484	33966		
Other financial institutions	907	-2715	-193	-1423	498	4700			8962	6525	6742	5035	5867	11278		
Central government	-10	38	8	-35	-22	-2			159	199	213	172	156	166		
Local government	0	0	0	-2	62	-6			2	2	2	0	73	68		
D. SHORT-TERM ASSETS	-7109	-11297	-3086	-4699	657	7437			105549	99072	98158	93528	101652	113751		
SHORT-TERM DEBT, NET (C-D)	-9373	6199	4882	-333	2202	-15285			27599	33849	40890	38118	42727	26822		
NET FOREIGN DEBT	2066	10814	6710	11652	7149	925			163116	180132	193056	197379	222492	234673		

* preliminary data

ERRORS AND OMISSIONS OF BALANCE OF PAYMENTS
% OF CURRENT ACCOUNT REVENUE



UPDATING OF THE SYSTEM FOR FOREIGN PAYMENTS YVT



Compiled by Matti Hakala	Date 93-03-29	Accepted by		Remarks
Main application/project YVT	Plain text name for file Authorized bank's payment records on magnetic type	Program name for file		A = alphanumeric data N = numeric data P = obligatory data E = conditional data
Sub-application	Plain text name for record Identification file	Program name for payment records		

Data number	Plain text name for data	Program name for data	A/N	Relative position	Length	P/E	Conditions	Explanation
01	Record type		A	01-02	02	P		Contents: VT
02	Authorized bank's code		N	03-04	02	P		Bank of Finland's numeric code (KOP=01)
03	Payment records date/ last day of payment records period		N	05-10	06	P		Form: YYMMDD (year, month, day)
04	Text 1		A	11-39	29	P		Contents: Payment records tape for the Bank of Finland (starts from position 11)
05	Text 2		A	40-47	08	P		Informant:
								KOP
								UNION BANK OF FINLAND
								SKOPBANK
								OKOBANK
								ÅLANDSBANK
								POSTIPANKKI etc.
06	Reserve area		A	48-80	33	P		

Statistical Services Department

Page 3

Compiled by Matti Hakala	Date 93-03-29	Accepted by	Remarks Data No 10: If the home country of a non-resident beneficiary differs from the home country of the Bank of the foreign party, the home country of the non-resident is saved in this field.
Main application/project YVT	Plain text name for file Authorized bank's payment records on magnetic type	Program name for file	
Sub-application	Plain text name for record Identification file	Program name for payment records	

Data number	Plain text name for data	Program name for data	A/N	Relative position	Length	P/E	Conditions	Explanation
01	Record type		A	01-02	02	P		Contents: VS
02	Foreign exchange code		A	03-05	03	P		3-character ISO foreign exchange code
03	Value data		N	06-11	06	P		Form: YYMMDD (year, month, day)
04	Correction indicator		A	12-12	01	E	Correction of transaction	Contents: K
05	Payment day		N	13-18	06	P	Outgoing payment	Form: YYMMDD (year, month, day)
06	Transaction sign		A	19-19	01	P		Outgoing payment minus (-); otherwise space
07	Foreign exchange amount		N	20-33	14	P		two decimals
08	Domestic party		A	34-43	10	P		Establish. code (designation part 7, control 1, space 2) social security number or date of birth for foreigner
09	Indicator for internal transfer		A	44-44	01	E	Internal transfer	Contents: S (internal transfers on tape)
10	Bank of foreign party		A	45-50	06	P		SWIFT abbreviation or other code, the two characters on the extreme right of which comprise the 2-letter ISO country code (country code for a transaction is obtained from this field) see remarks
								continues on next page

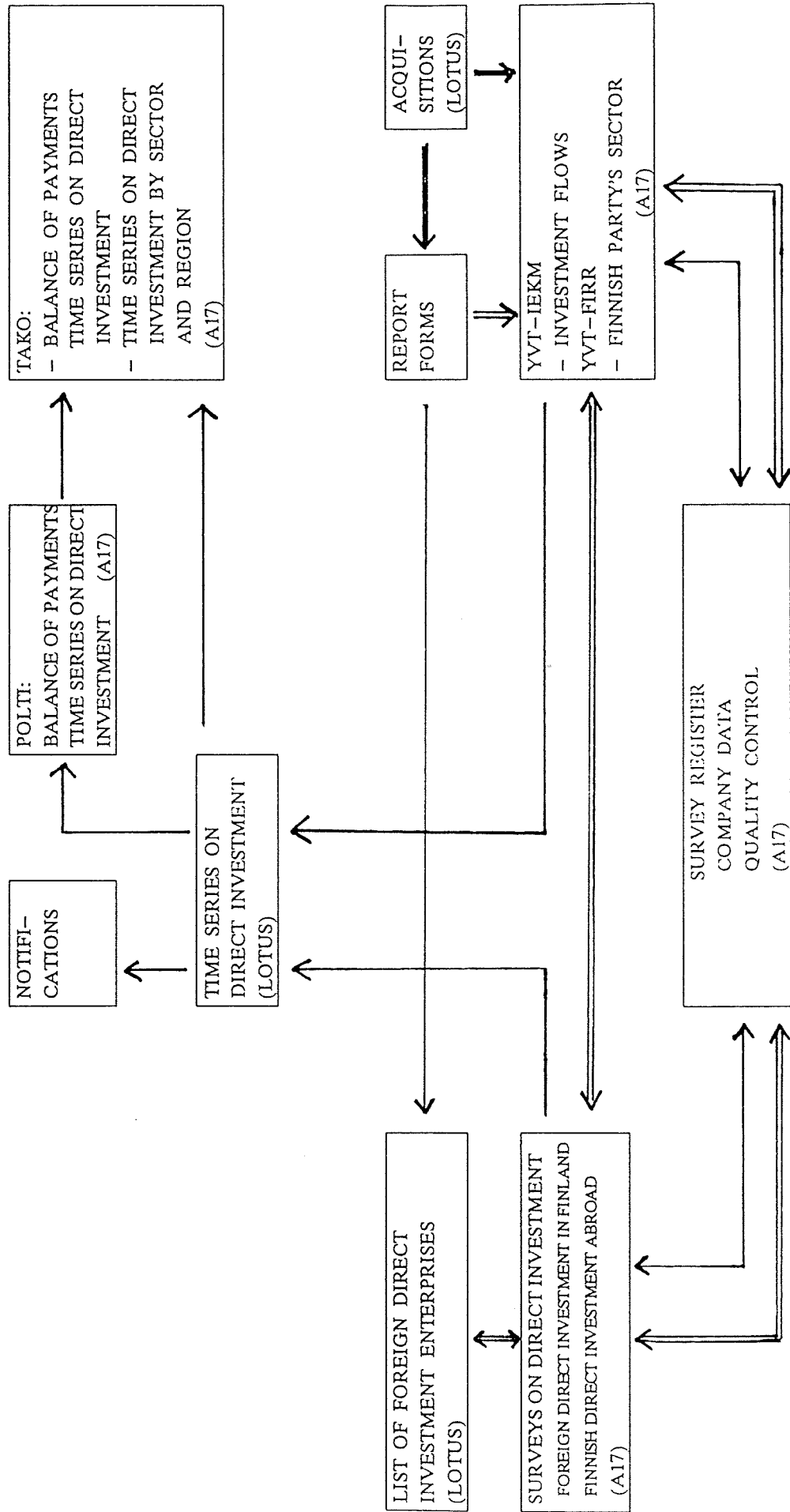
Compiled by Matti Hakala	Date 93-03-29	Accepted by	
Main application/project YVT	Plain text name for file Authorized bank's payment records on magnetic type	Program name for file	
Sub-application	Plain text name for record Identification file	Program name for payment records	

Remarks In auxiliary field 1 are reported:
- for import payments the day of importation; if the goods have not yet been imported the estimated day of importation in the form YYMMDD
- for direct investments, the field of activity of the direct investment enterprise at the three-digit level (000NNN)

Data number	Plain text name for data	Program name for data	A/N	Relative position	Length	P/E	Conditions	Explanation
01	Record type		A	01-02	02	P		Contents: E1
02	Direct reporting designation		N	03-04	02	P		= 1 if company reports breakdown directly, otherwise 9
03	Transaction type		N	05-05	01	E	See explanation	1=imports, 2= exports, 3=transaction requiring BoF reference number
04	Code for the holder of goods(importer), exporter or holder of BoF reference number		A	06-15	10	E	See data 03	Establ. code (designation part 7, control 1, space 2) or date of birth for foreigner
05	Transaction code number		A	16-24	09	E	See data 03	Company's or persons own reference or BoF reference number
06	Auxiliary field		N	25-30	06	E	See remarks	See remarks
07	Transaction sign		A	31-31	01	P		Generally a space, but minus (-) if an amount decreasing the authorized record bank's
08	Foreign exchange amount of transaction		N	32-43	12	P		In units, without decimals
09	Deficiency indicator		N	44-44	01	E	Transaction fore- ved to enter data- base for deficient transactions	Contents:6, if it is desired to enter data in the database for deficient transactions
10	Payment code		N	45-48	04	E	See Foreign Ex- change Regulations	The character on the extreme right is always zero Cont. on the following page

INFORMATION SYSTEM FOR DIRECT INVESTMENT

Data flows (→), quality control data flows (⇌)



De Nederlandsche Bank

P.O. Box 98
 1000 AB Amsterdam
 the Netherlands
 Westeinde 1 (visitors)
 Telephone 020-524 91 11
 Telex 11355 DNB AM NL
 Telefax 020-620 34 26

Bank of Finland
 Head of Statistical Services Dept.
 Attn Mr Esa Ojanen
 P.O. Box 160
 SF-00101 HELSINKI
 (Finland)

Date

- February 26, 1993

Your reference

- -

Our reference

- SIR-BB/KLI/6283

Direct dialling

- (0)20- 524 3498

Enclosure(s)

- -

Re:


Report of my visit to your department

- Dear Mr Ojanen,

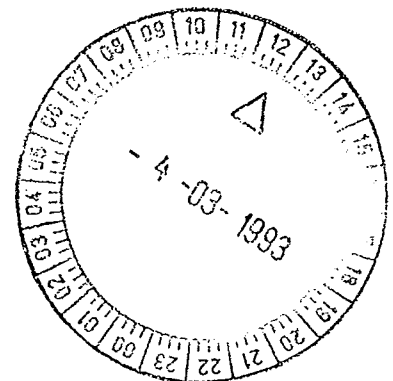
Firstly, I would like to thank you very much for your and Mr Hilpinen's great hospitality during my visit. It was a great pleasure for me to discuss the characteristics of your balance-of-payments system with you, Mr Hilpinen and all other staff of your department. As promised, I send you my report of my visit, including a general description of your system for my colleagues, followed by a comparison with our system and my own conclusions on the strong and weak points of your system. Your comments on my paper are most welcome.

Kind regards,

Stephan Klinkum



Statistical Information and Reporting Department



DNB
 (1)

Re: Report of visit to the Statistical Services Department
of the Bank of Finland (25 to 27 January 1993)

The reason for this visit was an invitation from the Bank of Finland for a two-day visit to exchange views on the quality of the Finnish balance-of-payments system. This report contains a description of the main characteristics of this system, followed by a general comparison with the system used by the Nederlandsche Bank and finally conclusions with regard to the strong and weak points of the Finnish system. What is most characteristic of this system is that cash data collected by means of a self-balancing system are only used for controlling the quality and completeness of the balance of payments.

Organization

Manager	Mr. Ojanen
2 Assistant Managers (Production/Planning)	among whom Mr. Hilpinen
Secretariat	2 staff members
Foreign Payments section	1 economist and 10 staff members
Direct Investments section	1 economist and 5 staff members
Other Capital Movements section	2 economists and 6 staff members
Compilation, Publication and Information service section	3-4 economists and 3 staff members
total balance-of-payments sections:	31.5 persons
Non-balance-of-payments sections:	
Flow of Funds section	1 economist and 1 staff member
Data Management section	3-4 economists and 1 staff member
Total other sections:	6.5 persons

By comparison: according to a recent memorandum by Mr. Spinhoven of the Nederlandsche Bank, some 70 persons are involved in the compilation of the balance of payments, of whom 15 work on figure analyses.

On the basis of total revenues and expenditure on current account, the Netherlands balance of payments is approximately 6 times the volume of the Finnish balance of payments.

Legal framework:

Pursuant to the Foreign Exchange Act, the Bank of Finland is authorized to obtain information from residents required for the compilation of balance-of-payments statistics. For this purpose, the Bank collects information on payments between residents and non-residents and on capital account items by means of survey data and flow figures. Furthermore, use is made of information provided by the Board of Customs, Statistics Finland and other statistical institutions. Exchanging customs-clearance information with regard to individual transactions is allowed on the basis of powerful customs legislation. In 1990, capital transactions were liberalized as a result of which foreign exchange stipulations in this area were cancelled.

Balance-of-payments figures on a cash basis

Reporting by banks

By means of a self-balancing reporting system, the Bank receives data with regard to payments between residents and non-residents. With respect to payments through domestic banks, the authorized banks report daily (smaller banks weekly) on their opening and closing balances and changes in their nostro accounts (per currency) and loro accounts (per individual non-resident account for balances > Fim 500,000). Reporting is effected completely automated on magnetic tape, on-line or on diskette. For the payments to be reported, a reporting threshold of Fim 10,000 applies (\pm

F1. 3,300). For outgoing payments, the customer shall submit to the bank a payment order (electronic or in writing) including the required balance-of-payments data; for receipts no form needs to be filled in by the customer (if necessary, the bank involved is to acquire information from the customer). In the case of direct investment, this must be reported by the customer on a special form. For each outgoing and incoming payment, the following data are provided: type of currency, value date, payment date for outgoing payments, amount, company number, country code of counterparty, bank reference number, customs reference number, transaction code (for composite payments this concerns a breakdown into type of transaction and country and, if necessary, into customs reference number), country code and sector of direct investment or direct investor, currency equivalent (in the case of forex deals), bank counterparty and entry date.

Other 'subauthorized banks' (savings banks and cooperative banks) report to the Bank of Finland through the 15 'authorized banks'.

The banks encode all payments on behalf of customers and on behalf of the bank itself (on the revenue side this encoding leaves room for improvement!) by means of a three figure code. The first digit of this code indicates whether it concerns a debit or credit payment while the latter two identify the type of transaction.

The Bank of Finland distinguishes 39 types of transaction. These types of transaction comprise two codes for visible trade and merchanting, 12 codes for services, 7 codes for factor income, 2 codes for income transfers, 13 codes for capital transactions and 3 neutral codes. The conversion rate used for converting amounts in foreign currency into Finnish markkas is the rate recorded on the last day of the previous month (due to the fact that conversion takes place daily within one reporting month it is not possible to use the average conversion rate per month). The 5 largest banks have on-line access to the file with unaccepted items (including errors in starting balances, lack of

information, non-existing codes) so as to enable them to correct these items themselves.

Over-the-counter transactions are reported by means of self-balancing returns. Items below the reporting threshold of Fim 10,000 are considered travel expenses; items exceeding the threshold are accounted for by means of a transaction code on the basis of information provided by the customer.

Reporting by non-banks

For netting claims and liabilities, through current accounts and participation in international clearings or otherwise, the resident customer may report gross flow data through the bank (substitution by the bank of net flow data by gross flow data) or directly on diskette or through electronic mail to the Bank of Finland. The latter possibility is used frequently.

In principle, enterprises are to report monthly on their foreign bank accounts by means of pre-encoded self-balancing returns, stating the opening and closing balance and total revenues and expenditure per type of transaction. Reporting takes place partly on diskette or through the electronic mailbox system and partly in writing. In principle, private individuals are granted exemption from reporting their foreign bank accounts, provided that these accounts are not used for trade-related activities.

The electronic mailbox system is run by the Finnish postal and telecommunications service. For Fim 300 per month a mailbox can be rented. Every day, incoming reporting files are retrieved from the mailbox and transmitted to a modem-linked PC installed at the Bank of Finland.

The cash figures received in this manner through banks and enterprises are saved in four data sets (imports, exports, other payments, and aggregate figures of smaller payments). These figures are only used for quality control purposes and fine-tuning of estimations with regard to survey information and for matching with customs figures. As such, however, they are not included in the balance of payments on a transactions basis. No balance of payments on a cash basis is published.

Customs figures

On a daily basis, the Bank of Finland receives two tapes from the Customs Board comprising records in EDIFACT format on individual clearing of goods, stating the company number and - in the case of inward clearings - the customs reference number.

These data, like payments, are saved in a number of data sets (broken down into imports, exports and transactions below the reporting threshold).

Surveys

1. Monthly survey on external securities transactions

At present, 32 banks and securities brokers participate in this survey. The survey requests participants to report purchases and sales of Finnish and foreign securities and positions regarding securities holdings broken down into shares, capital market paper and money market paper as well as into sector. In addition, some other items are to be reported such as interest paid and dividends to non-residents.

2. Monthly survey on foreign assets and liabilities

56 Banks, 30 financial institutions, a number of public bodies and some 100 large enterprises participate in this survey.

The survey requests participants to report the position and net changes in assets and liabilities during the month.

On the assets side: loans to non-residents (long term/short term), bonds and shares issued by non-residents, time deposits and the amounts of interest and dividends received.

On the liabilities side: loans of non-residents (long term/short term), bonds, shares, time deposits and the amount of interest and dividends paid.

Further, the banks are requested to report participations in loans of foreign syndicates to residents and securities transactions for their own account. The information is usually submitted to the Bank by fax.

3. Annual survey outward and inward direct investment

The total target group of enterprises holding foreign participations or enterprises partly or fully owned by non-residents is 2400 enterprises. A participation is understood to mean a share of at least 10% in the share capital. Approximately 600 enterprises participate annually in the survey, of which 200 hold foreign participations with a value of over Fim 50 million (some Fl. 17 million) and 400 participations held by non-residents in manufacturing industry, the financial sectors and other sectors with a value of over Fl. 5 million. For the survey of other sectors, samples are taken at every tenth enterprise. The survey requests participants to submit the following information: sector of industry, total profits, dividend payments, interest received/paid, direct investment position, position of long-term and short-term loans granted or taken out, etc.

In addition, some data are requested which are not relevant to the balance of payments, such as turnover and number of staff (establishment trade information).

Each year, retained profits are recorded in the balance of payments on the basis of survey data. At the end of the year, in anticipation of the survey on direct investment, an estimate of retained profits is recorded

in the balance of payments on the basis of provisional results of a number of large enterprises.

4. Other sources

For various types of services, statistical information collected by institutions operating in these areas is used in addition to the sources mentioned above. In the field of transport, use is made of annual statistics compiled by Finnair (air transport), the Finnish railways and Statistics Finland (road transport) and quarterly statistics of the Board of Navigation (sea transport) and Statistics Finland and Finnair with regard to passenger transport. In the area of insurance, the annual survey data of Statistics Finland are used (gross information on insurance premiums, claims, re-insurance, insurance commission etc, as opposed to net figures on a cash basis), in the area of information and communication, the annual information collected by the Finnish post and telecommunications service is used. Information on development aid is received annually from the Ministry of Foreign Affairs.

Quality control of source material

First, automated matching takes place of customs figures and cash figures with regard to visible imports and exports per enterprise. This results in a list of possible errors and the determination of trade credit. This matching indicates, among other things, misclassifications by banks (mainly on the assets side), as well as corrections imports/exports ex merchanting.

Further, a comparison - to a large part manually - is performed between the monthly surveys with regard to foreign assets and liabilities and securities dealings on the one hand and cash figures per enterprise/financial institution/bank in this respect on the other.

Timing differences and misclassifications may surface while the completeness of information is checked. In the area of direct investment, cash flows are used for maintenance purposes of the file on direct investment.

Compilation of the balance of payments (on a transactions basis)

Every month, on the basis of various sources, a highly experienced staff member compiles the balance of payments. The figures are worked on until the total picture of the balance of payments, and the item 'Errors and omissions' in particular, is acceptable (the overall norm is the international standard of at most 5% of the receipts on current account). The customs figures and the monthly survey figures constitute an important part, the cash figures play a more or less marginal role and are used in combination with other sources for fine-tuning estimations of certain parts of the balance of payments and for checking the completeness of balance-of-payments figures.

On the basis of this working method, the information stored in the computer can be divided into primary and source data, time series with aggregate information on a cash basis and survey data, time series used during compilation and finally, end series underlying publication and/or reporting to international institutions.

The first provisional monthly figures are available on the 25th of the subsequent month. Quarterly figures are available on 25 January (!), May, August and November. It goes without saying that this is only feasible because bank returns are submitted during the month on a daily basis, customs figures are sent daily and monthly surveys must be submitted on the 15th of the following month at the latest. In general, the time limits set for submission are met.

Correction of figures for a year can be made once every quarter in the following year. Once every five years, figures with regard to preceding years may be adjusted in consultation with Statistics Finland.

Publications

Every month, the Bank publishes a bulletin presenting a table with balance-of-payments data and information on foreign positions; every year an annual overview is published containing some balance-of-payments information while every quarter a so-termed notification on the Finnish balance of payments is issued, presenting some figures on the balance of payments for the current year supplemented by explanatory notes.

General comparison with the Netherlands system

A major difference in comparison to the Netherlands system is that cash figures are not used for the compilation of the balance of payments on a cash basis and that these figures do not constitute the basis for the compilation of the balance of payments on a transactions basis. In the Finnish system, various sources are used for the compilation of the balance of payments. By contrast to the Netherlands system it is not possible in the Finnish system to print out the balance of payments by - in a manner of speaking - simply pressing the button after all returns have been processed. Another difference is that in Finland returns are encoded by the reporting institutions themselves. The encoding system used is simpler and less refined than the Netherlands system and as such does not meet the international standards; the required refinement is derived, however, from more refined information obtained through other sources. Within the Finnish system, gross reporting of certain services (such as insurance) on a cash basis is unnecessary.

Conclusions:

strong points:

- the Bank of Finland's system is a high-quality balance-of-payments system, which is compiled on the basis of information from various sources. Due to matching with cash figures, Errors and Omissions are relatively few.

- balance-of-payments figures are available at very short notice after month-end.
- a large part of the returns, such as all daily returns by banks and the Board of Customs as well as a part of the monthly reports by enterprises is received in automated form; the payments reported are pre-encoded by the reporting institution.
- matching between customs data and payments relating to visible trade is fully automated; efforts are being made to automate matching between capital transactions and cash flow figures to the highest possible extent.
- the encoding system for returns on cash transactions may remain simple within this system; a gross breakdown of net payments with regard to services (such as insurance) is not always necessary.

Weak points or points open to improvement:

- despite an extensive reporting system with regard to cash transactions, cash figures are only used marginally for the compilation of the balance of payments (on a transactions basis). A balance of payments on a cash basis is not compiled. In fact, the Finnish system is a double reporting system (reporting of cash flows and reporting through surveys).
- an extensive part of the compilation of the balance of payments on the basis of widely diverging sources is effected manually to a large extent. This can only be done by highly experienced, all-round staff members. The question is whether this system is feasible in case of an strong increase in data.
- in view of the fact that a self-balancing system is used and on account of the use of cash figures, the reporting threshold may be regarded as low.

If the examination which I understood is being held in collaboration with the Swedish central bank, results in a reasonably reliable apportionment formula, there are no reasons why the reporting threshold should not be raised considerably (for instance to Fim 25,000 or 50,000).

In view of the relatively short time spent on this matter, no adequate evaluation can be made with regard to the quality of the mainframe computer system. In view of the fact that the system is no longer up-to-date, I am inclined to think it wise to follow the Netherlands example and replace the system in due time with a new system with a new data base management system (so as to enable flexible information retrieval). Further, functions which have become obsolete since the liberalization may be cancelled and new functions, such as breaking down of items below the reporting threshold into transactions codes, may be introduced. Moreover, matching of data for capital account purposes or labour-intensive activities relating to compilation may, where possible, be automated to an increasing extent.

I have found this visit to the Bank of Finland very interesting and useful; the Finnish balance-of-payments system has impressed me as being excellent. 1

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