

METHODOLOGICAL SUMMARY

1 Introduction

The *Financial Accounts of the Spanish Economy* (FASE) form part of the Spanish System of National Accounts¹ and are the statistical basis for the financial analyses of the economy, including those contained in the Banco de España's *Annual Report* and in its quarterly reports on the Spanish economy. This publication, which is released at the same time as the *Annual Report*, contains the financial accounts for the period 2010-2018 in Chapter 2. It also includes in Chapter 1 a summary of the non-financial national accounts compiled by the National Statistics Office (INE, by its Spanish abbreviation).

The main reference framework for the FASE is Regulation (EU) 549/2013, on the European system of national and regional accounts, known as ESA 2010. This framework is a system of standardised, comprehensive, coherent, integrated and internationally comparable accounts which, in relation to financial instruments, permits financial balance sheets and financial transactions and other flows (revaluations and other changes in volume) accounts to be prepared consistently for all sectors and sub-sectors of the Spanish economy. In addition, the preparation of the FASE satisfies the reporting requirements of the European Central Bank (ECB), established in Guideline ECB/2013/24. On 15 October 2014 the new ESA 2010 FASE series were published for the first time on the Banco de España's website, replacing the series prepared using the ESA 95 methodology in force at that time. Since then, the series have been updated regularly within three months and two weeks of the reference quarter.

Chapter 1 is a summary of the Spanish National Accounts (SNA) or non-financial accounts of the economy, compiled by the INE, relating to the macroeconomic setting and to the accounts of the different sectors and sub-sectors, providing a means whereby the operations to be financed can be related to their financial counterparts, which are covered in Chapter 2. The basic source for the data included in Chapter 1 are the INE publications: *Contabilidad Nacional de España. Base 2008. Serie Contable 1995-2018 y Cuadros Contables 2000-2018*, and *Cuentas Trimestrales no Financieras de los Sectores Institucionales. Base 2008* (quarterly series for 2000 Q1 - 2018 Q4).

¹ The National Statistics Plan currently in force relates to the period 2017-2020 (RDL 410/2016). As in the case of previous plans, this one includes the Financial Accounts of the Spanish Economy (statistical operation 7471), which the Banco de España is responsible for compiling.

Following this introduction, the second section of this Methodological Summary sets out the main features of the financial accounts; the third section outlines their key methodological aspects; the fourth section briefly describes the compilation procedure, and the fifth section details the requirements of international organisations in relation to these statistics. Finally, the sixth section contains a summary of the main changes planned to be introduced this year in relation to these statistics as a consequence of the benchmark revision of macroeconomic statistics due to be carried out in coordinated fashion at national and European level in 2019.

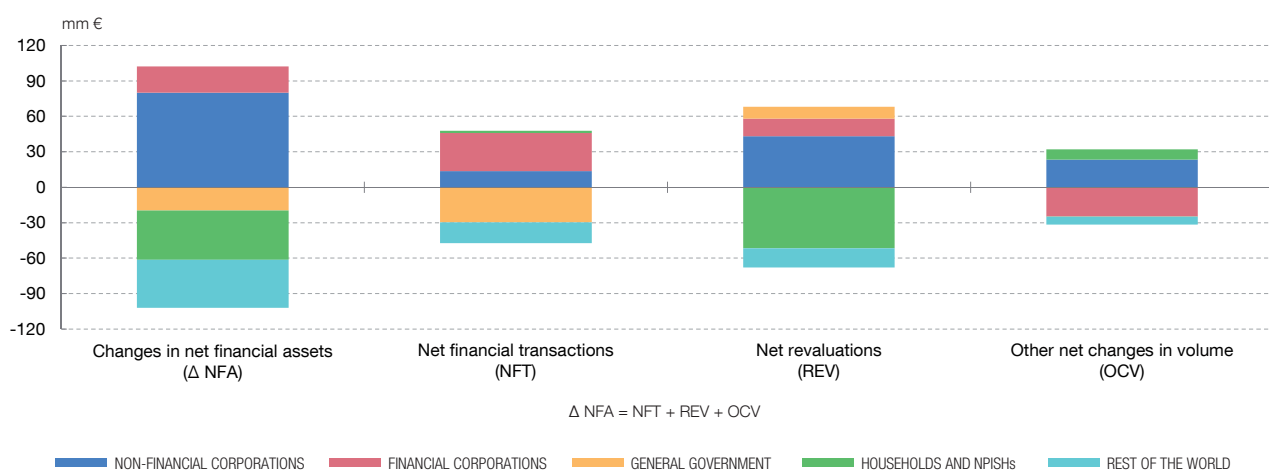
2 Main features of the Financial Accounts

The *methodology* used in compiling these accounts is that established by the European System of National and Regional Accounts (ESA 2010), contained in Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013, which also governs the compilation of non-financial accounts. One of the key features of this system is that, since it was enacted through a Regulation, it is binding, in all its elements, upon all European Union (EU) Member States, thereby ensuring that the methodology used and the deadlines for data availability are the same in all countries. Furthermore, the ESA 2010 accounting system is also harmonised with the System of National Accounts (SNA 2008), drawn up under the aegis of the Statistical Office of the United Nations, the World Bank, the OECD, the International Monetary Fund (IMF) and the European Commission (Eurostat), and with the IMF's *Balance of Payments Manual* (6th Edition). Of particular significance in the European context is the inclusion in the system of a specific sub-sector within the sector Financial corporations, namely the sub-sector Monetary financial institutions (MFIs), which is the grouping the European System of Central Banks (ESCB) defines as the money creating sector, reinforcing the link between monetary and national accounts statistics.

The ESA 2010 includes a *comprehensive system of accounts* comprising financial balance sheets and flow accounts, which explain the changes between the opening and closing balance sheets of each period. In addition to financial transactions, the flow accounts also cover: a) revaluation accounts, which reflect changes in the value of assets and liabilities as a result of changes in the prices thereof or in the exchange rate of the currency in which they are denominated; and b) accounts of changes in volume which reflect changes in the amount of financial assets and liabilities for other reasons (such as in the case of loan write-downs/write-offs and sectorisation changes). Thus, the ESA 2010 constitute an integrated system of accounts in which, for each sector and sub-sector, the difference between financial stocks or balance sheets at any two moments in time is explained by the three accounts mentioned: financial transactions, revaluation and other changes in

Chart 1

LINK BETWEEN THE FINANCIAL BALANCE SHEET AT THE BEGINNING AND THE END OF THE PERIOD. NET FINANCIAL ASSETS (2018)



SOURCE: Banco de España, FASE 2018.



volume. This link between the financial balance sheet at the beginning and the end of period is detailed in Tables 2.41 to 2.48 of Section e) of the publication and shown in Chart 1, for 2018.

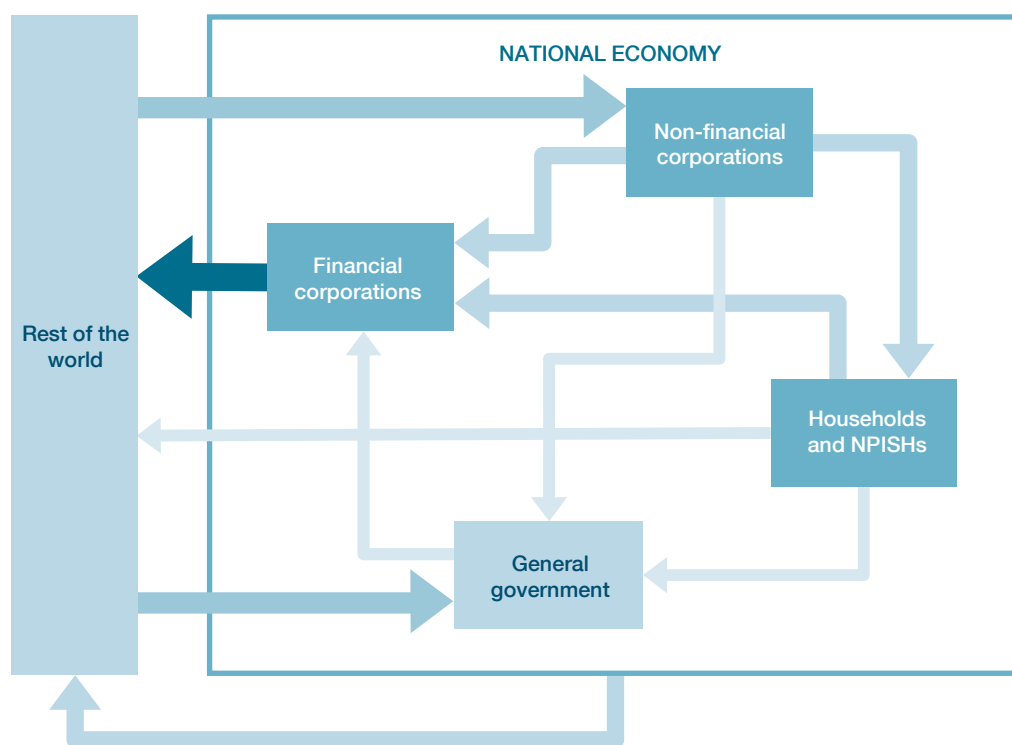
The *Financial Accounts of the Spanish Economy*, in relation to the various groupings, are presented in a non-consolidated version in the tables of Sections 2.b), 2.d) and 2.e) (see Contents). It should be noted that the tables in Section 2.d) provide summarised information on the financial balance sheets and financial transactions of each sector, by instrument and including the details of the counterpart sectors. On the basis of this information, by elimination of the asset and liability positions within the sector itself, the consolidated accounts of each sector can be compiled. Obviously, the consolidated account of the Spanish economy is equivalent to the Rest of the world account from the standpoint of the resident sectors.

In the case of the financial balance sheets, the details of the counterpart sectors allow for the identification of the debtor/credit positions of a sector vis-à-vis the other sectors of the economy at the end of the reference period, while in the case of the financial transactions account, the details of the counterpart sectors identify the net financial flows between the various sectors in the period (see Figure 1).

Regarding the periodicity of the Spanish Financial Accounts, the regulations relating to the ESA 2010 and the previous ESA 95 require only annual series. However, ever since these regulations entered into force, the Banco de España has been releasing quarterly series, as this is the periodicity demanded by users and by the ECB. In

Figure 1

NET FINANCIAL TRANSACTIONS BETWEEN INSTITUTIONAL SECTORS (2018)



Financial flows (millions of euro)



SOURCE: Banco de España, FASE 2018.

NOTE: The above diagram shows the net financial transactions between the various institutional sectors. The arrows indicate both the direction of the financing flows (net acquisition of financial assets less net incurrence of liabilities) and their volume (indicated by the thickness and colour of the arrows).

fact, an intensive legislative programme has been conducted for years within the European Union, aimed at increasing the periodicity of the National Accounts and other key macroeconomic statistics, and also at reducing the lag in their availability to a minimum; the objective in the case of the Financial Accounts is for that lag not to exceed 90 calendar days, which is somewhat shorter than the frequency at which the Spanish Financial Accounts are currently disseminated (three-and-a-half months).

Time series for the financial transactions and financial balance sheets of the Spanish Financial Accounts are available with quarterly and annual data for the period 1995-2018. In the case of the revaluation and other changes in volume accounts, data are only disseminated for the years and quarters contained in the tables of the annual publication and its quarterly updates.

The *Financial Accounts of the Spanish Economy* are disseminated in electronic

form only, available at www.bde.es. This edition comes out midway through each year, together with the Banco de España's *Annual Report*. Also, the information is updated quarterly within three-and-a-half months of the last quarter included in the series. These releases are accompanied by a brief update note and by a statistics press release. The edition published with the *Annual Report* updates, until the cut-off date for the receipt of data indicated in the publication, the series disseminated in April, so that the data used for preparing this report are available to external users. The tables in PDF format include the last eight quarters and the last eight years in the series, although the time series for the complete period can be obtained from the Time Series Search Engine (BIEST),² and also in CSV files.³ The specific dates of the updates of the accounts appear in a release calendar for the publication and for other Banco de España statistics that may be consulted at www.bde.es.

The experience acquired since the Financial Accounts were first published (on the basis of the ESA 95) in 2000 has made it possible to establish a *revision policy* which attempts to ensure that the modifications that arise (which generally affect the most recent quarters to a greater extent) are incorporated and, at the same time, that the published series have a degree of stability. Thus, in line with the agreements reached at European level for revising macroeconomic statistics, when the accounts for the first quarter and the third quarter of each year are updated (in July and January, respectively), the quarters of the current and previous years are revised, whereas when the accounts for the second quarter and the fourth quarter are revised (in October and April, respectively) the quarters of the two previous years are also revised, if necessary. This regular revision procedure does not rule out unscheduled exceptional revisions when the circumstances warrant, which should in principle be concentrated, for all macroeconomic statistics, in September/October of each year. In addition, major revisions to the series (due to methodological changes, procedural changes, etc.) are concentrated every five years in benchmark revisions (as in 2019), normally with implications for various statistics, which sometimes arise from European-level agreements of a methodological nature. Section 6 of this note (*Forthcoming coordinated revision of macroeconomic statistics*) provides more information on the planned scope of this revision.

3 Summary of the classification criteria and valuation methods

This section briefly sets out some methodological aspects of the Financial Accounts relating to the delimitation of institutional groupings, the classification of financial

² Biest may be accessed at http://app.bde.es/bie_www/faces/bie_wwwias/jsp/op/Home/pHome.jsp.

³ CSV stands for comma separated values.

instruments and the valuation methods used, as part of the System of National Accounts.⁴

In the financial accounts, the institutional units are classified into *institutional sectors and sub-sectors* on the basis of their economic function. Specifically, the following institutional sectors are distinguished: *Non-financial corporations*, which produce market non-financial goods and services; *Financial corporations*, which engage in financial intermediation; *General government*, whose main functions are the production of “non-market” goods and services and the performance of transactions for the redistribution of national income and wealth; *Households*, in their two-fold function as consumers and producers (sole proprietors); and, finally, *Non-profit institutions serving households*, which produce “nonmarket” goods and services and make them available to households. Against this background, the legal entities existing in Spain are allocated to one institutional sector/sub-sector or another, as detailed in Table 1.

For their part, the financial instruments included in the financial accounts are classified in the financial asset categories according to their legal characteristics and their degree of liquidity, as detailed in Table 2. The ESA 2010 establishes homogeneous valuation methods for the financial assets in financial balance sheets and in transactions accounts, which are applicable in all institutional sectors and to financial instruments both when they are financial assets and when they are liabilities.⁵ As a result of this homogeneity the system of accounts has a high degree of internal consistency.

As a general principle financial assets are valued in the financial balance sheets at current prices, which is either their nominal value or, in the case of instruments traded on markets, their market value. At the same time, as a general rule, transactions with financial assets are recorded at their transaction value, i.e. the value at which the specific transactions have been carried out. The financial accounts reflect the balances of financial assets and the corresponding transactions among the residents of the Spanish economy and between the latter and residents of the rest of the world, as well as other financial flows, which are changes in the value of the financial

4 Also, for methodological matters, readers can refer to the *Methodological Note on the Financial Accounts of the Spanish Economy ESA 2010*, available on the Banco de España's website (www.bde.es), and also the Methodological Table on the Spanish financial accounts available at the IMF's web page on SDDS Plus (<http://dsbb.imf.org/Pages/SDDS/DQAFBase.aspx?ctycode=ESP&catcode=SBS00>) and the Quality Report prepared in the context of the statistics underlying the indicators used in the mechanism for the prevention and correction of macroeconomic imbalances in the EU (<https://www.cmfb.org/main-topics/mip-quality>).

5 All financial assets are liabilities from the standpoint of the issuer/debtor. Moreover, all liabilities are, by definition, financial, while there are non-financial assets (the capital stock of the various sectors that is not reflected in the financial accounts). The net financial assets (also called net financial wealth) of each institutional grouping represent the difference between financial assets and liabilities.

Table 1

DELIMITATION OF THE INSTITUTIONAL SECTORS

ESA 2010 categories		Main types of entity
S.11	Non-financial corporations	Comprising public limited companies, private limited companies, other non-financial corporations that are separate legal entities and other market-producer public corporations and public bodies and head offices of non-financial corporations.
S.12	Financial corporations	
	S.121 Banco de España	The national central bank.
	S.122/123 Other monetary financial institutions	<i>Deposit-taking corporations except the central bank (S.122).</i> Comprising credit institutions (commercial banks, savings banks, credit co-operative banks and the <i>Instituto de Crédito Oficial</i>), specialised lending institutions and electronic money institutions.
		<i>Money market funds (MMFs) (S123).</i> Comprising monetary collective investment institutions.
	S.124 Non-MMF investment funds	Comprising non-monetary collective investment institutions including venture capital funds.
	S.125/6/7 Other non-monetary financial institutions	<i>Other financial intermediaries (OFIs) (S125).</i> Comprising securities-dealer companies, financial vehicle corporations, venture capital companies, bank asset funds, central counterparties and asset management companies.
<i>Financial auxiliaries (S126).</i> Comprising deposit guarantee funds (until 2011), securities agencies, mutual guarantee companies, appraisal companies, management companies (of pension funds, mutual funds and portfolios), operators of organised markets and companies performing settlement and market clearing functions, and head offices of financial groups.		
<i>Captive financial institutions and money lenders (S127).</i> Comprising holding companies holding shares of financial and non-financial corporations controlled by non-residents and residents (if they have decision-making autonomy), special purpose entities (SPEs), companies and issuers of preference shares and the like.		
S.128	Insurance corporations	Comprising life and risk insurance corporations, non-profit insurance institutions and the <i>Consortio de Compensación de Seguros</i> .
S.129	Pension funds	Comprising autonomous pension funds and non-profit insurance institutions with the characteristics of pension funds.
S.13	General government	
	S.1311 Central government	Comprises the State and State-controlled non-market producers and general government-controlled funds created for specific purposes (a).
	S.1312 Regional (autonomous) governments	Comprises management institutions of the regional (autonomous) governments and regional (autonomous) government-controlled non-market producers, including universities and transferred social security.
	S.1313 Local government	Comprises provincial governments, island authorities, municipalities, town and minor local authorities and their related groupings, and local government-controlled non-market producers.
S.1314	Social security funds	Comprises the General Treasury and other management entities (including mutual insurance companies covering occupational accidents and diseases), the State Employment Public Service and the Wage Guarantee Fund.
S.14	Households	Comprises individuals and groups of individuals (families and other groups) as consumers and as sole proprietors (firms that are not legal entities separate from their owners).
S.15	Non-profit institutions serving households	Comprises non-profit institutions that provide services to households and that are non-market producers, such as non-government organisations, foundations, associations, religious entities, political parties, trade unions, etc.

a The Fund for the Acquisition of Financial Assets (FAAF), the Fund for the Orderly Restructuring of the Banking Sector (FROB), the Electricity Deficit Amortisation Fund (FADE), the Regional (Autonomous) Government Liquidity Fund (FLA), the Fund for the Financing of Payments to Suppliers (FFPP) and, since 2012, the Deposit Guarantee Fund (DGF).

Table 2

CLASSIFICATION OF FINANCIAL INSTRUMENTS

ESA 2010 categories		Main financial instruments included
1 Monetary gold and SDRs	1.1 Monetary gold	Gold of the Banco de España and of the Treasury.
	1.2 Special drawing rights (SDRs)	SDRs allocated and acquired from other central banks.
2 Currency and deposits	2.1 Currency	Banknotes and coins. Including residents' holdings of euro issued by Eurosystem NCBs other than the Banco de España.
	2.2 Transferable deposits	Overnight deposits and savings deposits (in the latter case, since 2005).
	2.9 Other deposits	Interbank deposits and funding received in securitisation transactions, savings deposits (until 2005), time accounts, structured deposits, MFIs' repos, special covered bonds and accounts held abroad. In addition, the counterpart of the assets transferred and the positions vis-à-vis the ECB and IMF are included.
3 Debt securities	3.1 Short-term securities	Treasury bills. Commercial paper at up to one year issued by general government, financial corporations and non-financial corporations.
	3.2 Long-term securities	Medium and long-term public debt. Commercial paper at more than one year and bonds issued by financial corporations and non-financial corporations and securities issued by non-residents that are held by residents.
4 Loans	4.1 Short-term loans	Loans from resident credit institutions to resident and non-resident sectors, loans from non-residents to resident sectors, loans between non-financial sectors and loans from non-financial sectors to non-resident sectors. Non-MFIs' repos and reverse repos of financial corporations vis-à-vis non-financial entities. Non-interbank transfers of private assets, general government loans to public corporations, Development Fund loans, issues of non-marketable securities and liabilities to the IMF.
	4.2 Long-term loans	
5 Equity and investment fund shares or units	5.1.1 Listed shares	Shares of financial and non-financial corporations (excluding investment companies) listed on domestic and foreign markets.
	5.1.2 Unlisted shares	Unlisted shares of financial and non-financial corporations.
	5.1.9 Other equity	Capital of companies and public bodies that do not have the legal status of a sociedad anónima (public limited company), capital contributions to branches (of non-residents in Spain and of residents in Spain abroad), non-residents' real-estate investments, investments in the capital of international organisations and contributions from deposit guarantee funds to the FROB.
	5.2 Investment fund shares	Shares in capital-market and real-estate investment funds.
6 Insurance, pensions and standardised guarantees	6.1 Non-life insurance technical reserves	Non-life technical provisions of life and risk insurance corporations and non-profit insurance institutions. Including reinsurance.
	6.2 Life insurance schemes and annuity entitlements	Technical life provisions of life and risk insurance.
	6.3 Pension entitlements	Reserves and funds set aside for the payment of pensions by non-profit insurance institutions and pension funds and by means of collective insurance contracts. Also included are the funds set aside for the payment of benefits other than pensions and claims of pension funds on the sponsors.
7/8 Other assets/liabilities	7 Financial derivatives	Comprising options, futures and similar instruments, and (since 2005) swaps. Employee stock options are also included.
	8.1 Trade credits and advances	Client/supplier accounts and the like of non-financial corporations (and counterpart sectors).
	8.9 Other accounts receivable/payable, excluding trade credits	Diverse accounts receivable/payable; interest accrued on deposits/loans and pending receipt/payment; outstanding transactions between financial corporations, within general government and with European bodies; outstanding taxes and contributions.

Table 3

VALUATION OF THE MAIN CATEGORIES OF THE SYSTEM

	Financial balance sheet	Financial transactions account
1 Monetary gold and SDRs	Market value	Amount of the transactions
2 Currency and deposits	Face value (currency) or nominal value (deposits)	Difference between balances, excluding revaluations and changes in volume
3 Securities other than shares	Market value (including interest accrued during the period)	Value of the transactions. The interest accrued less the interest paid is treated as if it were reinvested in the financial instrument
4 Loans	Principal of the debt	Difference between balances, excluding revaluations and changes in volume
5 Equity and investment fund shares or units		
5.1.1 Listed shares		
5.2 Mutual funds shares	Market value	Value of the transactions
5.1.2 Unlisted shares	Market value estimated on the basis of the valuation of listed shares and accounting information on the unlisted shares	Value of the transactions
5.1.9 Other equity	Book value of own funds	Net contributions of funds
6 Insurance, pensions and standardised guarantees	Current value of future payment commitments in accordance with the technical provisions and funds set aside	Premiums and net contributions including the investment income
7 Financial derivatives	Market value	Value of the transactions. The difference between the market value of the underlying assets and the strike price at the time of settlement of the financial derivative is considered to be the transaction value
8 Other accounts receivable/payable	Nominal value on the balance sheet	Difference between balances

assets and liabilities that appear in the balance sheets of the various agents that do not arise from transactions, such as changes in asset prices (revaluations), accounting reclassifications, changes in the sector in which institutional units are classified, etc. Table 3 sets out the valuation of the main categories of the system, according to the general criteria mentioned above. Finally, it should be noted that the basic accounting information or administrative registers are not always strictly compiled in accordance with the method mentioned, so that sometimes adjustments have to be made to maintain the system's consistency.

4 Procedure for compiling accounts and statistical sources

The FASE are compiled in various stages: (i) collection of the base data of each sector, (ii) selection, for each type of financial asset, of the best source of information, (iii) consistent compilation of financial balance sheets, financial transactions and other flows, (iv) assurance that resources equal uses in balance sheets and financial transactions, and (v) analysis to ensure consistency between the capital account

balancing items and financial transactions balancing items of institutional sectors and sub-sectors. Once these stages have been completed, the accounts of the various sectors are subjected to a number of consistency tests and are checked against the accounting information available for these sectors.

The FASE are compiled using the information stored in the Banco de España time-series databases. The management of these data is fully integrated with the primary information sources, which include the financial statements of non-financial and financial corporations, government budgetary information, securities market registers and databases and external transactions and positions. These base data are gathered by the Banco de España as part of its functions and largely made available to users in its website publications.

For each of the financial instruments recorded in the financial accounts, the groupings that issue and that hold them are identified, for which purpose it is often necessary to decide between various information sources (data from the issuer, from the holder and even from the markets). In principle, priority is given to primary information sources that provide greater detail on the instrument in question. The ranking of sources thus implies that part of the information for a given sector disseminated in the financial accounts may come from sources not belonging to that sector. Figure 2 outlines the process for compiling the FASE on the basis of statistical sources, and their dissemination on the Bank's website and submission to international organisations.

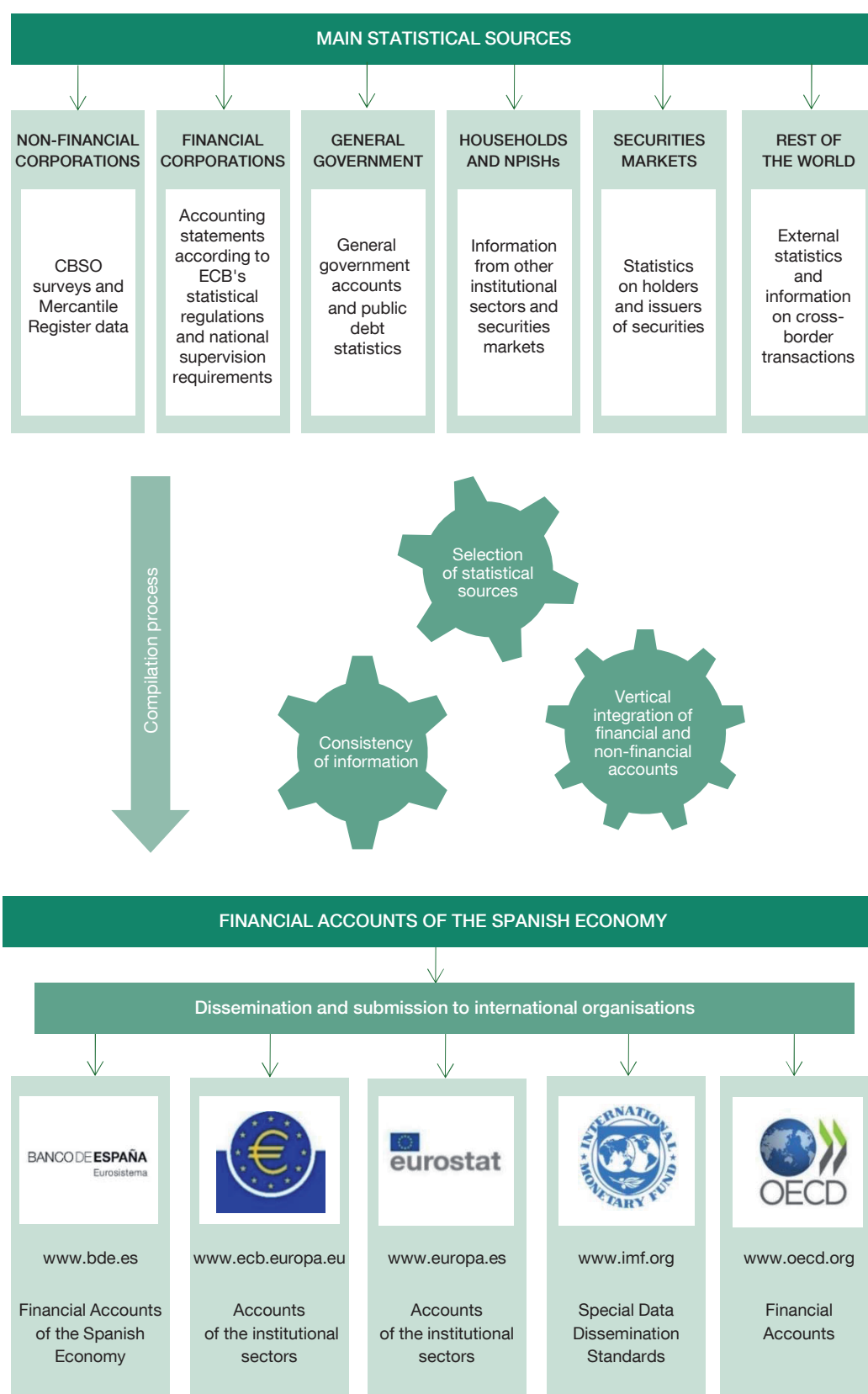
5 Financial accounts in the international sphere

International organisations compile financial accounts data within their sphere of action. In some cases, these organisations have formalised, by means of legal rules, the information requirements that must be met by the national institutions responsible for compiling such data or which are members of the organisation. Also, these international organisations make available to users the data compiled for different countries with a homogeneous format and with dissemination tools that make the information easier to compare.

Regulation (EU) No 549/2013 on the European System of National and Regional Accounts, besides being the main methodological reference in the area of financial accounts, incorporates a Transmission Programme of national accounts data to Eurostat, the EU body charged with compiling national statistics of interest at the EU level and making them available to users. In relation to the financial accounts, this Transmission Programme establishes the obligation to send, within nine months, annual data, for *consolidated and non-consolidated financial balance sheets and financial accounts of the institutional sectors and sub-sectors*, and for the *non-*

Figure 2

COMPILATION OF THE FINANCIAL ACCOUNTS



NOTE: For each institutional sector, in addition to its own data sources, information from counterparty sectors and securities markets is also used, to maintain the system's consistency.

consolidated revaluation and other changes in volume accounts at the sector level. In 2014 the first complete set of time series, from 1995, for the Spanish financial accounts, established by the ESA 2010 Transmission Programme (approximately 5,000 series) was sent to Eurostat and since then it has been updated regularly in the first half of each year. The *European Sector Accounts* database⁶ contains the financial accounts data of the 28 EU countries.

In addition, Regulation (EC) No 501/2004 establishes the obligation on Member States to compile *quarterly non-financial and financial accounts for the General government sector*, within 90 calendar days of the last reference quarter. The *Government finance statistics*⁷ database contains the public finances data for the 28 EU countries.

The ECB, meanwhile, has established obligations to report financial accounts data by means of Guideline ECB/2013/24. This Guideline obliges the euro area national central banks (NCBs) to submit *quarterly financial accounts* to the ECB currently within 97 calendar days of the last quarter included in the accounts. There are certain differences between the quarterly data that the NCBs send to the ECB and the annual data that are sent to Eurostat (apart from the different periodicity), although they should be fully consistent.⁸ In general, the quarterly data sent to the ECB are somewhat less detailed than the Eurostat data as regards the institutional sectors/sub-sectors and the categories of financial assets for which information is presented, but they incorporate the details of the counterpart sectors for the main categories of financial assets, and distinguish, within the positions vis-à-vis the rest of the world, between those that have euro area countries and those that have other countries as counterpart, which enables the ECB to compile euro area accounts, consolidating the positions of euro area countries. A significant portion of this information is disseminated in the *Euro area accounts* section of the ECB's *Statistical Data Warehouse*.⁹

The financial accounts data that are submitted to Eurostat and the ECB are used to develop some of the indicators in the EU's Macroeconomic Imbalance Procedure scoreboard. This procedure was established in Regulation (EU) No 1176/2011 as part of a set of rules relating to economic governance for the prevention and correction of macroeconomic imbalances in the EU. The European Statistical System (ESS) and the ESCB both have procedures in place to ensure the quality of the

6 Available at <http://ec.europa.eu/eurostat/web/sector-accounts/statistics-illustrated>.

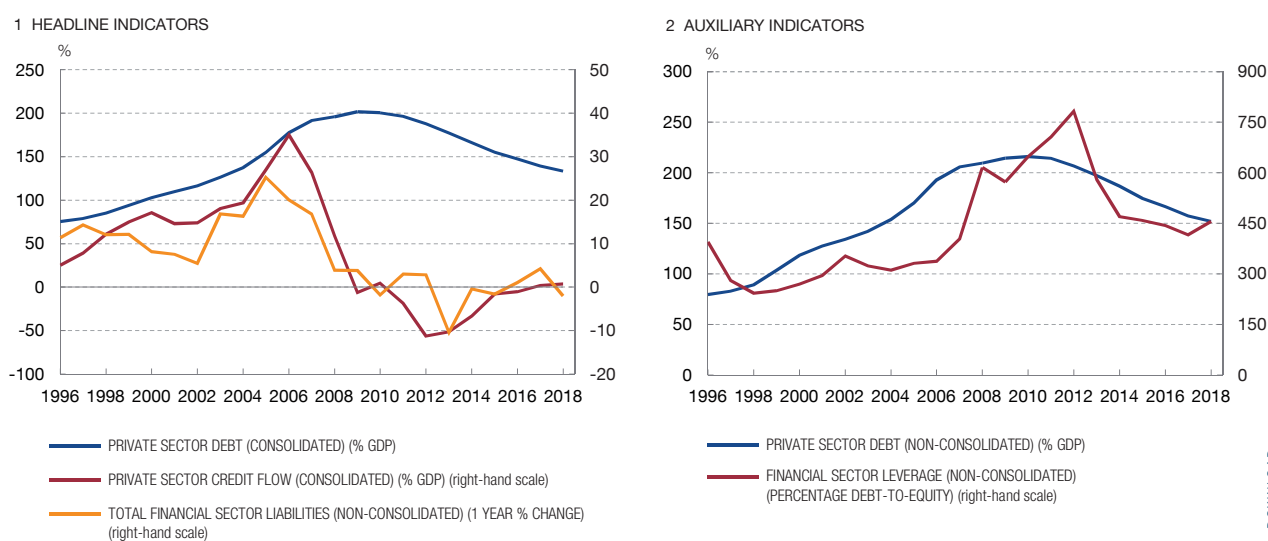
7 Available at <http://ec.europa.eu/eurostat/web/government-finance-statistics/statistics-illustrated>.

8 This is true in the case of Spain, as there is only one procedure for compiling accounts, which is quarterly, but in some countries that have two compilation procedures, one annual and the other quarterly, the consistency is not complete.

9 Available at <http://www.ecb.int/stats/acc/html/index.en.html>.

Chart 2

MACROECONOMIC IMBALANCE PROCEDURE



SOURCE: Banco de España, FASE 2018.



statistics underlying these indicators, the comparability of national data and compliance with the required standards for economic policy purposes, having signed a Memorandum of Understanding (MoU) in November 2016 to boost their cooperation.¹⁰

The MIP scoreboard consists of fourteen headline indicators and twenty-eight auxiliary indicators, five of which relate to the financial accounts. These are three of the MIP headline indicators: (i) Private sector debt (consolidated), (ii) Private sector credit flow, and (iii) Total financial sector liabilities (non-consolidated, year-on-year rate of change); and two auxiliary indicators: (iv) Private sector debt (non-consolidated) and (v) Financial-sector leverage (non-consolidated).¹¹ The quarterly data for these indicators are included as additional information (memorandum item) in Tables 2.3 (Non-financial sector debt), and 2.7 (Financial institutions), although it should be pointed out that the most recent data may be subject to revision. These five indicators are shown from 1995 in Chart 2, using the latest information available in the FASE.

Finally, it should be mentioned that the international financial crisis of the last few years has led international organisations to work intensively to develop proposals to improve the quality and content of the statistical information on balance sheets and

10 Available at <https://www.cmfb.org/main-topics/mip-quality>.

11 The data are available at <https://ec.europa.eu/eurostat/web/macroeconomic-imbalance-procedure/indicators>.

financial transactions of the economy. In this context, the IMF has promoted two initiatives in the area of statistics during these years, as a result of which the financial accounts are now disseminated more widely.

In the context of the G20, the member countries and observers of this group, and the IMF and other pertinent international organisations drew up the document known as the *Data Gaps Initiative* (DGI) in 2009. This includes 20 recommendations to improve the quality and detail of financial statistics. The recommendations comprise the quarterly compilation of *balance sheets and accounts of sectors, with counterpart details*. The implementation of these recommendations, the ultimate aim of which is to improve the dissemination and accessibility of the statistics of the G-20 countries and of other countries with large financial systems, has been reviewed regularly by the G 20. In its *Sixth Progress Report on the Implementation of the G-20 Data Gaps Initiative* (September 2015) it considers that most of the objectives have been accomplished, initiating a second phase of the Project.

In this second phase of the *Data Gaps Initiative (DGI-2)* the requirements in relation to financial accounts, including additional details relating to non-monetary financial intermediaries (shadow banking), are strengthened. The recommendations of the DGI-2 have been approved by international groups of experts and must be implemented by 2021, although many of them are voluntary. The *Third Progress Report on the Second Phase of the G20 Data Gaps Initiative* (September 2018) analyses the situation of each country, finding that Spain is one of the four countries that already meet the compulsory requirements. The IMF has on its website a *Principal Global Indicators* section that includes various macroeconomic statistics available at international organisations, with a sub-section on the financial accounts of the main developed economies.¹²

As part of its Data Initiatives, the IMF approved in 2012 a second set of requirements in relation to Special Data Dissemination Standards (SDDS). This second level called SDDS Plus, is much more stringent than the requirements approved by the IMF in 1996, which Spain adhered to that year. The new SDDS Plus contains additional requirements in nine categories. The countries adhering to this IMF initiative must comply from the outset with the requirements in at least five categories and will have until the end of 2019 to comply with the other requirements. Spain and another seven countries formally adhered to this initiative at the start of 2015, making up the first wave of countries to satisfy the stringent requirements of the new system. Spain currently complies with all the requirements of the nine SDDS Plus categories. The financial accounts are the basis for four of the new categories: i) sectoral financial balance sheets; ii) general government financial transactions accounts;

¹² Available at <http://www.principalglobalindicators.org>.

- iii) consolidated financial balance sheet of other financial intermediaries; and
- iv) securities portfolios of institutional sectors, all of which must be disseminated quarterly within four months of the end of the reference quarter.

6 Forthcoming coordinated revision of macroeconomic statistics

In 2014, all the EU countries adapted the methodology for compiling the financial accounts to the guidelines set out in the new version of the European System of Accounts, known as ESA 2010, which replaced the previous version ESA 95. A harmonised European revision policy (HERP) for macroeconomic statistics¹³ was agreed at European level, which recommends that the next benchmark revision of the national accounts, financial accounts and balance of payments and international investment position statistics take place in 2019. This revision of the macroeconomic statistics will be carried out in parallel and in coordination by the agencies responsible for these statistics, i.e. the INE and the Banco de España, and also, as regards general government, the IGAE (National Audit Office).

The objective of the harmonised European revision policy is to promote consistency between the various domains of national macroeconomic statistics, comparability across countries and the compilation of aggregate statistics at European level. Benchmark revisions are revisions of data sources and/or methods used to prepare macroeconomic statistics that may affect the results of the main variables for relatively long periods of the series, unlike the regular revisions that are normally concentrated in the most recent periods and stem from the availability of new data. Sometimes there may also be ad hoc revisions owing to the availability of specific new data sources or the implementation of new procedures, although it is recommended that, if possible, these changes should be included in the benchmark revisions. It has been agreed that benchmark revisions should be made every five years, preferably in years whose final digit is a 4 or a 9.

The most significant changes planned to be made to the Spanish financial accounts in 2019, in the updates of the financial accounts corresponding to the first quarter (July 2019) and the second quarter (October 2019), which will be mentioned each quarter in the notes on changes to this publication, are mentioned below:

- To incorporate the new data available on sectors S.128 (insurance corporations) and y S.129 (pension funds), arising from the new ECB requirements specified in Guideline ECB/2015/44 on monetary and financial statistics.

¹³ <https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-18-012>.

- To revise the series available on holding companies and special purpose entities (SPEs), which form part of sector S.127 (captive financial institutions and money lenders), on the basis of Central Balance Sheet Data Office data and other supplementary sources, principally cross-border transactions.
- To revise the classification of certain groups of financial institutions, including entities issuing *participaciones preferentes* controlled by non-financial corporations. These entities, following the recommendations of various expert working groups, should be consolidated with their parent entities as they are not considered to have decision-making autonomy.
- To improve the consistency between financial accounts statistics and balance of payments and international investment position statistics, following the recommendations of the expert working groups of international organisations, by using the same data sources and aligning the preparation procedures for certain items (inter alia, foreign deposits, financial derivatives and trade credits).
- To update the Central Balance Sheet Data Office data, due to the new extrapolation procedure used in these statistics to obtain the national aggregates, based on stratification of the accounting data of firms (by size and sector of activity) according to the number of firms in each stratum, instead of the number of workers, the method used hitherto.
- To revise certain items of sector S.13 (general government), specifically financial derivatives (already incorporated in April 2019) and other accounts receivable/payable, as a consequence of the new procedure for recording taxes and social contributions using the cash adjusted method recommended by Eurostat.