

Balance of payments QMI

Quality and methodology information for balance of payments (BoP) statistics, detailing the strengths and limitations of the data, methods used, and data uses and users.

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1 . Output information

- Statistical designation: accredited official statistics
- Data collection: Administrative data and sample surveys
- Frequency: Quarterly
- How compiled: Sample-based source and administrative sources; further information on surveys and administrative sources can be found in [Section 5: Quality characteristics of the balance of payments data](#)
- Geographic coverage: UK
- Related publications: [UK Balance of Payments, The Pink Book bulletin](#), [Balance of payments, UK bulletin](#)
- Last revised: 31 October 2024

2 . About this QMI report

This quality and methodology information report contains information on the quality characteristics of the data (including the European Statistical System's five dimensions of quality), as well as the methods used to create it.

The information in this report will help you to:

- understand the strengths and limitations of the data
- learn about existing uses and users of the data
- understand the methods used to create the data
- help you to decide suitable uses for the data
- reduce the risk of misusing data

3 . Important points

- This report provides information on the usability of our balance of payment (BoP) estimates, which measure economic transactions between economic entities resident in the UK and the rest of the world, draw a series of balances between inward and outward transactions, provide a net flow of transactions between UK residents and the rest of the world, and report how that flow is funded.
- Our UK BoP statistics are compiled at the same time as the national accounts.
- The BoP is an alternative presentation of the rest of the world sector, which is a component of the sector and financial accounts (SFA) and uses many common data sources.
- We publish our [Balance of payments, UK bulletins](#) and our [Balance of payments time series datasets](#) quarterly, 90 days after the end of the period that the data relate to.
- We use a number of different sources in the production of SFA and BoP statistics, some of which are collected in our surveys and some of which are provided by external partners such as the Bank of England (BoE) and HM Revenue and Customs (HMRC).
- Our [Summary of the balance of payments article](#) gives an overview of the concepts and coverage of the UK BoP, using the International Monetary Fund's (IMF's) Sixth Edition of their Balance of Payments and International Investment Position Manual (BPM6).

4 . Quality summary

Overview

The balance of payments (BoP) is a statistical statement that provides a systematic summary of economic transactions of an economy with the rest of the world, for a specific time period. The transactions are usually between residents and non-residents of the economy.

Uses and users

The main purpose of these data is to provide relevant, reliable, consistent, comparable, and timely aggregate quarterly BoP statistics for analytical purposes. BoP estimates are used by the Bank of England and HM Treasury to inform decisions on monetary and fiscal policy. The Department for Business and Trade also uses BoP estimates to identify international trade partners. International users include the International Monetary Fund (IMF), who collate the data to ensure financial stability and sustainability.

Strengths and limitations

The UK BoP conceptual framework corresponds to the IMF's Sixth Edition of their Balance of Payments and International Investment Position Manual (BPM6). 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.

Recent improvements

We have made a range of methodological and data source improvements recently. These are presented in our [Detailed assessment of changes to balance of payments annual estimates: 1997 to 2021 article](#).

5 . Quality characteristics of the balance of payments data

This section provides a range of information that describes the quality of the data and details any points that should be noted when using the output.

We have developed the [ONS Statistical Quality Improvement Strategy](#), which is based on the five European Statistical System (ESS) quality dimensions. This report addresses the quality dimensions and important quality characteristics, which are:

- relevance – the degree to which a statistical product meets user needs in terms of content and coverage
- accuracy and reliability – how close the estimated value in the output is to the true result
- timeliness and punctuality – describe the time between the date of publication and the date to which the data refer, and the time between the actual publication and the planned publication of a statistic
- accessibility and clarity – the ease with which users can access data, and the quality and sufficiency of metadata, illustrations and accompanying advice
- coherence and comparability – the degree to which data derived from different sources or methods, but that refer to the same topic, are similar, and the degree to which data can be compared over time and domain, for example, geographic level

Additional characteristics that should be considered when thinking about quality include output quality trade-offs, user needs and perceptions, performance cost and respondent burden, confidentiality, and transparency.

More information is provided about these quality dimensions in the following sections.

Relevance

BoP estimates are used by the BoE and HM Treasury (HMT) to inform decisions on monetary and fiscal policy. The Department for Business and Trade also uses BoP estimates to identify international trade partners. International users include the IMF who collate data to ensure financial stability and sustainability.

BoP estimates are also used for feeding data into users' own regular analyses of the macro economy, and into more ad-hoc and in-depth analyses. For example, this includes:

- the importance of trade with particular countries or groups of countries
- the importance of trade in different commodities or services
- identifying comparative advantage
- measuring changes in import and export prices
- measuring economic contribution from trade and income
- looking at inward and outward investment

These analyses and briefings aim to inform ministers or decision-makers of the current or historical situation, and to provide evidence for the policy debate.

BoP data are also of interest to a wider range of user groups, including the media, researchers, and other regional, national and international policymakers. Some users focus primarily on the developments in the current account and their financing, including the sustainability of the current account imbalances in the longer term and the need for policy adjustments. Others focus on an analytic presentation, classifying the standard components of BoP and their relationship to other components (for example, trade and direct investment, foreign direct investment, and productivity). The BoP allows for the financial account to be broken down by sector and their relationship to domestic sources of finance.

Accuracy and reliability

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

One dimension of measuring accuracy is reliability. An estimate's reliability depends on the extent to which it is revised. We have a comprehensive [Revisions and corrections of errors policy](#) for all of our outputs.

All estimates, by definition, are subject to statistical "error". This is because of the uncertainty inherent in any process or calculation that uses sampling, estimation, or modelling. Figures for the most recent periods are provisional and subject to revision. This may be because of late and corrected responses to surveys or revisions to seasonal adjustment factors, which are re-estimated annually in the annual benchmarking of surveys.

Most revisions to BoP statistics reflect either the adoption of new statistical techniques or the incorporation of new information. This allows the statistical error of previous estimates to be reduced. In general, BoP revisions are carried out because of annual surveys. Annual surveys are more comprehensive in terms of sample size than quarterly surveys, and the questions are more detailed. We set target response rates for each survey.

In theory, every entry in the current and capital accounts should be matched by a corresponding entry in the financial account. In practice, there is a discrepancy called "net errors and omissions", which is presented in our summary of the BoP.

The reliability of BoP estimates can be assessed using evidence from analyses of revisions that compare the closeness of early estimates (quarterly data) with subsequent estimated values. Our latest revisions analysis is published in our [Balance of payments – revision triangles datasets](#) annually, alongside our Pink Book bulletin release.

Where one-off events occur, we highlight their potential impact on the data where possible. Our [ONS policy on special events methodology](#) is available.

Coherence and comparability

Data sources used in the compilation of the UK balance of payments (BoP) are detailed in our [Summary of the balance of payments article](#). BoP statistics are compiled from a variety of sources that are produced within the national accounts and sector financial accounts (SFA) framework. Some of the main sources used in the compilation include:

- Overseas Trade Statistics (HM Revenue and Customs (HMRC))
- International Trade in Services Survey (Office for National Statistics (ONS))
- International Passenger Survey (ONS)
- Foreign Direct Investment Survey (ONS and Bank of England (BoE))
- various financial inquiries (ONS and BoE)
- Ownership of UK Quoted Shares Survey (ONS)

The UK BoP conceptual framework corresponds to the International Monetary Fund's (IMF's) [Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual \(BPM6\)](#). 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. BPM6 was compiled in close cooperation with compiling countries, the IMF, the Organisation for Economic Co-operation and Development (OECD), the United Nations, and the World Bank. The UK economic territory excludes the Channel Islands and the Isle of Man, which have their own fiscal and monetary authorities.

The UK BoP forms part of the broader system of UK national accounts. The national accounts are a closed system that records both sides of every transaction involving a resident economic entity. A set of accounts, the "rest of the world account", captures transactions that involve economic relationships with non-resident entities. The rest of the world accounts are presented from the perspective of non-residents; the BoP accounts are presented from the perspective of residents.

The [System of National Accounts 2008 \(SNA 2008\)](#) is the international standard for national accounts. The UK's national accounts are based on the [European System of Accounts \(ESA 2010\)](#), Eurostat's own version of SNA 2008. The BPM6, SNA 2008 and ESA 2010 are conceptually comparable.

We use the international standards from the BPM6, SNA 2008 and ESA 2010 in the production of the BoP. This means that figures published by the UK should be comparable with the accounts of other countries.

Concepts and definitions are consistent between BoP and the rest of the world accounts. The UK is unusual in that BoP and the rest of the world accounts are both compiled by the Office for National Statistics (ONS), using common data sources. In most countries, 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 the world accounts, though the compilation systems are not always identical, because they serve different purposes.

Asymmetries occur when one country's estimates do not correspond to the same estimates for the same transaction reported by its partner country. For example, 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. Asymmetries continue to be a high priority issue in BoP. The UK engages with networks that have been created for trade and foreign direct investment to allow for the assessment of the causes and possible treatment of asymmetries.

Every effort is made to ensure that the series are comparable over time and a time series of high-level aggregates is available back to 1946 for annual estimates and back to 1955 for quarterly estimates. Where possible, changes to methodology are applied to the whole series to ensure this comparability is maintained. However, this may not always be possible, as described in our [National Accounts Revisions Policy: updated May 2024](#).

Accessibility and clarity

We publish our [BoP bulletins](#) on our website.

Our recommended format for accessible content is a combination of HTML webpages for narrative, with charts and graphs (some interactive). Our data is provided in usable formats such as CSV and XLSX. Our website also offers users the option to download the narrative in PDF format. In some instances, other software may be used, or may be available on request.

For information regarding conditions of access to data, please refer to:

- our [Terms and conditions](#) for data on the website
- the UK government's [UK National Action Plan for Open Government 2021-2023 policy](#)
- our policy on [Pre-release access](#), which has ended unless under exceptional circumstances
- our [Accessibility statement for the Office for National Statistics](#)
- our guidance on [Accessing Secure Research Service \(SRS\) data](#)

For general enquiries about the BoP series, compilation methods, quality information, or difficulties in finding latest figures, email bop@ons.gov.uk.

Timeliness and punctuality

Monthly trade statistics are available in our [UK trade bulletins](#). They provide monthly estimates for trade in goods and trade in services about 40 days after the end of the reference period.

BoP estimates are published quarterly on the same day as our [Gross domestic product \(GDP\) quarterly national accounts, UK bulletins](#). For more details on related releases, our [Release calendar](#) provides 12 months' advance notice of release dates. In the unlikely event of a change to the pre-announced release schedule, as set out in the [Code of Practice for Official Statistics](#), public attention will be drawn to the change and the reasons for the change will be explained fully at the same time.

We publish quarterly figures three months after the end of the reference period. Currently, they are also disseminated to international organisations. The timeliness of data collected varies between surveys. Generally, data become available eight weeks after the end of a quarter, which allows a four-week turnaround time.

Annual estimates are published in our [UK Balance of Payments: the Pink Book bulletins](#), usually in July or October. This is the point at which more comprehensive annual survey returns and methodological updates are incorporated into the accounts, with quarterly series revised to reflect these changes. Any methodological changes are subject to an approvals process and a quality assurance committee.

Concepts and definitions

We follow the international standards relating to BoP and international investment position (IIP) statistics. There are several reasons for this.

Domestic and foreign analysts will be assured that the UK's official BoP and IIP statistics comply with objective, coherent international standards that reflect current, global analytic needs.

The UK is a member of the international community, and international users need comparable data for analysis between countries.

The UK cooperates with organisations such as the IMF and the OECD, and needs to compile its various economic statistics to conform with standards set by those organisations.

The UK can compare and reconcile its estimates with those of other countries. Statistics need to be as comparable as possible to carry out this validation.

To allow for consistency and to provide guidelines for its members, the IMF issued the BPM6. It published the first edition in 1948 and the sixth edition in 2009. The conceptual framework of the UK BoP corresponds to the BPM6, which was implemented in the UK's BoP accounts and IIP statistics in September 2014.

Since the UK left the EU on 31 January 2020, the arrangements for how the UK trades with the EU have changed. HMRC implemented some data collection changes following Brexit, which affected statistics on UK trade in goods with the EU. We have adjusted our estimates of goods imports from the EU in 2021 and 2022 to account for these changes. However, a structural break remains in the full time series for goods imports from and exports to the EU from January 2021.

We advise caution when interpreting and drawing conclusions from these statistics. Our article [Impact of trade in goods data collection changes on UK trade statistics: summary of adjustments and the structural break from 2021](#) provides more detail.

In line with international standards, our headline trade statistics contain the UK's exports and imports of measures, including non-monetary gold and excluding non-monetary gold, respectively.

Because a substantial amount of the world's trade in non-monetary gold takes place on the London markets, this trade can have a large impact on the size of and change in the UK's headline trade figures. We present time series data for precious metals and total trade excluding this commodity, which may provide a better guide to the emerging trade picture. This includes precious metals and trade excluding precious metals by EU and non-EU countries.

Data on non-monetary gold and other precious metals are obtained from the BoE, who provide a balanced figure of exports less imports. We attribute the balanced data to either exports or imports. This depends on whether the data are positive, where exports are greater than imports, or negative, where exports are less than imports, respectively. Once received from the BoE, we smooth the precious metals data to ensure individual responses cannot be disclosed.

More information about our recording of non-monetary gold is available in our [A brief explanation of non-monetary gold in national accounts article](#).

From Quarter 1 (Jan to Mar) 2010, we have included financial derivatives business of UK securities dealers in both the UK's financial account (flows) and the IIP (stocks). The inclusion of this data improves the sector coverage of financial derivatives, which previously only included data on financial derivatives business of UK banks.

Our [UK Economic accounts – Improving the coverage of derivatives data in the National Accounts and Balance of Payments article \(PDF, 51.5KB\)](#) details the improvements to the coverage of derivatives.

Output quality trade-offs

BoP statistics are subject to a trade-off between timeliness and accuracy. This trade-off affects all statistics but is particularly relevant to short-term economic statistics. Macro-economic statistics are required as quickly as possible, to allow the monitoring of economic behaviour as close to the event as possible and also for timely policymaking.

Timeliness is clearly defined. However, there is no clear measurement of accuracy for BoP data. The statistics are based on a wide variety of different data sources, so "true values" are unknown. For BoP statistics, the closeness of a given early estimate to the final estimate seems to be the most acceptable indicator of accuracy. BoP estimates are released quarterly, with the timeliest estimates. However, to improve the accuracy of BoP statistics, revisions are made to the estimates when new and improved data sources become available.

Why you can trust our data

Assessment of user needs and perceptions

In addition to following international guidance, we take further steps to ensure our UK balance of payments bulletins and our Pink Book bulletins are relevant to their users. Regular quarterly user group meetings are held with:

- BoE
- HMT
- Department for Business and Trade
- Foreign, Commonwealth & Development Office
- Office for Budget Responsibility

These meetings allow us to address any issues with the data, provide briefings on future improvements, and answer questions that users may have. This ensures that the output is relevant and coherent to wider users and that any issues are brought to our attention.

6 . Methods used to create the balance of payments data

How we collect the data and main data sources

The balance of payments (BoP) is one of the UK's main economic statistical series. It measures the economic transactions between economic entities resident in the UK and the rest of the world. Elements of the BoP include:

- the current account, which records trade in goods and services, income earned, and current transfers
- the financial account, which comprises transactions associated with changes of ownership of the UK's foreign financial assets and liabilities
- the capital account, which comprises both capital transfers and the acquisition and disposal of non-produced, non-financial assets
- the international investment position (IIP), which is a balance sheet recording the UK's stock (or level) of foreign financial assets and liabilities at a particular date
- a geographical breakdown of the current account in our [UK Economic Accounts: balance of payments datasets](#)
- a geographical breakdown of the IIP in our [Geographical breakdown of the UK international investment position, The Pink Book dataset](#)

BoP information comes from the following Office for National Statistics (ONS) surveys:

- Foreign Direct Investment (FDI) survey
- Financial Services Survey (FSS)
- Survey of Insurance Companies
- Financial Survey of Pension Schemes (FSPS)
- Trusts and Funds Survey
- Financial Assets and Liabilities (FALS)
- Ownership of UK Quoted Shares Survey
- International Passenger Survey (IPS)
- International Trade in Services Survey (ITIS)

BoP information is also derived from external sources, such as HM Revenue and Customs (HMRC), international banking statistics from the Bank for International Settlements (BIS) and the Bank of England (BoE).

BoE information includes the following returns:

- SPL – UK banks' profit and loss
- DQ – financial derivative positions of banks at market value
- BT – balance sheet
- QX – supplementary balance sheet
- CC – country analysis of UK external claims
- CL – country analysis of UK external liabilities
- BG – geographical breakdown of interest payments
- HI – country analysis of levels of inward foreign direct investment
- HO – country analysis of levels of outward foreign direct investment
- Solvency II data

How we analyse and interpret the data

The BoP accounts are concerned with payments made, and also any economic transactions during a period that give rise to a payment in an earlier or later period. For example, goods may change ownership in one period, though payment is made in an earlier period (pre-payment) or in a later period (trade credit). They also include transactions for which there may never be a payment, such as goods shipped under foreign aid or goods shipped between related enterprises, for example.

There is also more than one "balance". The BoP is a system of accounts from which many balances can be derived, including the balance of goods and services, the current account balance, and the capital and financial account balance.

Conceptually, an economic transaction has two sides: something of economic value is provided and something of equal value is received. The BoP reflects this in a double entry recording system of credits and debits. When an economic value is provided, a credit entry is made, and when the corresponding economic value is received, a debit entry is made.

For example, when an exporter sells (provides) goods to a non-resident, the exporter may receive cash (a financial asset) or another type of financial asset (for example, a trade credit claim) in return. The export is represented by a credit entry in the current account and by a decrease in liabilities in the financial account. Similar entries are made when an importer buys a car (debit) and pays for it (decrease in assets).

Seasonal adjustment

The headline UK BoP current account and capital account figures that we publish 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.

How we disseminate the data

We produce a comprehensive set of national accounts, which includes BoP. The main components are:

- quarterly and annual gross domestic product (GDP) estimates
- quarterly and annual sector and financial accounts
- the national balance sheet

7 . Cite this methodology

Office for National Statistics (ONS), released 31 October 2024, ONS website, QMI, [Balance of payments QMI](#)