



STATISTICS

**Monetary and Financial Statistics Advisory
Committee (MFSAC)**

For Global Consultation

2028 Monetary and Financial Statistics Manual (MFSM)

Proposed Recommendation

2.3 Financial and Operating Leases

Summary

Links to Related Guidance/Discussion/Issue Notes and Latest Manuals: C.5 Statistical Impact of the Change in Treatment of Operating Leases in Business Accounting: Economic Ownership in the Context of Financial and Operating Lease Transactions Pertaining, in Particular, to Aircraft 2025 System of National Accounts (SNA) and Integrated Balance of Payments and International Investment Position Manual, Seventh Edition (BPM7) ¹	
Global Consultation(s):	BP: October 2020 ; August 2021
Discussions at the Advisory Expert Group on National Accounts (AEG) / Balance of Payments Committee (BOPCOM) Meeting(s):	BOPCOM: October 2020
Discussions at MFSAC Meeting(s):	March 2026
Summary of Proposed Recommendations: <p>The proposed recommendation for the <i>2028 Monetary and Financial Statistics Manual (2028 MFSM)</i> is to retain the existing conceptual approach to recording financial leases, as outlined in the IMF's 2016 <i>Monetary and Financial Statistics Manual and Compilation Guide (MFSMCG)</i> (paras. 4.89-4.92). It is recommended that the 2028 <i>MFSM</i> maintain a clear distinction between financial and operating leases based on the concept of economic ownership. The <i>MFSM</i> update, however, also proposes to distinguish between the recording of leases for macroeconomic statistical purposes and the accounting concepts of leases (IFRS 16).</p>	

Background and Issues

1. Classification and treatment of operating and financial leases in the previous statistical manuals (*2008 SNA*, *BPM6*, *GFSM 2014* and *MFSMCG*) were aligned with the prior accounting standard IAS 17 Leases. For lease arrangements relating to fixed assets, a clear distinction was made between operating and financial leases based on the principle of the economic ownership of the leased asset. Following the concept of risks and rewards, the assets are recorded by the economic owner. In the case of a financial lease, the legal owner (lessor) transfers the risks and rewards of ownership of the assets to the economic owner (lessee). Under a financial lease, the lessor is granting a loan to the lessee which the lessee uses to acquire the asset. In the case of operating leases, the legal and economic owner are the same (lessor). An operating lease does not involve imputing a loan and asset remains on lessor's balance sheet.
2. In January 2019, a new International Financial Reporting Standard (IFRS) 16 on leases came into effect.² The IFRS 16 approach differs from the recording standards in macroeconomic statistics, including *MFSMCG*, particularly regarding the application of concept of economic ownership. The transition to the new IFRS 16 may pose some challenges for compilers of monetary and financial statistics (MFS).

¹ Links are to the "white cover" versions of the *2025 SNA* and *BPM7*. While technically still considered draft, only editorial amendments will be made between these versions and the final versions.

² The IFRS 16 replaced the IAS 17.

Contrary to the previous standard IAS 17, lessees preparing financial statements account for all leases over 12 months in the same way, and are not required anymore to distinguish between operating and financial leases.³ For both operating and financial leases, the lessees will recognize in their balance sheet a “right-to-use” asset and a lease liability.

3. Unlike lessees, accounting for lessors remains largely unchanged from IAS 17. Lessors under IFRS 16 will continue to distinguish between financial and operating leases based on the transfer of the risks and rewards incidental to economic ownership of the underlying asset.

4. Applying IFRS 16 therefore results in lessor’s accounting being asymmetric from lessee’s accounting for all leases with a duration of more than one year. This asymmetry poses some challenges for statistical compilers as a key accounting principle of the SNA is symmetrical quadruple entry accounting, which requires assets to only be recorded on the balance sheet of one party and that any flows between parties are recorded equally in the accounts of both parties.

5. The *2025 SNA* and *BPM7* reaffirm that for macroeconomic statistics, the principle of economic ownership based on the allocation of risks and rewards remains central and should continue to guide statistical treatment. Adopting the IFRS 16 approach for lessees within the statistical manuals would also require moving away from the distinction between legal and economic ownership principles based on a risks and reward approach, as outlined in the *2008 SNA* (paras. 3.21-3.29) and adopted in *MFSMCG* (para. 4.89-4.92). The asymmetry introduced by IFRS 16 arises from accounting presentation choices rather than a change in economic ownership.

6. The concern with adoption of IFRS 16 is how to ensure the separate recording of financial and operating leases while maintaining symmetry in recording. This requires careful consideration to align the statistical treatment with the economic realities captured by the economic ownership principle.

7. The Guidance Note (GN) C.5 explores the consequence of the change in the accounting standards and considers two options: (i) to maintain full consistency with the *2008 SNA* and *BPM6* on recognizing the operating/finance leasing distinction along the concept of economic ownership, (ii) making a distinction between operating and financial leases based on a “one-year rule,” where leases with a duration of more than one year would be considered as financial leases and those with a shorter duration as operating leases. After due consultation, the GN recommends no change in the *2025 SNA* and *BPM7* with respect to the concept of economic ownership and the distinction between the two types of leases. However, it recommends that additional practical guidance be developed on the compilation of lease arrangements and differences between the accounting and statistical standards. This recommendation was adopted by the Advisory Expert Group on National Accounts and the IMF Committee on Balance of Payments Statistics.

Proposed Recommendations

8. The following recommendations are proposed for the 2028 *MFSM*:
- Maintain the distinction between financial and operating leases based on economic ownership determined by the lessor substantially conveying the risks and rewards of ownership of the asset to the lessee, consistent with the *2025 SNA* and *BPM7*, and do not adopt the IFRS 16 right-to-use concept for statistical purposes;

³ Lessees can choose not to apply this approach in two specific cases, treating them as simple expenses instead: short-term leases (leases with a term of 12 months or less), and leases of low-value assets.

- Explicitly acknowledge the divergence between statistical standards and IFRS 16, and provide practical guidance to compilers (by way of compilers' notes) on how IFRS-based accounting data can be mapped to operating and financial leases.

Rationale for Proposed Recommendations

9. The proposed recommendations will preserve symmetry, avoid double-counting of assets and liabilities, and ensure consistency across all macroeconomic statistics. The proposed recommendations recognize the practical challenges faced by compilers when using accounting data on leases as a source to compile MFS.

Proposed Text for the MFSM Update

10. The main change will be to adjust the text in the *MFSMCG* (para 4.92) to recognize the difference in the revised guidance in the *2025 SNA* (Chapter 27) and *BPM7* (Chapter 5) and the latest accounting standard:

MFSMCG para 4.92: *These conditions in the lease contract may not, however, demonstrate conclusively that substantially all of the risks have been conveyed; for example, if the asset is conveyed to the lessee at the end of the lease at its fair value at that time, then the lessor holds substantial risks of ownership.*

The lease is then called an operating lease. Financial leases are also called finance leases, capital leases, or full-payout leases, highlighting that the motivation is to finance acquisition of the asset.

Accounting practices do not recognize financial leases in the same way as in macroeconomic statistics.

The IFRS 16 does not distinguish between operating and financial leases for lessees, and this difference should be taken into account when using accounting data for statistical compilation.

11. An additional paragraph after para 4.92 can be added to clarify that, for MFS, the distinction between financial and operating leases continues to be based on the transfer of economic ownership, consistent with the *2025 SNA* and *BPM7*. A separate compiler's note should be considered to provide guidance on how to use IFRS-based data sources to identify and classify financial leases accordingly.

12. Additionally, the text in Box 2.1 (*International Financial Reporting Standards*) of the *MFSMCG* must be updated to recognize that IAS 17 has been superseded by IFRS 16 and to explain, while IFRS 16 introduces a right-to-use asset and lease liability for lessees, this accounting treatment does not imply a change in economic ownership for macroeconomic statistics.