I. Generic template for national reports providing information on quality, sources and methods, together with information on the statistical processes used for the compilation of the statistics underlying the MIP indicators (including concrete specifications for b.o.p./i.i.p. statistics)

Reporting institution: Statistics Finland

1. INSTITUTIONAL ENVIRONMENT

1.1. CoP1 Professional Independence / PC1 Professional Independence

1.1.1 Legal basis

The independence of Statistics Finland is laid down in the Statistical Act, Section 2. According to that section, statistical authorities and other authorities that compile statistics are professionally independent when performing tasks directly connected to developing, producing and disseminating statistics. These authorities shall operate independently, objectively, reliably and cost-efficiently, and ensure the protection of statistical confidentiality.

The Statistical Act is the general act for the National Statistical Service (NSS). The aim of the NSS is to produce official statistics of Finland (OFS). European law (especially the Regulation of the European Parliament and of the Council on European statistics (EC) No 223/2009) applies to a large portion of OFS.

The Statistics Finland Act: http://www.stat.fi/org/lainsaadanto/laki_tksta_en.pdf

The Statistical Act: http://www.stat.fi/meta/lait/tilastolaki_en.html

Official Statistics of Finland: http://tilastokeskus.fi/meta/svt/index_en.html

1.1.2 Statistics work programme

The annual programme, the performance agreement, as well as the annual release calendar, are published on Statistics Finland´s website. Statistics Finland´s webpage contains descriptions about planning, monitoring and development, including a link to the release calendar.

http://www.stat.fi/org/tilastokeskus/vuosiohjelma_en.html

1.2.   CoP2 Mandate for data collection/PC2 Mandate for data collection

1.2.1   Allocation of responsibilities

Statistics Finland is responsible for the compilation of balance payments and international investment position statistics for Finland.

1.2.2   Legal basis

The responsibility of Statistics Finland regarding the compilation of the BOP and IIP is established in an agreement between Statistics Finland and Bank of Finland. The compilation of statistics is regulated by the Statistics Act. Data collected in other contexts must be primarily exploited for statistics. The vast majority of data are drawn from diverse registers. Only such data that cannot be obtained from elsewhere are collected from data suppliers. State authorities have a statutory obligation to supply data from the information in their possession. Enterprises, municipal organisations and non-profit institutions are obliged to supply data on matters separately prescribed in law.

1.3.   CoP6 Impartiality and objectivity / PC6 Impartiality and objectivity

1.3.1   Advanced release calendar

Statistics Finland's regular production comprises over 200 sets of statistics. An annual statistical programme listing all next year's statistical releases and their release dates is published as a release calendar towards the end of each year.

http://tilastokeskus.fi/ajk/julkistamiskalenteri/index_en.html#?langs=en&topics=KAN

1.3.2   Revision policy

BOP and IIP data are subject to regular revisions. Concerning the monthly data, two previous months are revised with release of new monthly data. Concerning the quarterly data, previous quarter is revised with release of new quarterly data. Annual data is revised in March and September and revisions concern two previous years.

2. STATISTICAL PROCESSES

2.1. CoP7 Sound methodology / PC7 Sound methodology

2.1.1 General remarks

B.o.p. and i.i.p. statistics are compiled in accordance with the standards set forth in the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). Furthermore, specific compilation recommendations from relevant international bodies are observed. In particular, as specified in the ECB Guideline (ECB/2011/23 of 9 December 2011, as amended) and Commission Regulation (EU) No 555/2012 of 22 June 2012.

2.1.2 Residency

In principle, the Finnish balance of payments attempts to record all resident − non-resident transactions. The compiled data are intended to cover the economic territory of Finland. The concepts of "residency" and "centre of economic interest" that are applied in the data collection forms are consistent with those of the BPM6.

Geographic coverage: The Åland Islands are part of Finnish territory.

2.1.3 Institutional unit definition

The general principles on institutional units (centre of economic interest, decision-making autonomy, and complete set of accounts) are applied. The statistical coverage of SPEs is in line with the conclusion of the Eurostat/ECB/OECD 2013 Task Force on Head Offices, Holding Companies and SPEs (http://unstats.un.org/unsd/nationalaccount/aeg/2013/M8b-3.pdf)

2.1.4 Sectorisation & sector definition and delimitation

Classification and sectorisation follow the sixth edition of the IMF's Balance of Payments Manual (BPM6). The recommendations by the ECB presented in the Guideline of the European Central Bank (ECB/2004/15, amended by ECB/2007/3) are also followed.

The sector classification fulfils the needs of the SNA, and the Balance of Payments and the Rest-of-the world-account are consistent in this respect.

2.1.5 Valuation

The main principle is to use market values. Data collection is mostly carried out by means of surveys designed for balance of payments purposes, where respondents are instructed to report their transactions using market values (where available).

In the monthly BOP-survey carried out by Statistics Finland, the respondents are required to reconcile changes between the opening and closing positions (stocks) into transactions,

exchange rate changes, and other valuation changes. Non-euro transactions are instructed to be converted into euros using the ECB's middle rate quoted on the transaction date.

The asset and liability flows of the MFI-sector are derived from stock data and are adjusted to remove exchange rate and other valuation changes. Similarly, portfolio investment flows are derived from stock data, which is collected on a security-by-security basis.

Goods exports and imports are valued on f.o.b. and c.i.f. basis, respectively, in the merchandise trade statistics compiled by the Finnish Customs. The import valuations are adjusted to f.o.b. basis for balance of payments statistics using fixed freight and insurance factors.

In the financial account surveys, respondents are instructed to convert positions (stocks) denominated in non-euro currencies into euros using the middle rates quoted by the ECB on the last day of the reporting period. In the International Investment Position, direct investment equity stocks of listed direct investment enterprises are valued at market value (as from 2004), and of unlisted direct investment enterprises at book value. Equity stocks both at market value and at book value are available for listed direct investment enterprises. Portfolio securities are at market values (dirty price in the case of debt securities), as are securities held as reserve assets. Loans/deposits in other investment are recorded at nominal values (incl. accrued interest). Monetary gold is valued at market prices based on the p.m. fixing in the London bullion market.

2.1.6 Time of recording (accrual accounting)

In general, the Finnish balance of payments data adopt the accruals basis for the time of recording. Data supplied by the respondents to balance of payments surveys are typically based on business accounting (book-keeping) records, and are considered to be close approximations to the accruals principle. If book-keeping data is not readily available, estimates may be provided in some cases (e.g. services).

Regarding the recording of interest, respondents to the monthly and annual financial account surveys are requested to report interest on an accruals basis, with offsetting entries to be included in the relevant financial account items.

Intragroup dividends (direct investment) are also reported on an accruals basis. Data on reinvested earnings are collected on an annual basis, and the transactions are apportioned equally over the months/quarters. Portfolio investment dividends are reported on a cash basis, in other words as of the date they are paid to investors.

As for merchandise trade, the data on trade in goods with the non-EU countries are recorded according to the time of customs clearance by the Finnish National Board of Customs. The trade with other EU member countries (Intrastat data) is based on enterprise reporting to the National Board of Customs, and the change of ownership is approximated at the time when the transaction is recorded in the books of the reporter.

2.1.7 Coverage gaps & deviations

Due to difficulties in obtaining reliable data sources, some transactions are not fully covered:

- Current account: Worker's remittances are not fully covered.
- Capital account: Migrants' transfer data is based on estimates.

- Financial account: Transactions by the Finnish private household sector in foreign securities conducted directly with non-resident asset managers/custodians are missing from portfolio investment data (assets). Similarly, loan/deposit transactions by the domestic household sector with non-resident banks are not covered in other investment.

The amounts involved in these areas are, however, believed to be relatively minor.

2.2. CoP8 Appropriate Statistical procedures / PC8 Appropriate Statistical procedures

2.2.1 Main features

Goods: The Finnish Board of Customs collects and compiles the trade statistics. The extra EU trade data are acquired employing the customs declaration system and the intra EU data using the EU Intrastat statistical system. These data are available on a monthly frequency (the statistical system of the Finnish Customs is described in detail: http://www.tulli.fi/en/finnish_customs/statistics/index.jsp

Other items in the current account: Statistics Finland collects travel, transport and other services data through various surveys. Travel and transport data are collected on a quarterly frequency with a range of surveys and the other services annually and quarterly by a stratified sample survey. Moreover, when compiling various current account data, Statistics Finland makes use of official administrative records as well as SNA expert estimates.

The compilation of the financial account in the balance of payments statistics is based on following surveys:

1. Monthly BOP-survey on foreign assets and liabilities. Statistics Finland and the Bank of Finland collect data from non-financial corporations, financial and insurance corporations, municipalities, and the government monthly on their balance of payments on foreign financial assets and liabilities. Non-group and intra-group items are reported.

2. Annual BOP-survey on foreign assets and liabilities. Statistics Finland and the Bank of Finland jointly collect data from non-financial corporations, financial and insurance corporations, municipalities and the government on their balance of payments on foreign financial assets and liabilities.

3. The Bank of Finland's monthly survey by institutional sector for foreign security holdings and international securities' issues. Data is reported on a security-by-security level.

4. The Bank of Finland's Monthly custodian survey for the holdings of securities (data is reported on a security-by-security level).

5. The Bank of Finland's survey on Investment fund balance sheet collects data from investment funds on a monthly basis on balance sheets and subscriptions and redemptions of investment fund shares.

6. Monetary financial institutions data collection. The Bank of Finland collects balance sheet data monthly.

The foreign assets and liabilities surveys are cut-off census collections where the most important respondents report monthly and most of the reporting population annually. Data for

the small enterprises exempted from reporting are estimated on the basis of the balance sheet data acquired from the national business register. The statistical unit employed to collect data for the balance of payments statistics is an institutional unit.

2.2.2   Country specific aspects

The country specific details of the Finnish Balance of Payments and International Investment Position are described in Statistics Finland's website:

http://tilastokeskus.fi/til/mata/index_en.html

3.   STATISTICAL OUTPUT

3.1.   CoP11 Relevance / PC11 Relevance

BOP/IIP are transmitted to the ECB and Eurostat for the compilation of Euro Area and European Union aggregated statistics. They are also disseminated at international level in accordance with SDDS, used for the purposes of IMF Article IV reviews, and for the EU MIP scoreboard.

At national level they are used as input for the compilation of National Accounts.

3.2.   CoP12 Accuracy and reliability / PC12 Accuracy and reliability (including stability)

3.2.1   Revisions

The differences between monthly and quarterly balance of payments have been relatively small. For current account items the revisions have been largest for direct investment income and services but these revisions occur only when the yearly data is available.

For direct investment income, data on earnings of direct investment enterprises are based on the results of the annual FDI surveys. For the first quarterly observations the results of the annual surveys are not available. Data are estimated based on the latest annual FDI surveys and changes in the economic environment whereas forecasting of direct investment enterprises' earnings is challenging.

For the financial account, the most substantial revisions were made for direct investment flows and portfolio investment liabilities.

3.2.2   Errors and omissions and integrity rules

The errors and omissions item in Finland's balance of payments was large and very volatile in 2009 and 2012-2013. The sign of net errors and omissions tends to be negative. Factors behind errors and omissions have been studied and some data have been improved as a result. The efforts for improving the internal consistency continue.

The reconciliation between flows and stocks in ensured in all phases of the compilation process. Mainly the source data is already reconciled between stocks and flows. The stock/flow reconciliation is published regularly.

3.3. CoP13 Timeliness and punctuality / PC13 Timeliness (including punctuality)

3.3.1 National requirements

Statistics Finland publishes data according to the advance release calendar.

http://tilastokeskus.fi/ajk/julkistamiskalenteri/index_en.html#?langs=en&topics=KAN

3.3.2 EU and other international requirements

Statistics Finland provide data to the ECB, Eurostat, and the IMF following the internationally agreed deadlines. The data provided to the ECB is disseminated via Bank of Finland.

3.4. CoP14 Coherence and comparability / PC14 Consistency and comparability

3.4.1 Bilateral asymmetries

Bilateral asymmetries are followed up, through the FDI network and by using asymmetry matrices disseminated by Eurostat.

3.4.2 Consistency with related statistics

Customs is responsible for collecting and publishing data related to trade in goods. This data serves as input for the compilation of balance of payments goods item. Some adjustments (e.g. cif-fob-adjustment, e-commerce, global production) for the trade in goods data are required in order to convert goods account in balance of payments methodology.

Concerning the consistency with national accounts there are efforts going on to reduce the discrepancies between the two statistical domains. Balance of payments has been compiled at Statistics Finland since the beginning of 2014. Statistics Finland has set a project that has an objective to integrate the compilation of BoP and NA statistics and as a result the discrepancies should vanish. Currently there are still some discrepancies that mostly due to different revision policies and slightly different source data.

Consistency with BSI and SHS statistics is ensured by the fact that these statistics serve as input data for balance of payments compilation. Some small differences still remain due to methodological differences

3.4.3 *"Time" and back data consistency*

Time series using BPM6 methodology are available for users from 2006 onwards. There are plans to lengthen these series in the coming years.

For a limited number of detailed breakdowns, it was not possible to recompile or estimate back data, so there may be some breaks (generally a detailed data series will not be available as far back as 2006).

3.4.4 *Consistency across frequencies*

The compilation of balance of payments statistics is based on monthly frequency and all other frequencies are aggregated sets of same data. Therefore the consistency between frequencies is automatically ensured. In the published data sets there may be some time periods when different data sets are not consistent due to revision policy.

3.5. *CoP15 Accessibility and Clarity / PC15 Accessibility and Clarity*

3.5.1 *Data*

Data are published on a monthly basis on the Statistics Finland's website:

http://tilastokeskus.fi/til/mata/index_en.html

3.5.2 *Metadata*

Metadata is available on the Statistics Finland's website:

http://tilastokeskus.fi/til/mata/index_en.html