

SUOMEN PANKKI
Tilasto-osasto

TYÖPAPERI NO 3/1992

**AVOIDING THE MAJOR ERROR AND OMISSION TERM IN THE
BALANCE OF PAYMENTS**

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21.4.1992

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21.4.1992

AVOIDING THE MAJOR ERROR AND OMISSION TERM IN THE BALANCE OF
PAYMENTS;

A SYSTEM FOR QUALITY CONTROL IN SURVEY DATA.

The Finnish system for the Balance of Payments Statistics is based on full cover monitoring of foreign payments and a few surveys. The data which in fact are used in statistics varies; the earlier the preliminary statistics are produced, the more foreign payments data are employed. The information system of the balance of payments statistics is described in the appendix 1.

During 1992 and 1993 a system for technical quality control will be built. In the system the monthly surveys of foreign assets and liabilities as well as securities dealings and payment flows are checked against each other on a aggregated item level for each survey respondent. The coverage of various surveys can also be calculated because the official register of organization numbers is a part of the system.

This system permits a meaningful interpretation to such concepts as 'target population' and 'survey population'. Combining the official register and the data on foreign payments, the number of potential firms to be included in the system is reduced to one tenth from the total number of firms (300 000) in the official register. This number (30 000) can be called 'target population' i.e. the firms doing foreign business. However, the relevant 'survey population' when capital movements are concerned is remarkably smaller, being some 500 corporations and other establishments.

The updates of the official register are carried out quarterly. Foreign payments are monitored continuously and thus the target population and the survey population are known virtually on real time basis.

The quality control system is being construed as a separate directory in the mainframe. The data are transferred to it from various parts of the balance of payments information system as depicted in the chart in the appendix 2.

The basic aims and features of the system are:

1. Focus on the relevant firms and banks!

As above, some 30000 firms engage in foreign business in Finland. In most cases this involves only importing and related payments (and thus also trade credits). The export side is much more concentrated; last year a 125 firms accounted for 80 per cent of export earnings. Since firms have export receivables in foreign currencies, they can hedge those with foreign currency liabilities. From foreign payments it can be seen that those hundred firms account for most of the direct capital imports to the corporate sector. For the monthly statistics of the balance of payments fewer than hundred firms are surveyed.

Similarly in banking the 15 authorized banks cover most of the capital movements of the banks.

2. Comparison of the survey and foreign payments data

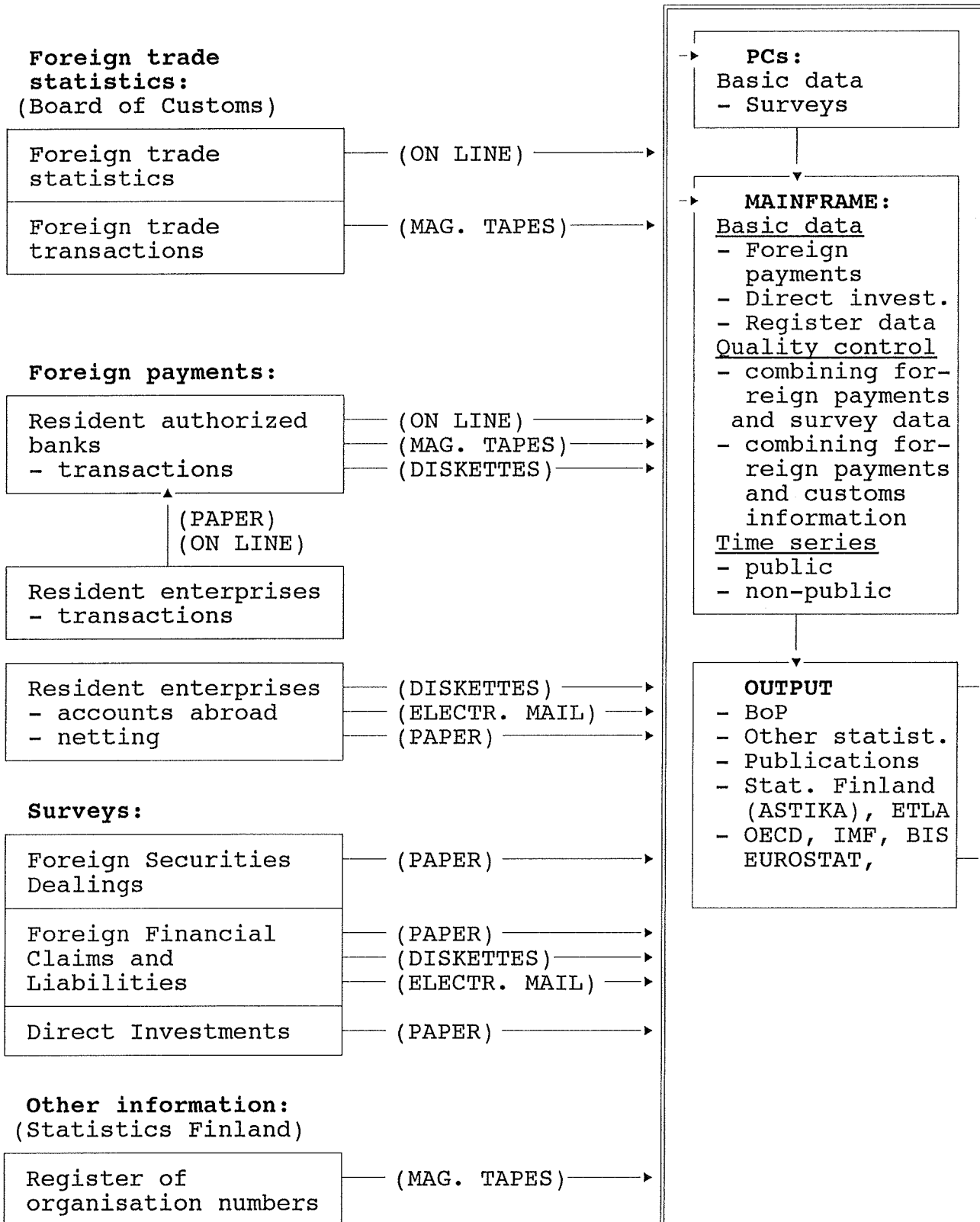
In the surveys the net flows are also reported. In foreign payments all should be recorded on a gross basis. The survey information can be checked against payment flows of the relevant firms and banks. , When inconsistencies are found in this crosschecking, further information can be requested. The overall value of various information sources for the balance of payments can be considered.

3. Monitoring of survey coverage

The coverage of the survey can be calculated using payment flows as proxies for foreign positions. Although the sample is renewed only once a year, the continual monitoring keeps the balance of payment compilers aware of potential bias in the survey. Similarly, the systems provides information on the new firms to be included in the survey.

BALANCE OF PAYMENTS REPORTING FLOWS, GENERAL DESCRIPTION:

BANK OF FINLAND
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18.3.1992

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)

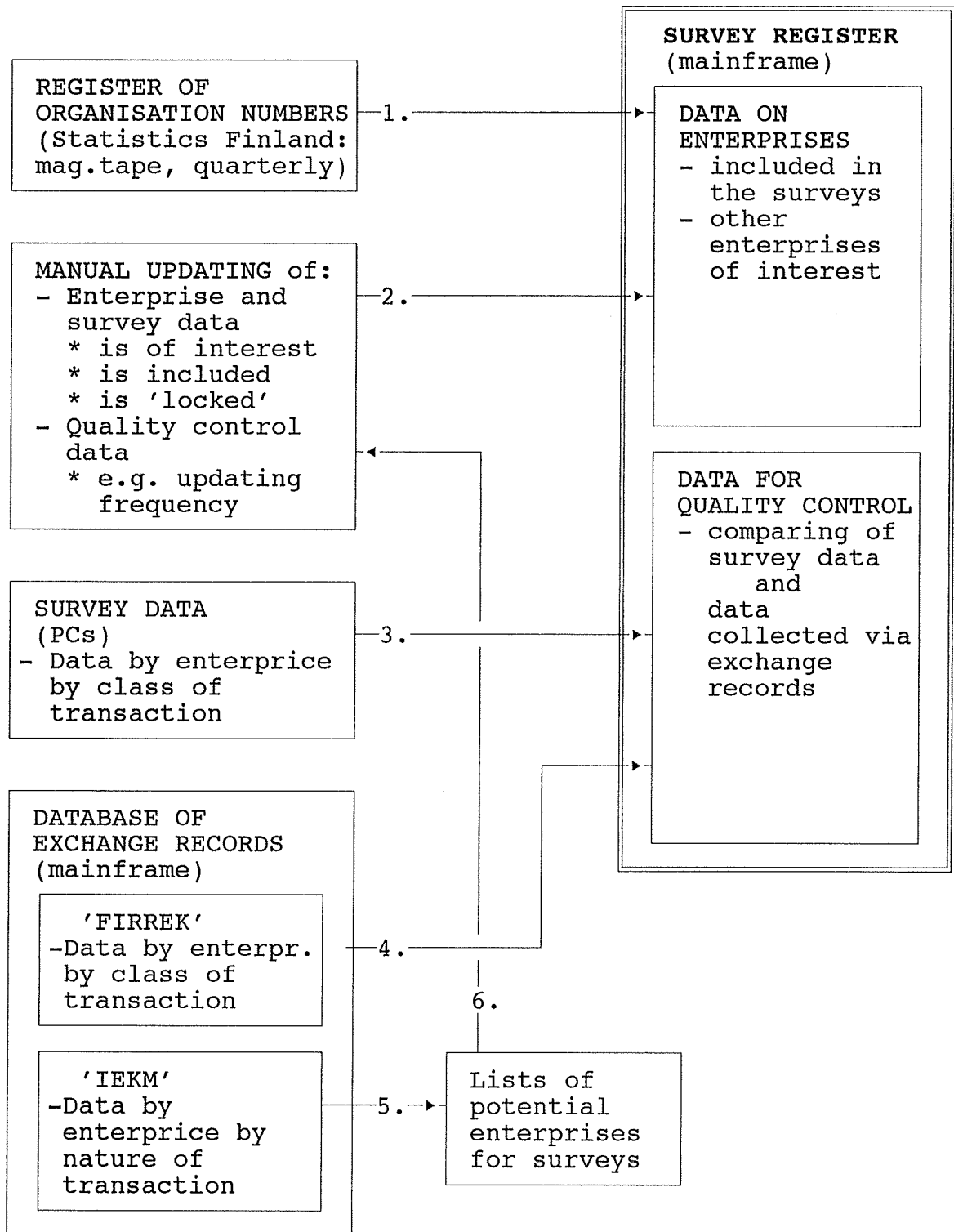
Foreign direct investment in Finland (sample approx. 400)

Other information

Statistics Finland:

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

SYSTEM FOR SURVEYS AND REGISTERS - GENERAL DESCRIPTION



TOIMINTOJEN SELITYKSET

1. Tilastokeskuksen yritysrekisterinauhalla päivitetään yritysten nimi- ym. tiedot oikeiksi säännöllisin väliajoin ja/tai tarvittaessa. Tällöin päivittyvät myös niiden yritysten tiedot, joiden ly-tunnukset on edellisen päivituksen jälkeen lisätty rekisteriin.
2. Päätepäivityksenä voidaan yritystietoihin lisätä yrityksiä, muuttaa yritysten kuulumista eri kyselyihin tai niiden kiinnostavuutta eri kyselyjen kannalta, merkitä yritys "lukituksi", jolloin nauhapäivitykset eivät muuta kyseisen yrityksen tietoja tai merkitä yrityksen FIRREK-tiedot poimittaviksi laadunvalvontatietoihin (tällöin ilmoitetaan myös ko. yrityksen tietojen poimintatiheys). Myös yrityksen nauhalta päivitettäviä tietoja voidaan muuttaa päätepäivityksellä.
3. Halutuista kyselyistä siirretään määrätietoa laadunvalvontatietoihin.
4. FIRREK-vertailuaineistona siirretään laadunvalvontatiedoksi haluttujen yritysten (tieto ko. yrityksistä ja siirtotiheydestä yritystiedoissa) siirräntäajankohdan määrätiedot YVT:n FIRREK-tietojoukosta kyselyrekisterin laadunvalvontatietoihin.
5. YVT-tietokannan isojen ei-kaupallisten tietojoukosta tehdään eri kyselyjen kriteerein listauksia yrityksistä, jotka kuuluvat kunkin kyselyn potentiaaliseen kohdejoukkoon.
6. Yrityslistausten perusteella tehdään päätökset yritysten lisäämisestä kyselyrekisterin yritystietoihin. Päätökset yritysten kiinnostavuudesta tai kuulumisesta johonkin kyselyyn tehdään aina yrityskohtaisesti, ja yritysten tiedot (ly-tunnus, kiinnostaa/kuuluu) lisätään rekisteriin päätepäivityksenä.