

**Comments on draft SNA chapter:  
Chapter 11: The financial account**

**Deadline for comments: 12 February 2007  
Send comments to: [sna@un.org](mailto:sna@un.org)**

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This three-part template allows you to record your comments on draft chapter 11 easily and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any one, any two, or all of the three parts of the template.

Save this template and send it as an attachment to the following e-mail address:  
[sna@un.org](mailto:sna@un.org)

**Part I: General comments**

In the space below, please provide any general comments, such as about the clarity with which the new recommendations were incorporated (30 words or less).

*Comment:*

<p>In general, we think that this chapter is very clear. Especially the more general parts A and B have been written in a very readable style that even can be understood by non-specialists.</p> <p>The financial instruments described are not coded, which is quite inconvenient. One may want to add the relevant codes. Of course, this would be relevant throughout the whole SNA.</p> <p>The paragraph on financial derivatives is rather comprehensive as compared to the description of other instruments in part C. This possibly harms the balance within the chapter.</p> <p>Note that all paragraphs in the “clean” draft chapter start with 19 instead of 11.</p>
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**Part II: Comments on specific draft paragraphs or passages**

In your review of draft chapter 11, you may wish to devote particular attention to the passages listed below. There is space after each issue for any comment you wish to make.

1. One of the points that has been under discussion even as the chapter was being draft was the treatment of inter-bank deposits. Are you satisfied with the inclusion of inter-bank deposits under currency and deposits for the reasons explained in section C2?

*Comment:*

We wonder whether countries that are not able to compile a detailed flow of fund table will be able to report reliable estimates for this subcategory (which in fact can be considered as a cell in a who-to-whom-matrix). From a conceptual point of view, we think there may be reason to separately register interbank loans under the category of loans and register interbank deposits under the category of deposits. However, we agree that the borderline between interbank loans and deposits sometimes is very vague. For that reason, we can agree with the proposal to register them both within the subcategory of interbank deposits.

2. Is there sufficient, too much or too little detail on the different types of debt securities in section C3?

*Comment:*

In general we think the level of detail of the description of debt securities is okay. In addition, we wonder whether the description of repurchase agreements (para. 11.55 and 11.56) should be shifted to section C.4 (loans), because repos have to be registered as loans.

3. Is the coverage of the items related to insurance, pension and standardised guarantees satisfactory? (There will be an overview of all items relating to these schemes in chapter 17 on Cross-cutting and Other Special Issues).

*Comment:*

In our opinion, the description in section C.6 is rather brief. But maybe this problem will be solved by adding chapter 17.

4. Sections F to I describe briefly other possible dimensions to the accounts.

*Comment:*

As far as we can see, there are no sections F to I in this chapter.

5. Do you agree to moving the section on flow of funds from this chapter to one (chapter 26) dealing with the link between the SNA and monetary and financial statistics?

*Comment:*

We do not have a clear preference where to put the description of flow of funds.

### **Part III. Other specific comments**

Para. 11.6: It is stated that ‘even transactions in kind, ..., conceptually lead to entries in the financial account’. We wonder if this is correct. We think that in principle transactions in kind do not lead to financial transactions, unless elements of the in-kind transaction are not completed simultaneously.

Para. 11.21: We do not see the rationale for the inclusion of this new (?) paragraph.

Section B.2: We would prefer to start this section (valuation on transactions) with a statement on how transactions have to be valued. See for example paragraph 5.134 of the current ESA or the first line of paragraph 11.44 of the current SNA.

Para. 11.28: Maybe, it should be made clear that margins on foreign currency exchange are only to be treated as services in the case of financial intermediaries.

Para. 11.35, (b) and (c): It may be more appropriate to replace the word ‘asset’ by ‘financial instrument’.

Para. 11.46: It is stated here that the reference is assumed to be the interbank rate. We think that one may want some more flexibility here.

Para. 11.50: There seems to be a lot a repetition in the text of this paragraph.

Para. 11.55: It is stated that ‘the arrangement appears to involve two separate transactions in financial assets’. For reasons of clarity it might be desirable to mention these two transactions. See also our comments under II.2.

Para. 11.73: Reinvested earnings in the case of owner-occupied dwellings seem to be a very rare case, or even impossible in the absence of a legal entity. Some of the income may be used for improvements to the dwelling, but all income is first actually transferred to the non-resident owner.

Para. 11.82: In our opinion, there may be cases for which the increase in pension entitlements in the financial account does not (fully) match the entry in the use of income account. In these cases some specific capital transfers should be added to the change in pension entitlement (D8) to match the change in pension entitlements in the financial account.

Para. 11.89: There seems to be some repetition in the first part of this paragraph.

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comments directly on the PDF of the draft chapter.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make very detailed comments please send a message to [sna@un.org](mailto:sna@un.org) requesting to receive a version of the draft chapter permitting you to comment. To optimize your commenting tools please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>