I. Overview

Introduction

1.1 The Monetary and Financial Statistics: Compilation Guide is aimed at providing direct assistance to data compilers who are responsible at the national level for implementing the methodology and statistical frameworks contained in the Monetary and Financial Statistics Manual (MFSM; IMF, 2000b). This Guide, like the MFSM, should also be useful to compilers working in other areas of macroeconomic statistics, as well to those users who are interested in the origins and computational elements of the monetary and financial data that they are analyzing.

1.2 The titles and topical coverage of Chapters 3–8 of the Guide correspond to those of Chapters III–XIII in the MFSM. Chapter 2 of the Guide, which deals with source data and the accounting standards applicable to these data, has no counterpart in the MFSM, given the broad scope of the MFSM—definitions and related concepts, major data classifications, general accounting rules, and statistical frameworks for the monetary and financial statistics. This Guide delves into the practical issues associated with the application of the MFSM principles to institutional units, individually and collectively, in a national context.

1.3 The Guide contains an assortment of main text, boxes, tables, annexes, and appendixes. In addition, passages of text from the MFSM are shown as shaded text in various sections throughout the Guide (for an example, see paragraph 1.8). In some cases, the MFSM text has been corrected or revised for clarification. A complete list of the MFSM revisions is provided in the annex to this chapter (Annex 1.1).

Historical Perspective

1.4 By incorporating the compilation of flow data, the MFSM and this Guide take a major step in the progression of the guidance on monetary statistics that the IMF has been providing to member (and nonmember) countries for over a half century. This guidance began in the lead-up to the publication of the inaugural issue of International Financial Statistics (IFS) in January 1948 and has continued to the present day.¹

1.5 The focus historically has been on compilation and reporting of balance-sheet data (end-of-month stocks) for the central bank and other depository corporations in each country. Expertise accumulated over three and a half decades of IMF technical assistance in monetary statistics was documented in A Guide to Money and Banking Statistics in International Financial Statistics (December 1984)—a draft manual that, though widely circulated to IMF member countries, was not officially published. The scope of the 1984 guide was limited exclusively to the compilation of stock data for depository corporations (called “banks and bank-like institutions” therein) as reported for the country pages in IFS.

1.6 The MFSM and this Guide in particular contain substantial amounts of material on the compilation of flow data and related issues. The emphasis on flow data may appear to be, but is not, incongruous with the continuing focus on the reporting of stock data for the monetary statistics. A major step in the implementation of the methodology in the MFSM and this Guide has been the introduction of standardized report forms (SRFs) for countries’ transmittal of monetary data for publication in IFS and for operational purposes of the IMF. The SRFs are designed for reporting of stock data only.

1.7 The MFSM and this Guide are forward-looking with respect to realistic prospects for the development and use of flow data. In explaining its exclusion of flow data, the 1984 draft guide stated:

¹Public release of the January 1948 issue followed the production of six pilot issues that were distributed only within the IMF. The first pilot issue (June 1947) contained pages for 33 countries. The January 1948 issue contained pages for 56 countries. The December 2005 issue of IFS contained 180 country pages, as well as pages for 3 currency unions.
This reflects the fact that most of the quantitative aspects of bank supervision and regulation are based on data from balance sheets and similar financial statements. . . while changes in stock data provide approximate measures of financial flows, flow data cannot be used to compile stock data. While valuation adjustments can be significant for some of the asset and liability items entering into the balance sheets of financial institutions, such adjustments are likely to be comparatively small overall, particularly over short periods.

This statement may have been broadly applicable in the mid-1980s but certainly has become outdated. During that era, most assets and liabilities were recorded at book value (amortized or unamortized historical cost), and the only monetary statistics recommendations for revaluation pertained to conversion of foreign-currency-denominated assets and liabilities into national currency units at end-of-period market exchange rates. Users of the monetary data, who possessed only period-to-period changes in stock data, were compelled to rely on their judgment or relatively unsophisticated quantitative methods for estimating the separate flow components—transactions and valuation changes—for the foreign-currency-denominated instruments.

1.8 The situation changed dramatically with the introduction of the System of National Accounts 1993 (1993 SNA; Commission of the European Communities and others, 1993), which recommended that revaluations should be based on current market prices or estimated market prices (fair values) for several types of financial assets and liabilities. This methodological change paralleled the accounting profession’s drive, since the late 1960s, to move to market-or-fair-value accounting. Today, the results of these efforts are reflected in national accounting standards and, in particular, in the International Financial Reporting Standards (IFRSs).

1.9 Development of flow data for the monetary statistics should produce short-term as well as longer-term benefits. Though reporting and publication of flow data for the monetary statistics are projects for the future, the most direct and immediate benefit from the development of flow data is the usability of these data for the financial statistics.

### Relationship to the 1993 SNA and Its Update

Because of the integral links between the monetary and financial statistics and the financial account of the 1993 SNA, there is an almost complete concordance between this manual and the 1993 SNA with respect to principles and concepts. In particular, these two sets of international guidelines are consistent on such issues as the delineation of resident and nonresident entities, sectorization of the economy, classification of the various categories of financial assets and liabilities, time of recording of transactions and other flows, financial asset and liability valuation, and data aggregation and consolidation. \(\text{MFSM, \textsection23}\)

Because of its broader scope, the 1993 SNA contains many principles and concepts not directly relevant to this manual. This manual contains a few concepts not found in the 1993 SNA, as well as more detailed treatment of some concepts contained therein. \(\text{MFSM, \textsection24}\)

1.10 Differences between the 1993 SNA methodology and that of the MFSM and this Guide, though few in number, are noteworthy. As regards the delineation of institutional units and sectors, the differences are:

- **Other resident sectors.** The 1993 SNA (\textsection4.6) specifies separate subsectors for Households and Nonprofit institutions serving households (NPISHs), whereas the monetary statistics methodology combines the household and NPISH subsectors in the single category of Other resident sectors.

- **Other nonfinancial corporations.** In the 1993 SNA (\textsection4.71), the nonfinancial corporations sector is divided into three subsectors: (1) Public nonfinancial corporations, (2) National private nonfinancial corporations, and (3) Foreign controlled nonfinancial corporations. In the methodology for the monetary statistics, only two categories are specified—Public nonfinancial corporations and Other nonfinancial corporations—given that sectoral classification on the basis of residency of those who control a corporation is not relevant for the monetary statistics.

- **Other financial corporations.** The 1993 SNA (\textsection4.83) specifies separate financial corporation
subsectors for (1) Other financial intermediaries, except insurance corporations and pension funds; (2) Financial auxiliaries; and (3) Insurance corporations and pension funds. These subsectors are recognized in the MFSM and this Guide, but they are combined to form the Other financial corporations subsector in all data compilations and presentations of the standard sets of monetary statistics.

- **Government entities that supervise financial corporations.** These supervisory agencies are placed in the Central bank subsector in the 1993 SNA (¶4.86), whereas they are included in the Financial auxiliaries subsector in the MFSM and this Guide.

- **Other depositary corporations.** In the monetary statistics methodology, all financial corporations that issue liabilities included in broad money are designated as Depositary corporations. These include the Central bank subsector and the Other depositary corporations subsector. In the 1993 SNA (¶4.88), other depositary corporations are defined as those “... which have liabilities in the form of deposits or financial instruments such as short-term certificates of deposit which are close substitutes for deposits in mobilizing financial resources and which are included in measures of money broadly defined.” The subtle distinction is that, in the 1993 SNA, the delineation of an other depositary corporation is not based on a single construct of Broad money as defined by the national authorities.

- **Regional central banks.** In the 1993 SNA (¶14.34), a regional central bank that is the headquarters for a currency union or monetary union is not treated as a separate institutional unit, and its transactions and balance-sheet positions are apportioned among the member countries in the union. In the monetary statistics methodology, the 1993 SNA treatment may apply or, depending on the characteristics of the monetary/currency union, the regional central bank may be delineated as a separate institutional unit whose transactions and balance-sheet positions are treated akin to those of an international organization.

- **Reinsurance corporations.** The 1993 SNA states (Annex IV, ¶28): “Reinsurance transactions between resident insurance corporations should be consolidated ... without regard to the division within the industry between direct insurance and reinsurance.” The methodology in this Guide does not call for such consolidation. Reinsurance corporations are recognized as separate institutional units, and their transactions and balance-sheet positions are treated in the same manner as those of direct insurance corporations.

1.11 The major categories for financial assets and liabilities in the monetary statistics agree with those in the 1993 SNA—that is, Monetary gold and SDRs; Currency and deposits; Securities other than shares; Loans; Shares and other equity; Insurance technical reserves; Financial derivatives; and Other accounts receivable/payable. Regarding the classification of financial assets, the differences are:

- **Classification by maturity.** In the 1993 SNA (¶11.80–11.81 and ¶11.84–85), Loans and Securities other than shares are divided, at a secondary level of classification, into separate categories for short-term instruments (original maturity of one year or less) and long-term instruments. The standard components of the monetary statistics do not include loans and securities other than shares classified by maturity.3

- **Classification by currency of denomination.** The 1993 SNA does not include a secondary-level division of financial assets into subcategories for financial assets and liabilities (1) denominated in national currency and (2) denominated in foreign currency. In the MFSM and this Guide, the categorization by currency of denomination is applied to currency and deposits on the asset side of the sectoral balance sheet and to deposits and securities other than shares on the liability side.4

- **Classification of monetary gold and SDRs.** In the 1993 SNA, Monetary gold and SDRs is a single category for which a secondary level of classification as monetary gold and SDRs, respectively, is absent. Monetary gold and SDRs is also a major financial asset category in the monetary statistics, but Monetary gold and SDRs are shown as separate categories in the presentations of central bank accounts in the sectoral balance sheet and the Central Bank Survey (CBS).

---

3In the 1993 SNA (¶11.82) as originally published, financial derivatives were classified within Securities other than shares, either indistinguishably or as a separate subcategory. In the Updates and Amendments to the SNA 1993 (2004), Financial derivatives became a separate major category of financial assets.

4However, this Guide recommends that data on short- and long-term subcategories of deposits, loans, and securities other than shares be compiled on a supplementary basis. See the Supplementary Data section in Chapter 7.

However, disaggregation by currency of denomination for loans, securities other than shares, shares and other equity, and financial derivatives in the context of the SRFs (see Chapter 6), if possible, is recommended in this Guide.
• Definition of trade credit. In the 1993 SNA (¶11.100), trade credit is classified within Other accounts receivable/payable and it is indicated that “Trade credits and advances do not include loans to finance trade credit, which are classified under [Loans] . . . ” This Guide distinguishes between trade credits and loans by specifying that trade credits are non-interest-bearing and that loans are interest-bearing.

• Reclassification of impaired financial assets. In this Guide, impaired deposits and, in some cases, impaired securities other than shares are reclassified as loans (to facilitate the posting of provisions for loan losses for these instruments). This reclassification rule is not contained in the 1993 SNA.

1.12 The valuation principles and other accounting rules in the MFSM and this Guide are in general agreement with those in the 1993 SNA. A major exception for the monetary statistics is the valuation of shares and other equity on the liability side of the sectoral balance sheets of financial corporations. For the monetary statistics, components of the Shares and other equity account are measured at book value. In the 1993 SNA methodology (including for the financial statistics), the Shares and other equity account is valued at the market or fair value of the shares.

1.13 The 1993 SNA methodology does not delve into specific definitions of monetary aggregates. The MFSM and this Guide focus on the monetary aggregate that is designated as broad money in the national context. Monetary aggregates that are defined more narrowly are covered to a limited extent. Monetary base—a major liability category in the CBS in the monetary statistics—is another construct not used in the 1993 SNA.

1.14 An update of the 1993 SNA will be published as the 1993 SNA, Rev. 1. The extensive collaborative efforts of specialists in national accounts statistics from many countries have led to the identification of several methodological revisions that will appear in the 1993 SNA, Rev. 1 and that have been integrated into the methodology in this Guide. These new features are:

• Unallocated gold deposits. Deposit claims on gold (as opposed to title claims on physical gold) are classified within Deposits in this Guide. This type of deposit is not specifically covered in the 1993 SNA or the MFSM.

• Valuation of unquoted equity shares. Alternatives for determining the fair value of equity shares that are not traded in active markets have been expanded beyond the market-capitalization method and present-value method recommended in the 1993 SNA and the MFSM. The preferred approach is the use of transaction price data for the equity shares. In the absence of transaction price data, the valuation can be based on (1) a previously recommended method, (2) the net-asset-value method, or (3) own funds at book value (least preferred method).

• Employee stock options. This Guide describes the valuation and recording of employee stock options, which are classified as a separate subcategory of options contracts within the liability account for Financial derivatives. Employee stock options were not explicitly covered in the 1993 SNA or the MFSM.

• Unfunded pension liabilities. This Guide, unlike the 1993 SNA and the MFSM, recommends that estimates of unfunded pension liabilities be included in the balance sheets of financial corporations that are employers liable for future pension payments that are not currently funded. The fair value of unfunded liabilities is based on actuarial principles of accounting.

Relationships Among Macroeconomic Statistical Systems

1.15 Macroeconomic statistics manuals and guides published by the IMF, or jointly with other international organizations, are listed in Box 1.1. The core components of the statistical methodology for macroeconomic analysis are the 1993 SNA, MFSM (2000), BPM5 (1993), and GFSM (2001)—complemented by the more specialized methodologies in the manuals and guides on external debt, international reserves and foreign currency liquidity, foreign direct investment, and portfolio investment in the international context.
### Box 1.1. Macroeconomic Statistics at the IMF: Other Manuals and Guides

<table>
<thead>
<tr>
<th>National accounts statistics</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Balance of payments, international investment, international reserve and foreign currency liquidity, and external debt statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template (2001).</td>
</tr>
</tbody>
</table>

1. **Overview**

1.16 The evolution toward greater consistency of the methodologies for the national accounts, monetary, balance of payments, and government finance statistics began with release of the 1993 SNA and the BPM5 (1993) and was reinforced by publication of the MFSM (2000) and the GFSM (2001). The evolution is continuing, with plans for the publication of the 1993 SNA, Rev. 1 and the Balance of Payments and International Investment Position Manual, sixth edition (BPM6).

1.17 Methodological consistency among the macroeconomic statistics has benefits for both the users of the statistics—the policymakers and macroeconomic analysts who study the linkages among the domestic real sector, financial sector, external sector, and fiscal (central government) sector of the economy—

1.18 Data consistency often implies that the same data set appears in two or more of the macroeconomic statistical systems with the same nomenclature. In this Guide, data consistency is based on the concept of reconcilability of data across macroeconomic statistical systems. The macroeconomic systems share many concepts and accounting rules, but each system has some nomenclature and concepts that are unique to the particular macroeconomic area, or are more prominent than in other macroeconomic sys-

---

1. **References**

1. IMF publication alone unless otherwise indicated. Full citations are in References at the end of this Guide.


4. By Anne Y. Kester.

5. International Monetary Fund and Organization for Economic Cooperation and Development.


8. An overview of linkages among the monetary statistics and the balance of payments and government finance statistics is presented in the MFSM, ¶367–78. In the Depository Corporations Survey (DCS), broad linkages to the government finance statistics are changes in (1) Claims on nonresidents and (2) Liabilities to nonresidents. In the DCS, broad linkages to the government finance statistics are changes in (1) Claims on central government and (2) Liabilities to central government.
tems. Data sets in two macroeconomic systems are designated as consistent if the data are reconcilable, meaning that (1) the data are the same (to a reasonable level of accuracy); (2) data discrepancies can be explained and justified (subject to elimination of the discrepancies, if possible); or (3) the data in one system can be constructed from “building blocks” of data from another system.

1.19 The monetary statistics provide source data for elements of other macroeconomic systems. The most obvious case is the use of monetary statistics as source data for the financial statistics. The monetary statistics can also provide some data inputs for other systems—for example, for the financial account of the balance of payments, the international investment position (IIP), the external debt statistics, and the data template for international reserves and foreign currency liquidity.

1.20 The source data for the monetary statistics are obtained from the accounting and other information systems of financial corporations. The other macroeconomic systems also obtain source data from the financial corporations’ records, as well as from many other sources. This Guide recommends that the data reporting be as unified as possible to avoid duplication of reporting requirements for the various types of macroeconomic data provided by the financial corporations and institutional units in other sectors of the economy. The methodology of the other macroeconomic systems, like that in the MFSM, specifies that several major categories of financial assets and liabilities should be measured at market or fair value (an approximation of market value). Introduction of the market-value rule ushers in a new era of application of estimation methods for source data for the macroeconomic statistics.

1.21 Similarly, each major macroeconomic statistics framework contains both stock data and flow data (that is, data on transactions, valuation changes, and other flows) that often must be estimated. A strong case for data sharing across macroeconomic statistical systems is not new, but the rationale for data sharing and cooperative efforts among the compilers of the macroeconomic statistics is bolstered substantially by recognition of the joint need for estimated data on market values and flow data for the same or similar categories of financial assets and liabilities.

Overview of Chapter Contents

Chapter 2. Source Data for Monetary and Financial Statistics

1.22 This chapter describes the linkages between the accounting data—the stock and flow data in an institutional unit’s information system—and the source data reported to compilers of the monetary and financial statistics. The source data for the monetary statistics are based on the accounting records of the financial corporations. The data in the accounting ledgers of these units are structured in accordance with national laws or regulations that constitute the national financial reporting standards of a country. This chapter focuses on the IFRSs in describing the relationships between national financial reporting standards and the statistical methodology of the monetary and financial statistics. Special attention is given to the double-entry accounting for stock and flow data. This chapter also contains recommendations for the periodicity (frequency) of the compilation and reporting of monetary and financial statistics.

1.23 Chapter 2 also deals with policy concerns and practical issues associated with the costly nature of source data reporting for the monetary statistics, particularly for small financial corporations. Identification of source data reporting requirements is covered from a cost/benefit perspective, and the use of data estimation is described. Validation and plausibility testing of reported data are also described.

Chapter 3. Institutional Units and Sectors

1.24 This chapter builds on the methodology in Chapter III of the MFSM, which in turn is based on 1993 SNA principles for delineating an economy (economic territory), identifying and sectorizing the institutional units within an economy, and distinguishing between these institutional units.
and nonresidents. Chapter 3 of this Guide extends the description of institutional units and provides examples of “gray areas,” or borderline cases, that arise in separating resident units from nonresidents. Particular attention is devoted to the sectorization of institutional units within the financial corporations sector, which gives rise to special issues concerning the treatment of currency unions and regional central banks, bank supervisory agencies, asset management companies, pension funds, and special purpose entities (SPEs).

Chapter 4. Classification of Financial Assets

1.25 This chapter provides more detailed descriptions of the characteristics of subcategories of financial assets and liabilities within the major categories covered in the MFSM, Chapter IV. In elaborating on the underlying characteristics of various types of financial assets and liabilities, the chapter provides guidance for distinguishing between (1) deposits and loans, (2) loans and securities other than shares, and (3) loans and trade credit. Chapter 4 contains relatively detailed descriptions of the financial assets and liabilities within three major categories—insurance technical reserves, financial derivatives, and other accounts receivable/payable—as well as those within the categories of deposits, loans, securities other than shares, and shares and other equity.

Chapter 5. Stocks, Flows, and Accounting Rules

1.26 This chapter describes the compilation of stock and flow data for institutional units within the financial corporations sector. The first major section provides an overview of the stock-and-flow data framework in which double-entry accounting rules give rise to both vertical and horizontal adding-up requirements for the data. The stock of each category of financial asset or liability at the end of a reporting period is specified as the opening stock plus flows in the form of transactions, valuation changes, and other changes in the volume of assets during the period.

1.27 The second major section covers stocks and flows by asset classification: the initial valuation and subsequent revaluation of the various categories of financial assets and liabilities described in Chapter 4, and the recording of transactions, revaluations, and other flows for each category or subcategory of financial assets and liabilities. The third major section covers other accounting issues. Special attention is devoted to topics pertaining to nonperforming financial assets (especially, nonperforming loans), including the use of provisions (allowances) for losses on impaired financial assets, estimation of expected losses on impaired financial assets (and realizable values of impaired assets), and accounting for interest arrears (interest overdue for payment).

Chapter 6. Money, Credit, and Debt

1.28 The chapter covers a variety of issues pertaining to collection and reporting of data for broad money and other monetary aggregates, the monetary base within the CBS, and credit and debt aggregates. Topics include several issues associated with the circulation of national currency, the use of foreign currency that functions as a medium of exchange and/or a national unit of account in some countries, and deposit components of broad money (which may include electronic money). Special attention is devoted to the reporting of monetary data for financial corporations that are closed while awaiting liquidation or reorganization. The last major section in the chapter describes the methodology for seasonal adjustment of economic time series, emphasizing the estimation of seasonally adjusted monetary aggregates.

Chapter 7. The Framework for Monetary Statistics

1.29 Major topics covered in this chapter are (1) reporting of financial corporations’ data, (2) compilation of sectoral balance sheets and surveys for the financial corporations sector, (3) country reporting of monetary data to the IMF, and (4) dissemination of a country’s monetary data—directly by the national authorities and through IMF publication of country data in IFS.

1.30 An extensive set of numerical examples of sectoral balance sheets and surveys of the financial corporations sector are contained in Annexes 7.1–7.4 of Chapter 7. These examples are revised and extended versions of the illustrative sectoral balance sheets and surveys in the MFSM (Appendix 3, Tables 1–3; and Chapter VII, Tables 7.2–7.6). Major extensions include descriptions and numerical examples of other changes in the volume of assets (OCVA) and illustrations of consolidation adjustments for compilation of the surveys of the financial corporations sector.
1.31 Annex 7.5 of Chapter 7 introduces an illustrative set of supplementary data that are disaggregated categories of sectoral balance-sheet accounts of the central bank, other depository corporations, and other financial corporations. The financial assets and liabilities presented in Annex 7.5 are disaggregated by maturity (short- or long-term), currency of denomination (national or foreign currency), and type of interest rate (fixed or variable rate). The supplementary data include subcategories for financial derivatives by type of contract—balance-sheet data for financial derivatives and amounts of notional principal specified in the contracts, as recorded outside the balance sheet.

Chapter 8. Financial Statistics

1.32 This chapter describes a systematic approach to the development of a country’s financial statistics. Progressively more sophisticated frameworks are specified in terms of three levels of financial statistics: (1) basic flow-of-funds accounts, (2) an SNA integrated financial account and corresponding balance sheet, and (3) detailed financial statistics. Chapter 8 covers the presentation of financial statistics in both matrix and time-series format, collection of the source data, and compilation procedures that include the editing of the data, estimation of missing data, calculation of data for residual cells in the matrices, and accounting for data discrepancies. Though emphasizing the transaction data in a flow-of-funds context, the chapter also covers the compilation of other categories of flow data—revaluations and other changes in the volume of assets—and stock data for the balance sheet of an entire economy.


1.33 The symbol ¶ denotes a paragraph in the MFSM. Additions to the text are indicated in bold; deletions are not indicated.

Chapter II

¶40. Should read: “The valuation of loans and deposits is an exception to the valuation principle based on market price or fair value. In particular, loan and deposit values should be based on creditors’ outstanding claims without adjustment for expected loan or deposit losses.”
Chapter V

¶184. Second sentence. Should read: “This chapter describes the methods for deriving fair values — approximations of market values — for assets and liabilities that are traded on an infrequent basis.”

¶184. Last sentence. “Other exceptions to the market valuation principle are necessary for the valuation of loans, deposits, and shares and other equity in the compilation of the monetary statistics.”

¶194. Fourth bullet. Last sentence on page 39 (continuing on page 40). Should read: “These events include unforeseen obsolescence of fixed assets, abandonment of production facilities before being brought into economic use, and other events that are not transactions, that should not be attributed to holding gains or losses, and that do not fall into the other categories of events requiring entries in the OCVA account.”

¶220. First bullet. “Market prices of financial assets and liabilities that are market traded but otherwise similar to the nontraded or infrequently traded financial assets that are being fair valued; or”

¶220. Second bullet. “Discounted present values of future cash flows from nontraded or infrequently traded financial assets and liabilities.”

¶223. In the formula for fair value, which is based on the present value of future cash flows, the summation operator (Σ) should apply to both the numerator and denominator. The correct formula is:

\[
\text{Fair value} = \frac{\sum_{t=1}^{n} \text{(cash flow)}_t}{(1 + i)^t}.
\]

¶231. First sentence. “One method for calculating the amount of accrued interest is relatively easy to apply, in particular, when the security is not traded and its fair value is assumed to be constant over its life.”

¶231. Fifth sentence. “For securities sold on a discount basis, \( F - L \) represents the total accrued interest to be distributed equally (in terms of effective yield rather than absolute amount) over the periods prior to maturity.”

¶231. Last sentence. Should read: “This method for calculating the amount of accrued interest is called the debtor approach, but it can be applied relatively easily by both the debtor and creditor in recording the accrued interest for securities that the creditor holds from the time of issuance to maturity—that is, for securities that are not traded.”

¶232. Following the last sentence. “Suppose that the market prices of the securities in succeeding months were \( P_1, P_2, P_3, \ldots \). In these periods, \( F - P_1, F - P_2, F - P_3, \ldots \) is viewed as the discount that is to be apportioned (on an effective yield basis) as accrued interest.”

¶242. Last sentence. Should read: “In particular, an institutional unit consisting of a headquarters office and resident branch offices should report stock and flow data consolidated across all resident offices of the institutional unit.”

¶271. “Repayable margin payments of cash are transactions in deposits, not transactions in financial derivatives. A depositor has a claim on an exchange, brokerage, or other institution holding the deposit. Some countries may prefer to classify repayable margin deposits within other accounts receivable/payable [additional text deleted]. When a repayable margin deposit is made in a noncash asset (such as securities), no transaction is recorded, because no change in ownership has occurred.”

Chapter VI

¶308. “This manual recommends exclusion of all deposit liabilities of nonoperating depository corporations from the monetary aggregates, if the expectation is that depositors will not have access to the funds within the foreseeable future. These should be classified as restricted deposits (excluded from broad money), if (1) depositors are expected to receive less than the full value of the deposits or (2) the full recovery of deposit funds is expected to occur after a protracted period. These deposits should continue to be classified as restricted deposits as long as the nonoperating units continue to exist as legal entities. Reorganization, sale, or merger of the affected depository corporations may result in all or part of the deposits eventually becoming available to depositors.”
time delays, often resulting in their exclusion from the monetary aggregates.”

Box 6.2, page 65. Third line in bold font. Should read: “Central bank deposits included in broad money.”

¶334. First two sentences. “Measures of debt have the same three dimensions as monetary aggregates. Defining debt measures involves specifying (1) the liabilities included, (2) the issuing sectors (borrowers), and (3) the holding sectors (lenders).” [The revised sentences should be moved to ¶348, first sentence.]


Chapter VII

¶373. First sentence. Should read: “The DCS can be rearranged to show that broad-money liabilities (BML) equal the sum of net foreign assets, domestic claims (DC), and other items (net) (OIN).”

¶376. Text following the equation should read: “where NCG and CORS denote net claims on central government and claims on other sectors of the economy.”

¶399. “Central bank float represents the amount that the central bank has provided to depository corporations that have sent checks or other items for collection, even though the central bank has not yet collected from the depository corporation on which the checks or other items were written.”

Table 7.1, pages 82–85. Subheading should read: “Liabilities (By type of obligation and creditor).”

Table 7.1, page 82. Subsection for “Deposits excluded from broad money—Transferable deposits, In national currency.” Footnote 4 applies also to other financial corporations: that is, should read: “Other financial corporations 4/.”

Chapter VIII

¶417. First bullet, last sentence. Should read: “The balancing item is net lending or net borrowing, depending on whether saving plus capital transfers is greater or less than the net acquisition of nonfinancial assets (equation 6).”