

## Methodological summary on liquidity and funding indicators

The liquidity and funding indicators for non-financial sectors<sup>1</sup> in Spain are summary conjunctural statistics. They systematically include the financial assets of firms, households and NPISHs<sup>2</sup> in more liquid instruments, and the total funding received by these sectors and by general government, through various means, for the purpose of conducting their operating activity, or for final consumption or savings.

This proprietary statistic of the Banco de España includes concepts and definitions that are generally consistent with those of the System of National Accounts 2008 (2008 SNA)<sup>3</sup> and the European System of Accounts 2010 (ESA 2010),<sup>4</sup> which are used to prepare the quarterly financial accounts. However, as it is early monthly information about certain instruments and sectors, not all the information is available and a simplified approach is adopted that aims to serve economic analysis, even though the international methodological standards established for the summary quarterly macroeconomic statistics cannot be followed too strictly.

The liquidity and funding indicators for non-financial sectors are drawn up monthly and published on the Banco de España website on the first working day of each month, within 30 calendar days of the last month included in the series. General government figures are published within a somewhat longer period, in accordance with the [release calendar for publication of general government debt according to the Excessive Deficit Procedure \(EDP\), early monthly information](#). General government data may also be further updated in accordance with the [release calendar for publication of this sector's debt](#), so that the information is always in line with the figures available according to the EDP. The time series date from January 1995 onwards. As regards the revision policy, the latest information available is always compiled, which may entail updating prior periods. Periods may be revised up to 36 months after the annual review of the Balance of Payments/International Investment Position (BP/IIP) data, which is conducted in September of each year.

The data are disseminated in the [financial accounts](#) thematic page of the statistics section on the Banco de España website and in Chapter 3 of the Statistical Bulletin<sup>5</sup>. The information provided is divided into two blocks:

- the first one, reflected in Tables 16 to 18, refers to **liquidity** and comprises the main means of payment, other liabilities of credit institutions and investment fund shares of Spanish firms and households
- the second one is reflected in Tables 19 to 22 and includes the main channels used by these two sectors to obtain **financing**. In the specific case of households, the ultimate use of the financing is also included. Tables 3.19 and 3.22 also include financing of general government

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<sup>1</sup> The term "resident" encompasses institutional units whose predominant centre of economic interest is located in the economic territory of Spain

<sup>2</sup> Non-profit institutions serving households

<sup>3</sup> <https://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf>

<sup>4</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R0549&qid=1624968918742>

<sup>5</sup> <https://www.bde.es/webbde/en/estadis/infoest/bolest3.html>

## 1. Liquidity indicators

The liquidity indicators for Spanish firms, households and NPISHs include the more liquid financial assets available for these sectors. The financial instruments included in their definition and the sources and compilation methods used in each case are detailed below.

### 1.1 Means of payment

These include cash and more liquid deposits. The balances or stocks at the end of the period and their year-on-year rate of change are reported.

- The **cash** held by non-financial sectors resident in Spain is calculated as the sum of the cash put into circulation by the Banco de España and held by these sectors plus the estimated net inflows of euro banknotes arising from tourism<sup>6</sup>. The sources of information used for these monthly estimates are the Tourism Expenditure Survey (EGATUR, by its Spanish acronym) of the National Statistics Institute (INE, by its Spanish abbreviation) and the payment systems information available to the Banco de España regarding foreign transactions settled with bank cards issued against Spanish accounts. Also, the estimated net inflows of euro banknotes arising from tourism are reviewed annually on the basis of the changes observed by the Banco de España in the reduction in the weight of currency in circulation in the Eurosystem as a whole, particularly at Christmas and during the summer months, which may be attributable to the excess euro banknotes brought by tourists during their stay in Spain.
- **Deposits** included in means of payment include current accounts, savings accounts and deposits available with up to three months' advance notice, i.e. deposits transferable before institutions resident in Spain. The source of information is the monthly financial statements reported for statistical purposes which resident credit institutions are required to submit to the Banco de España in accordance with Regulation ECB/2013/33 (EMU returns). The month-end nominal value is reflected.

### 1.2 Other liabilities of credit institutions

Other liabilities of credit institutions include deposits available with more than three months' advance notice, term deposits, repurchase agreements, deposits at non-resident credit institutions, and debt securities issued by credit institutions and held by these sectors. It is important to highlight that, in these indicators, credit institutions also include specialised lending institutions, even though they are no longer part of this institutional sector (see [sectorisation of the Spanish economy](#) on the Banco de España website).

The source of information is the monthly financial statements reported for statistical purposes which resident credit institutions are required to submit to the Banco de España in accordance with Regulation ECB/2013/33 (EMU returns). Deposits held at non-resident institutions are also included. The source of information for them is the BP/IIP data. The BP

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<sup>6</sup> In general, these monthly estimates have a two-month lag with respect to the reference month for the data. Given the seasonality of tourism, for the early release of the latest data, the year-on-year rates of change of the same period a year earlier are applied. However, the flow of tourists has been strongly penalised by COVID-19 and, therefore, estimating the latest data on the basis of tourists' past behaviour is no longer appropriate. Accordingly, on a temporary basis, the latest estimated monthly information has been replicated and the projections that will be made as activity begins to recover will be taken into account.

series are incorporated with a one-month lag and, until the new information is available, the balance is estimated on the basis of the previous information. Quarterly closing balances are adjusted based on the sources of information and intra-quarterly balances are obtained based on accumulation of flows. Valuation is at nominal value, consistent with that used for the financial accounts according to ESA 2010.

The balances or stocks at the end of the period and their year-on-year rate of change are reported in this case too.

### **1.3 Investment fund shares**

These include shares in euro-denominated fixed-income Spanish collective investment undertakings (CIUs) and, in separate series, the rest of shares in Spanish and foreign CIUs. The sources of data for Spanish investment funds (including open-end investment companies) are the financial statements submitted to the Spanish National Securities Market Commission (CNMV, by its Spanish abbreviation) and the information disseminated by the Association of Collective Investment Institutions and Pension Funds (INVERCO, by its Spanish acronym). The CNMV is the main source of information for the quarterly data (used for the financial accounts) but there is somewhat of a lag for this monthly indicator. The INVERCO data, which are available earlier, are used to complete or complement those of the CNMV.

The source of information for shares in non-resident funds is the BP/IIP data. Quarterly closing balances are reconciled to those reported by the sources of information and intra-quarterly balances are obtained by accumulation of flows to the latest available balance. The first time it is published each month there is no new information available on this component; the balance is therefore projected on the basis of the previous information.

Balances are valued at market prices at the end of the period. Since the changes include revaluations in addition to financial transactions, the information on transactions or “net subscriptions” is added. The valuation of balances and the concept of financial transaction coincide with those of the financial accounts which in turn follow the ESA 2010 manual, in line with the BP/IIP manual<sup>7</sup>. Net subscriptions of resident investment funds are estimated on the basis of the balances and a monthly return indicator. For non-resident investment funds, transactions reported in the source are used and they are valued at market prices using the prices obtained from the Centralised Securities Database (CSDB) of the European System of Central Banks<sup>8</sup>.

To close this first block of liquidity indicators, a memorandum item section is added which includes the year-on-year rate of change of the more liquid financial assets, i.e. the set of means of payment, other liabilities of credit institutions and shares in euro-denominated fixed-income investment funds.

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<sup>7</sup> <https://www.imf.org/external/pubs/ft/bop/2007/pdf/bpm6.pdf>

<sup>8</sup> <https://www.ecb.europa.eu/pub/pdf/other/centralisedsecuritiesdatabase201002en.pdf>

## 2. Funding indicators

The second block of indicators includes financing provided to Spanish non-financial sectors, both in terms of the total volume (balance) of financing received and of the net transactions<sup>9</sup> of these sectors. A breakdown is provided, on one hand, of the origin or means of financing used (through loans granted by resident and non-resident credit institutions or through debt issuance in the financial markets) and, on the other, in the specific case of households, of the final use made of the financing (e.g. for house purchase, consumption or other purposes).

### 2.1 Funding received by general government

The sources of information used are: a) the CCR,<sup>10</sup> for lending by reporting resident institutions; b) the information provided to the Banco de España by the IGAE,<sup>11</sup> chiefly for liabilities that should be recognised as general government debt, resulting from transactions within the scope of public-private partnership contracts and administrative concession arrangements; c) the information reported directly to the Banco de España<sup>12</sup> by debtors, for lending by non-residents; d) security-by-security information on the issuances recorded in the securities issues database. The information on the sectors' portfolios is used to prepare the details of debt holdings;<sup>13</sup> e) the Directorate General of the Treasury, for loans received by central government; and f) the General Secretariat for Regional and Local Funding of the Ministry of Finance, for funding between general government sub-sectors. The criteria for compiling this statistic comply with the EDP methodology. Further details on the preparation of this information can be found in the following link:

[https://www.bde.es/webbde/en/estadis/infoest/htmls/notamet\\_pde.pdf](https://www.bde.es/webbde/en/estadis/infoest/htmls/notamet_pde.pdf)

### 2.2 Financing received by non-financial corporations and households

The main channels of financing for these sectors are:

- **Loans from credit institutions (and specialised lending institutions).** These comprise loans received from **resident** credit institutions (**and specialised lending institutions**), the source of information being the financial statements reported by these institutions to the Banco de España for statistical purposes (EMU returns). These instruments are valued at the amount drawn down on the [loan. Net](#) financing received is the difference between the stock in one period and that in the previous period, adjusting said difference for all movements not related to a financial transaction, such as write-downs, revaluations and reclassifications, in that same period. Note that the calculation of this net financing also takes into account the stock of loans that have been transferred and derecognised, but continue to be administered, by monetary financial institutions, and the stock of loans transferred to Sareb (on the balance sheet of the General Government sector since end-2020, and previously on the balance

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<sup>9</sup> Net transactions relate to the change in stocks adjusted for write-downs, revaluations and reclassifications.

<sup>10</sup> Central Credit Register of the Banco de España.

<sup>11</sup> National Audit Office.

<sup>12</sup> Circular 4/2012 of 25 April 2012 on external economic transactions and financial asset and liability balances. Statistics on credits and loans granted by non-residents based on communications which must be sent, for statistical purposes, by general government to the Statistics Department of the Banco de España.

<sup>13</sup> The security-by-security portfolios are reported directly by the holder when the holder belongs to a supervised sector, as is the case of banks that report to the Banco de España, investment funds that report to the CNMV and insurance companies that report to the Directorate General of Insurance and Pension Funds (DGSFP, by its Spanish initials). This information is provided by the CNMV and the DGSFP to the Banco de España. The portfolios of other sectors are reported by the securities custodians to the Banco de España.

sheet of the Other Financial Intermediaries sector). The year-on-year rates of change are calculated as the sum of the net transactions (net financing received) in the past 12 months compared with the balance recorded one year earlier.

- **Foreign loans.** These comprise loans received from non-residents, including those through foreign direct investment (between group companies), the source of information being the BP/IIP. The series balance or level coincides with that of the IIP when it is available. In the intra-quarterly periods, it is obtained by aggregating the flows (net transactions, reclassifications, write-downs and revaluations on account of changes in exchange rates) to the latest balance available. For the latest period, until the IIP figure is available, the balance is estimated on the basis of previous information. The year-on-year rate of change is calculated as the sum of the net transactions (net financing received) in the past 12 months compared with the balance recorded one year earlier.
- **Debt securities** comprise those issued both by resident non-financial corporations and by security-issuing special-purpose subsidiaries, resident in Spain, of non-financial corporations, which are included in the non-financial corporations sector as they are subsidiaries with no decision-making autonomy. The source of information for these instruments is the security-by-security information on issuances and outstanding amounts compiled by the Banco de España for the non-financial corporations sector. The amounts of the balances correspond to their nominal values, so as to capture changes in the debt, irrespective of changes in its price. The year-on-year rate of change is the rate of change in the balances with respect to the same period in the prior year.

The funding indicators also include the following memorandum items:

- **Loans to SMEs.** The definition of SME is set out in Annex I to Commission Regulation (EU) No 651/2014,<sup>14</sup> which applies Recommendation 2003/361/EC. The source of information for these data is the monthly supervisory returns that credit institutions submit periodically to the Banco de España. In order to obtain the longest time series possible of the loans to SMEs, the time series has been prepared using information from various financial statements in the historical period.<sup>15</sup> The year-on-year rate of change is calculated as the sum of the estimated net transactions (net financing received) in the past 12 months compared with the balance one year earlier.
- **Loans to sole proprietors.** Sole proprietors are institutional units sectorised within Households<sup>16</sup> and, in terms of their purpose, these loans are solely classified in the Other category. These units are characterised by their engagement in production activities with no legal status, i.e. without setting up a company. The source of information for these loans is the financial statements reported by institutions to the Banco de España (specifically, the EMU returns). As in the case of loans from credit

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<sup>14</sup> <https://www.boe.es/buscar/doc.php?id=DOUE-L-2014-81403>

<sup>15</sup> Since March 2014, return M14.2 which provides information on the principal drawn down on loans to microenterprises, small enterprises and medium-sized enterprises. The same information, albeit on a quarterly basis, is available in return T14.2 from September 2015 until March 2017 (for this last period, the series was converted to monthly data). Thereafter, return FI-100.1E provides monthly information on the financing granted to SMEs by credit institutions. In the case of specialised lending institutions (SLIs), the information is taken from T14 until June 2020, when these institutions adapted their financial statements to FINREP and the FI-100 became available, although, in the case of SLIs, the data are quarterly and converted to monthly. For previous periods, the monthly estimate is made through a linear interpolation between available data and, for the months of the open quarter, the latest figure is repeated.

<sup>16</sup> Articles 2(118) and 4(155) of the ESA 2010 and 2008 SNA, respectively.

institutions (and specialised credit institutions), transferred loans derecognised from the balance sheet of monetary financial institutions are included, as well as loans transferred to Sareb. The year-on-year rate of change is calculated as the sum of the net transactions (net financing received) in the past 12 months compared with the balance one year earlier.

- **Loans from abroad** received by households. The source of this information is the BP/IIP; no information is available on the purpose of the loan received.
- **Loans transferred.** These include loans that have been derecognised by the originating credit institution and transferred, together with all the related risks and rewards, either to securitisation special purpose entities or another type of assignee (but continue to be administered by a monetary financial institution) or to Sareb. Information is available on the purpose of these loans and they are therefore included, as appropriate, in the foregoing columns. The source of information is the financial statements (EMU returns) reported to the Banco de España. Transferred financing is recorded at acquisition cost, i.e. deducting the debt reduction or write-downs applied at the time of transfer of the loan portfolios.