

Summary Quality Report for Balance of Payments (BoP) Data Releases

1 Introduction

The Office for National Statistics (ONS) is committed to providing users with ways to assess the fitness for purpose of official statistics. This report, relating to UK Balance of Payments (BoP) estimates, aims to provide information on the usability of these estimates. The report is published as part of a full programme of work being carried out on [Statistical Quality](#)¹, information on which is available on the National Statistics (NS) website.

The UK BoP measures economic transactions between economic entities resident in the UK and the rest of the world. It also draws a series of balances between inward and outward transactions, provides a net flow of transactions between UK residents and the rest of the world and reports how that flow is funded.

Details of the methods followed and terminology used in UK BoP can be found in the UK BoP [Pink Book](#)².

Eurostat has established an annual quality reporting process for BoP for all European Union (EU) Member States. This is one of the provisions in the recent [EU Regulation of BoP Statistics](#)³. The reports will be based around quantitative measures of quality developed by Eurostat. A pilot quality reporting exercise was undertaken in 2006 and reporting commenced fully in 2007.

2 Summary of Quality

2.1 Relevance

The degree to which the statistical product meets user needs for both coverage and content.

The conceptual framework of the UK BoP corresponds to that of the International Monetary Fund's (IMF) [BoP Manual, fifth edition \(BPM 5\)](#)⁴. This provides objective and coherent international standards to make data for the UK and other countries comparable, reflecting the needs of international and domestic users. The UK economic territory excludes the Channel Islands and the Isle of Man which have their own fiscal and monetary authorities. [BPM 5](#)⁴ was compiled in close co-operation with Eurostat, the Organisation for Economic Co-operation and Development (OECD), the United Nations, and the World Bank.

The UK BoP forms part of the broader system of UK National Accounts. The National Accounts are a closed system in which both sides of every transaction involving a resident economic entity are recorded. A set of accounts, the 'Rest of the World accounts', capture transactions that involve economic relationships with non-resident entities. The rest of the world accounts are presented from the perspective of non-residents, the reverse of the BoP where accounts are represented from the perspective of residents.

The international standard for National Accounts is the [System of National Accounts, 1993 \(SNA 93\)](#)⁵ jointly published by the same organisations. The European Union published its own version of [SNA 93](#)⁵, [European System of National Accounts \(ESA 95\)](#)⁶ upon which the UK's National Accounts are based. [BPM 5](#)⁴, [SNA 93](#)⁵ and [ESA 95](#)⁶ are compatible.

Main UK users of UK BoP estimates are the Bank of England, the Treasury and the Department for Business, Enterprise and Regulatory Reform (BERR). Estimates are used to inform decisions on monetary and fiscal policy. BERR use BoP estimates to identify international trade partners. International users include the Statistical Office for the European Union (Eurostat) and the IMF. Eurostat use UK figures to compile aggregate EU accounts and the IMF collate data as a means of ensuring financial stability and sustainability.

At present there is no comprehensive breakdown of data available geographically on a quarterly basis. A quarterly geographical breakdown of current account totals is available; broken down into trade in goods, trade in services, current transfers and income. More detail is published annually in the [Pink Book](#)².

2.2 Accuracy

The closeness between an estimated result and the (unknown) true value.

There is no simple way of measuring the accuracy of BoP statistics – that is the extent to which they measure the underlying ‘true’ value for a particular period.

One dimension of measuring accuracy is reliability. The reliability of an estimate depends on the extent to which it is revised. Reliability can be assessed using evidence from analyses of revisions to compare the closeness of early estimates to subsequent estimated values. ONS has a comprehensive [Revisions Policy](#)⁷ for its outputs. Revisions spreadsheets are published on the National Statistics website and show changes made to estimates over time ([BoP Revisions Triangles](#)⁸). An analysis of BoP revisions is also available on the NS website ([BoP Revisions Article](#)⁹).

In general, revisions are carried out as a result of annual surveys. These surveys are more comprehensive in terms of sample size than quarterly surveys, and the questions are more detailed. Target response rates are set for each ONS survey.

2.3 Timeliness and Punctuality

Timeliness refers to the lapse of time between publication and the period to which the data refer. Punctuality refers to the time lag between the actual and planned dates of publication.

BoP estimates are published quarterly, on the same day as the National Accounts First Release. The release consistently meets publication deadlines; dates for the next twelve months are recorded in the [National Statistics Release Calendar](#)¹⁰.

Quarterly figures are published three months after the end of the reference period. At this time they are also disseminated to Eurostat. The timeliness of data collected varies between surveys. Generally data become available eight weeks after the end of a quarter, allowing a four week turn around time. Monthly trade statistics are available in the [UK Trade Data First Release](#)¹¹. This provides monthly estimates for trade in goods and trade in services about 40 days of the end of the reference period.

2.4 Accessibility and Clarity

Accessibility is the ease with which users are able to access the data, also reflecting the format(s) in which the data are available and the availability of supporting information. Clarity refers to the quality and sufficiency of the metadata, illustrations and accompanying advice.

[BoP First Releases](#)¹² are published online on the National Statistics website and can be downloaded for free. ONS policy allows a list of agreed officials to have access to the data 24 hours before publication.

The UK BoP [Pink Book](#)² is available to download for free from the NS website. The [Pink Book](#)² includes descriptions of the data sources and methodology, as well as commentary on the trends shown in the figures, for all the standard BoP components. Hard copies are published by Palgrave Macmillan. [Time Series Data](#)¹³ are also available to download free from the NS website.

General enquiries about BoP series, compilation methods, quality information or difficulties in finding latest figures can be emailed to the BoP enquiry point bop@ons.gov.uk.

2.5 Comparability

The degree to which data can be compared over time and domain.

Every effort is made to ensure that the series are comparable over time, and a time series is available back to 1946 for annual estimates (1955 for quarterly estimates). Where possible, changes to methodology are applied to the whole series to ensure this comparability is maintained. However, the revisions policy may mean that this is not always possible.

International standards [BPM 5](#)⁴, [SNA 93](#)⁵ and [ESA 95](#)⁶, are used in the production of the BoP so figures published by the UK should be comparable with the accounts of other countries. UK attendance at working groups and committee meetings at the European Central Bank (ECB) and Eurostat help ensure that changes to UK accounts are made in line with the European Union member states. The ECB's guide to the compilation of BoP within the EU is the [European Union BoP/International Investment Position \(IIP\) Statistical Methods Book \(BoP Book\)](#)¹⁴. The [BoP Book](#)¹⁴ provides interested parties, users or compilers, with information relating to all EU countries on the contents and structure of BoP and IIP data and the collection methods used. The book also gives an overview of the compilation of the euro area aggregate figures by explaining the compilation procedures and underlying methodological concepts agreed by the EU Member States. The book was first published in 1998 and has been updated on an annual basis since then.

2.6 Coherence

The degree to which data that are derived from different sources or methods, but which refer to the same phenomenon, are similar.

Concepts and definitions are consistent between BoP and the rest of world accounts. The UK is unusual in that BoP and the rest of world accounts are both compiled by ONS using common data sources. In some countries, including most other EU Member States, responsibility for the compilation of BoP Statistics lies with Central Banks and responsibility for the National and Sector Accounts lies with Government Statistical Offices. For the UK, this ensures a high degree of comparability between the BoP and rest of world accounts, though the compilation systems are not always identical as they serve different purposes. For more information on the differences between BoP and the rest of world accounts see the *BoP and the relationship to the National Accounts* section of supplementary information in the [Pink Book](#)².

An article on [Balance of Payments Asymmetries](#)¹⁵ was published in Economic Trends in March 2005. Asymmetries occur when one country's data does not correspond to the same data for the same transaction reported by its partner country, eg a country reports exports of services to the UK that do not equal the value of services that the UK records as having imported from that country. The article covers periods up to the reference year 2002 and uses data supplied by Eurostat. Asymmetries continue to be a high priority issue in BoP. The ECB are tracking asymmetries between the UK and EMU countries. A bilateral approach is being adopted to assess in more detail the causes, and possible treatment, of asymmetries.

3 Summary of Methods Used to Compile the Output

BoP is one of the UK's key economic statistical series. It measures the economic transactions between economic entities resident in the UK and the rest of the world. The balance of payments consists of the following elements:

- the current account records trade in goods and services, income earned and current transfers;
- the financial account comprises transactions associated with changes of ownership of the UK's foreign financial assets and liabilities;
- the capital account comprises both capital transfers and the acquisition and disposal of non-produced, non-financial assets;

- the IIP is a balance sheet recording the UK's stock (or level) of foreign financial assets and liabilities at a particular date; and
- a geographical breakdown of the current account is available quarterly and a breakdown of the IIP is provided on an annual basis.

ONS produces a comprehensive set of [National Accounts](#)¹⁶ in which BoP is integrated. The main components are:

- Quarterly and annual GDP estimates
- Quarterly and annual sector and financial accounts
- Financial and non-financial balance sheets.

Data sources used in the compilation of UK BoP are detailed in the methodological notes of the [Pink Book](#)². During the recent [BoP and Trade Statistics Quality Review](#)¹⁷ ONS made available the IMF Data Quality Assessment Framework, completed for UK BoP statistics.

The Pink Book

Annual estimates are published in the [Pink Book](#)², usually in June or September. This is the point at which more comprehensive annual survey returns are incorporated into the accounts, with quarterly series revised to reflect these changes. Normally, when figures are being prepared for the [Pink Book](#)² estimates for the past four complete years are reassessed in the annual cycle. An ONS Revisions Task Force decides whether revisions should be introduced. Any methodological changes are subject to a National Accounts standard process of quality assurance.

BoP methodology is published on the IMF website under [Special Data Dissemination Standards](#)¹⁸.

Seasonal Adjustment

The headline UK BoP current account and capital account figures published are seasonally adjusted, although non-seasonally adjusted estimates are available. Financial account and IIP figures are not seasonally adjusted. Seasonal adjustment is the process of removing the variations associated with the time of year, or the arrangement of the calendar, from a time series.

4 References

| | Title of Reference | Website Location |
|----|--|---|
| 1 | ONS Statistical Quality | http://www.statistics.gov.uk/about/data/methodology/quality/projects/statistical_quality.asp |
| 2 | Balance of Payments Pink Book | http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1140&Pos=1&ColRank=1&Rank=272 |
| 3 | EU Balance of Payments Regulation | http://ec.europa.eu/economy_finance/thematic_articles/article14759_en.htm |
| 4 | Balance of Payments manual 5 th edition (BPM 5) | http://www.imf.org/external/np/sta/bop/bopman5.htm |
| 5 | System of National Accounts 1993 (SNA 93) | http://unstats.un.org/unsd/sna1993/introduction.asp |
| 6 | European System of National Accounts 1995 (ESA 95) | http://forum.europa.eu.int/irc/dsis/nfaccount/info/data/esa95/en/esa95en.htm |
| 7 | ONS Revisions policy | http://www.statistics.gov.uk/about/data/methodology/revisions/default.asp |
| 8 | Balance of Payments Revisions Triangles | http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1118&More=N |
| 9 | Balance of Payments Revisions Article | http://www.statistics.gov.uk/ccj/article.asp?ID=1800&Pos=4&ColRank=1&Rank=1 |
| 10 | National Statistics Release Calendar | http://www.statistics.gov.uk/ReleaseCalendar/findreleases.asp?release=title=Balance+of+Payments&releaseorganisation=&releasehome=&daterange=1&ShowHits=10&SortOrder=1&ShowYear=2007 |
| 11 | UK Trade Data First Release | http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1119 |
| 12 | UK Balance of Payments First Release | http://www.statistics.gov.uk/pdfdir/bop1208.pdf |
| 13 | Time Series Data | http://www.statistics.gov.uk/statbase/tsdtables1.asp?vlnk=pnbp |
| 14 | European Central Bank BoP Book | http://www.ecb.int/press/pr/date/2005/html/pr051125.en.html |
| 15 | Asymmetries Article | http://www.statistics.gov.uk/ccj/article.asp?ID=1056&Pos=1&ColRank=1&Rank=1 |
| 16 | National Accounts First Release | http://www.statistics.gov.uk/pdfdir/qna1208.pdf |
| 17 | BoP and Trade Statistics Quality Review | http://www.statistics.gov.uk/methods_quality/quality_review/downloads/Annex4.doc |
| 18 | Special Data Dissemination Standards | http://dsbb.imf.org/Applications/web/sddsctycatbaselist/?strcode=GBR&strcat=BOP00 |

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