Balance of Payments and International Investment Position Statistics, World and Country Group Aggregates

Explanatory Notes

I N T E R N A T I O N A L   M O N E T A R Y   F U N D

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1. Introduction

The World and Country Group Aggregates (historically called BOPSY), is an annual publication, released each November, which contains balance of payments (BOP) and international investment position (IIP) statistics based on the *Balance of Payments and International Investment Position Manual* (BPM6) methodology.

Country-level information is based on actual data reported directly to the IMF or obtained from the country's National Summary Data Page, except for accounts between individual countries and the IMF, which are replaced as needed with data from the Fund Accounts. World and country group aggregates for each component, other than the Euro Area, combine the sum of reported country data within the group with estimates for nonreporting economies, which are derived from a range of additional sources. Euro Area (EA) data represents the EA's external transactions and positions vis-à-vis the rest of the world, as reported by the European Central Bank.

Estimation

Estimations for the world and country group aggregates primarily utilize data from the IMF's World Economic Outlook (WEO) database. For the IIP, estimates rely chiefly on WEO data, supplemented by the External Wealth of Nations (EWN)[1] database. Beyond these two databases, estimates for nonreporting economies draw on other available sources and techniques.

The following outlines the methodology used to gap-fill BOP data where country data are missing. For goods and services transactions, where data gaps exist in years prior to or after the latest year of reporting to STA, estimates are made by applying the growth rates derived from the WEO for the missing year(s) to the latest reported annual data (debits and credits). In cases where there are gaps for the entire period, WEO data are inserted directly.

To estimate primary income, secondary income, and the capital account, WEO data series are used primarily. The estimation procedure for primary and secondary income consists of the following: (i) if available, WEO gross flows, are used; (ii) if not, and the gap is in the leading year(s) of the series, then WEO net value is inserted for the leading year(s) where data are missing, either as credits if WEO shows a net credit balance or as debits if a net debit balance is shown in WEO; (iii) if the gap is after a reported observation then the WEO net value is used for each year; also the latest reported credits and debits are carried forward. However, to ensure that gross credits and debits are consistent with the net values shown, a positive adjustment is made to the carry forward credit when the net WEO value shows a higher net credit, or to the carry forward debit when the net WEO value shows a higher net debit. To estimate the capital account, the WEO gross flows are used, if available. If not, the net WEO capital value is inserted directly, to credits if WEO shows a net credit and to debits if WEO shows a net debit. In a few cases, countries reported to only "net" capital account data. In such cases, the net value is allocated to credits (if positive) or debits (if negative). Regarding financial account transactions, when there are gaps, the WEO data are

[1] See Data from EWN

used. For the estimation of financial derivatives, WEO gross flows are used, as available. If the WEO gross flows are not available, but WEO net flows are available, WEO net value is inserted to the liabilities side with an opposite sign.

For the IIP, the estimates for nonreporting economies are primarily based on the WEO, complemented by the EWN database, compiled by Gian Maria Milesi-Ferretti, that includes data for over 200 economies. Data from EWN are in the public domain and are used extensively by IMF staff for multilateral surveillance and for research. They are updated and validated on a continuing basis. External assets and liabilities in EWN are estimated from a variety of sources. Typically, official IIP data are used for countries that report such estimates. For countries and years for which IIP data are not reported, the data are estimated using alternative sources.

World and Regional Tables and Country Tables

The World and Country Group Aggregates are available on the IMF Data Portal at https://www.imf.org/en/data. The dashboard accompanying this release include the following tables:

Global Discrepancies;

Summary of International Transactions and Positions;

World and Regional Tables – USD; and

World and Regional Tables – Percent of GDP.

Additionally, users can customize how they view and download data from the database.

The table *Global Discrepancies* presents global discrepancies in BOP and IIP statistics by major components. Global discrepancies shown in the table refer to the discrepancies between the sum of the credit and debit entries for the current and capital accounts, and between the sum of net acquisition of financial assets and net incurrence of liabilities for the financial account of corresponding components reported by countries and estimated by IMF staff. For example, the global discrepancy shown for the goods balance represents the sum of the global trade surpluses for goods and trade deficits for goods. In principle, under BOP conventions, global aggregates for exports should equal global aggregates for imports, and global trade surpluses should mirror global trade deficits, with the global trade balance equal to zero. In general, the same principle applies to other BOP components shown in this table.

For a variety of reasons, however, countries may not correctly record some transactions, or they classify corresponding transactions differently. Under these circumstances, errors and omissions in the national data and asymmetries (discrepancies) in the global statistics arise. Also, some coverage gaps exist at the global level, such as financial flows for some small offshore centers that do not report BOP data to the IMF or those pertaining to international organizations. Figures presented reflect such net global asymmetries for the different balances. The net errors and omissions shown in the table represent the sum of the global discrepancy figures for the current, capital, and financial accounts.

Within the current account, a positive global balance indicates a net excess of recorded credits, which may reflect an under-recording of debits, an overstatement of credits, or both. A positive global balance in the financial account suggests an overstatement of financial account outflows (increases in financial assets and decreases in liabilities) or an understatement of recorded inflows (decreases in financial assets and increases in liabilities).

Similarly, the global balance for the IIP, known as the net IIP, reflects the difference between total global assets and total global liabilities. This balance should be a net positive figure corresponding to the value of holdings of gold bullion included in monetary gold because gold bullion is the only financial asset that has no corresponding liability.

Individual country tables can be found in the *Summary of International Transactions and Positions* table. “Country” as used in this publication does not always refer to a territorial entity that is a state as understood by international law and practice; the term also covers the Euro Area, the Eastern Caribbean Currency Union (ECCU), the Central African Economic and Monetary Community (CEMAC), the West African Economic and Monetary Union (WAEMU), and some non-sovereign territorial entities for which statistical data are provided internationally on a separate basis.

The standard presentation of the BOP and of the IIP shows data displayed in the standard components described in the *BPM6*. Data on Fund Accounts—for example, transactions in Special Drawing Rights (SDRs) or involving the IMF’s General Resources Account—are obtained from IMF sources.

The *World and Regional Tables – USD* table displays a comprehensive overview of major BOP components for all countries and regional groups. This format enables easy comparison and analysis of each component across different countries and over time.

The *World and Regional Tables – Percent of GDP* present exports and imports of goods and services and the current account balance, as a percentage of gross domestic product (GDP), information that is of general interest to data users. A percentage is calculated for the cases where information on both the numerator and the denominator (GDP) is available.

The *Country Group Charts* present aggregated figures for Advanced Economies and Emerging Market and Developing Economies for each component of BOP and IIP.

The *Country Charts* display figures for the top ten countries for each component of BOP and IIP.

2. Country Overview by Reporting Currency and Last Reporting Year[1]

Country	Reporting Currency[2]	last reported period BOP	last reported period IIP
Afghanistan, Islamic Republic of	USD	2020	2020
Albania	EUR	2024	2024
Algeria	XDC	2024	2024
Andorra, Principality of	EUR	2024	2024
Angola	USD	2024	2024
Anguilla	XDC	2023	2024
Antigua and Barbuda	XDC	2024	2024
Argentina	USD	2024	2024
Armenia, Republic of	USD	2024	2024
Aruba	XDC	2023	2023
Australia	XDC	2024	2024
Austria	EUR	2024	2024
Azerbaijan, Republic of	USD	2024	2008
Bahamas, The	XDC	2024	
Bahrain, Kingdom of	XDC	2024	2024
Bangladesh	XDC	2024	2024
Barbados	XDC	2017	2013
Belarus	USD	2024	2024
Belgium	EUR	2024	2024
Belize	XDC	2024	
Benin	XDC	2023	2023
Bermuda	USD	2023	2023
Bhutan	XDC	2024	2023
Bolivia	USD	2024	2024
Bosnia and Herzegovina	XDC	2024	2024
Botswana	XDC	2024	2024
Brazil	USD	2024	2024
Brunei Darussalam	XDC	2024	
Bulgaria	USD	2024	2024
Burkina Faso	XDC	2023	2023
Burundi	XDC	2024	2018
Cabo Verde	XDC	2024	2024
Cambodia	USD	2024	2024
Cameroon	XDC	2023	2023
Canada	XDC	2024	2024
Cayman Islands	XDC	2023	2022

Chile	USD	2024	2024
China, P.R.: Mainland	USD	2024	2024
China, P.R.: Hong Kong	XDC	2024	2024
China, P.R.: Macao	XDC	2024	
Colombia	USD	2024	2024
Comoros	XDC	2023	
Congo, Democratic Republic of	USD	2024	2020
Congo, Republic of	XDC	2021	2021
Costa Rica	USD	2024	2024
Côte d'Ivoire	XDC	2023	2023
Croatia	EUR	2024	2024
Curaçao and Sint Maarten	XDC	2024	2021
Curaçao	XDC	2023	2021
Cyprus	EUR	2024	2024
Czech Republic	XDC	2024	2024
Denmark	XDC	2024	2024
Djibouti	XDC	2024	2024
Dominica	XDC	2024	2024
Dominican Republic	USD	2024	2024
Eastern Caribbean Currency Union	XDC	2024	2024
Ecuador	USD	2024	2024
Egypt	USD	2024	2024
El Salvador	USD	2024	2024
Estonia	EUR	2024	2024
Eswatini	XDC	2024	2024
Ethiopia	XDC	2024	
Euro Area	EUR	2024	2024
Faroe Islands	USD	2011	
Fiji	XDC	2022	2022
Finland	EUR	2024	2024
France	EUR	2024	2024
French Territories: French Polynesia	XDC	2016	
French Territories: New Caledonia	XDC	2016	
Gabon	XDC	2015	
Gambia, The	USD	2024	2022
Georgia	USD	2024	2024
Germany	EUR	2024	2024
Ghana	USD	2024	2024
Greece	EUR	2024	2024
Grenada	XDC	2024	2024
Guatemala	USD	2024	2024
Guinea	USD	2024	2024
Guinea-Bissau	XDC	2023	2023

Guyana	USD	2023	2022
Haiti	USD	2024	2024
Honduras	USD	2024	2024
Hungary	XDC	2024	2024
Iceland	XDC	2024	2024
India	XDC	2024	2024
Indonesia	USD	2024	2024
Iraq	USD	2024	2014
Ireland	EUR	2024	2024
Israel	USD	2024	2024
Italy	EUR	2024	2024
Jamaica	USD	2024	2024
Japan	XDC	2024	2024
Jordan	XDC	2024	2024
Kazakhstan	USD	2024	2024
Kenya	XDC	2024	2024
Kiribati	XDC	2024	2024
Korea, Republic of	USD	2024	2024
Kosovo, Republic of	EUR	2023	2023
Kuwait	XDC	2024	2024
Kyrgyz Republic	USD	2022	2022
Lao People's Democratic Republic	USD	2024	
Latvia	EUR	2024	2024
Lebanon	USD	2023	
Lesotho	XDC	2024	2024
Liberia	USD	2022	2022
Libya	USD	2023	
Lithuania	EUR	2024	2024
Luxembourg	EUR	2024	2024
Madagascar	XDC	2022	2022
Malawi	USD	2024	2024
Malaysia	XDC	2024	2024
Maldives	USD	2024	2011
Mali	XDC	2023	2023
Malta	EUR	2024	2024
Marshall Islands, Republic of	USD	2021	2021
Mauritania	USD	2024	
Mauritius	XDC	2024	2024
Mexico	USD	2024	2024
Micronesia, Federated States of	USD	2014	2014
Moldova	USD	2024	2024
Mongolia	USD	2024	2024
Montenegro	EUR	2024	2024

Montserrat	XDC	2024	2024
Morocco	XDC	2024	2024
Mozambique	USD	2024	2024
Myanmar	XDC	2019	2019
Namibia	XDC	2024	2024
Nauru	XDC	2024	2024
Nepal	XDC	2024	2024
Netherlands	EUR	2024	2024
New Zealand	XDC	2024	2024
Nicaragua	USD	2024	2024
Niger	XDC	2023	2023
Nigeria	USD	2024	2024
North Macedonia	USD	2024	2024
Norway	XDC	2024	2024
Oman	XDC	2024	2024
Pakistan	USD	2024	2024
Palau	USD	2023	2022
Panama	XDC	2024	2024
Papua New Guinea	XDC	2024	
Paraguay	USD	2024	2024
Peru	USD	2024	2024
Philippines	USD	2024	2024
Poland	USD	2024	2024
Portugal	EUR	2024	2024
Qatar	XDC	2024	
Romania	XDC	2024	2024
Russian Federation	USD	2024	2024
Rwanda	USD	2024	2024
Samoa	XDC	2024	2024
São Tomé and Príncipe	USD	2024	2024
San Marino, Rep. of	EUR	2023	2021
Saudi Arabia	XDC	2024	2024
Senegal	XDC	2023	2021
Serbia, Republic of	EUR	2024	2024
Seychelles	USD	2024	2024
Sierra Leone	XDC	2023	2023
Singapore	XDC	2024	2024
Sint Maarten	XDC	2023	2021
Slovak Republic	EUR	2024	2024
Slovenia	EUR	2024	2024
Solomon Islands	XDC	2024	2023
South Africa	XDC	2024	2024
South Sudan, Republic of	USD	2024	

Spain	EUR	2024	2024
Sri Lanka	USD	2024	2024
St. Kitts and Nevis	XDC	2024	2024
St. Lucia	XDC	2024	2024
St. Vincent and the Grenadines	XDC	2024	2024
Sudan	USD	2022	2021
Suriname	USD	2024	2024
Sweden	XDC	2024	2024
Switzerland	XDC	2024	2024
Syrian Arab Republic	USD	2010	2010
Tajikistan	USD	2024	2024
Tanzania	USD	2024	2024
Thailand	USD	2024	2024
Timor-Leste, Dem. Rep. of	USD	2024	2024
Togo	XDC	2020	2020
Tonga	XDC	2024	2024
Trinidad and Tobago	USD	2024	2024
Tunisia	XDC	2024	2024
Türkiye, Rep. of	USD	2024	2024
Turks and Caicos	USD	2018	2018
Tuvalu	XDC	2023	2023
Uganda	USD	2024	2024
Ukraine	USD	2024	2024
United Arab Emirates	XDC	2024	
United Kingdom	XDC	2024	2024
United States	USD	2024	2024
Uruguay	USD	2024	2024
Uzbekistan	USD	2024	2024
Vanuatu	XDC	2022	2022
Venezuela, Republica Bolivariana de	USD	2016	2016
Vietnam	USD	2024	
West Bank and Gaza	USD	2024	2024
Yemen, Republic of	USD	2016	2007
Zambia	USD	2024	2024
Zimbabwe	USD	2024	

Notes:
[1/] The term 'country' is used to mean 'economy', which includes some non-sovereign areas reported separately.
[2/] "XDC" indicates domestic currency of the reporting country.

3. Country Groups[1]

Advanced Economies

- Euro Area[2]
  - Austria
  - Belgium
  - Croatia, Republic of
  - Cyprus
  - Estonia
  - Finland
  - France
  - Germany
  - Greece
  - Ireland
  - Italy
  - Latvia, Republic of
  - Lithuania, Republic of
  - Luxembourg
  - Malta
  - Netherlands, The
  - Portugal
  - Slovak Republic
  - Slovenia, Republic of
  - Spain
- Andorra
- Australia
- Canada
- China, P.R.: Hong Kong
- China, P.R.: Macao
- Czech Republic
- Denmark
- Iceland
- Israel
- Japan
- Korea, Republic of
- New Zealand
- Norway
- San Marino, Republic of
- Singapore
- Sweden
- Switzerland
- Taiwan Province of China[3]
- United Kingdom
- United States

Emerging and Developing Economies

Emerging and Developing Asia

Bangladesh
Bhutan
Brunei Darussalam
Cambodia
China, P.R.: Mainland
Fiji, Republic of
French Polynesia
India
Indonesia
Kiribati
Lao People's DR
Malaysia
Maldives
Marshall Islands, Republic of the
Micronesia, Federated States of
Mongolia
Myanmar
Nauru, Republic of
Nepal
New Caledonia
Palau, Republic of
Papua New Guinea
Philippines
Samoa
Solomon Islands
Sri Lanka
Thailand
Timor-Leste, Democratic Republic of
Tonga
Tuvalu
Vanuatu
Vietnam

Emerging and Developing Europe

Albania
Belarus, Republic of
Bosnia and Herzegovina
Bulgaria
Faeroe Islands
Hungary
Kosovo
Moldova, Republic of
Montenegro
North Macedonia, Republic of
Poland, Republic of
Romania
Russian Federation
Serbia, Republic of
Turkey
Ukraine

Middle East and Central Asia

Afghanistan, Islamic Republic of
Algeria
Armenia, Republic of
Azerbaijan, Republic of
Bahrain, Kingdom of
Djibouti
Egypt, Arab Republic of
Georgia
Iran, Islamic Republic of
Iraq
Jordan
Kazakhstan, Republic of
Kuwait
Kyrgyz Republic
Lebanon
Libya
Mauritania, Islamic Republic of
Morocco
Oman
Pakistan
Qatar
Saudi Arabia
Somalia
Sudan
Syrian Arab Republic
Tajikistan, Republic of
Tunisia
Turkmenistan
United Arab Emirates
Uzbekistan, Republic of
West Bank and Gaza
Yemen, Republic of

Sub-Saharan Africa
- CEMAC
  - Cameroon
  - Central African Republic
  - Chad
  - Congo, Republic of
  - Equatorial Guinea
  - Gabon
- WAEMU
  - Benin
  - Burkina Faso
  - Côte d'Ivoire
  - Guinea-Bissau
  - Mali
  - Niger
  - Senegal
  - Togo
- Angola
- Botswana
- Burundi
- Cabo Verde
- Comoros
- Congo, Democratic Republic of the
- Eritrea
- Eswatini, Kingdom of (née Swaziland)
- Ethiopia, The Federal Democratic Rep. of
- Gambia, The
- Ghana
- Guinea
- Kenya
- Lesotho, Kingdom of
- Liberia
- Madagascar, Republic of
- Malawi
- Mauritius
- Mozambique, Republic of
- Namibia
- Nigeria
- Rwanda
- São Tomé and Príncipe
- Seychelles
- Sierra Leone
- South Africa
- South Sudan, Republic of
- Tanzania, United Republic of
- Uganda
- Zambia
- Zimbabwe

Western Hemisphere
- Eastern Caribbean Currency Union
  - Anguilla
  - Antigua and Barbuda
  - Dominica
  - Grenada
  - Montserrat (UK)
  - St. Kitts and Nevis
  - St. Lucia
  - St. Vincent and the Grenadines
- Argentina
- Aruba
- Bahamas, The
- Barbados
- Belize
- Bermuda
- Bolivia
- Brazil
- Cayman Islands
- Chile
- Colombia
- Costa Rica
- Curaçao, Kingdom of the Netherlands
- Dominican Republic
- Ecuador
- El Salvador
- Guatemala
- Guyana
- Haiti
- Honduras
- Jamaica
- Mexico
- Netherlands Antilles
- Nicaragua
- Panama
- Paraguay
- Peru
- Sint Maarten, Kingdom of the Netherlands
- Suriname
- Trinidad and Tobago
- Turks and Caicos
- Uruguay
- Venezuela, República Bolivariana de

Notes
[1/] The term 'country' is used to mean 'economy', which includes some non-sovereign areas reported separately.
[2/] In The World and Country Group Aggregates, Euro Area (EA) data represents the EA's external transactions and positions vis-à-vis the rest of the world. All other data for country groups combine the sum of reported country data within the group with estimates for nonreporting economies.
[3/] Data is from published sources.

4. Conceptual Framework of the Balance of Payments and International Investment Position

This annex is reproduced and summarized from the BPM6. Paragraphs and chapters cited in this Annex refer to those that appear in the BPM6; to clarify this point, the abbreviation “BPM6” is added to the quoted text before each reference to a specific BPM6 paragraph or chapter. An […] indicates that only part of the paragraph is quoted here.

Overall framework

2.2 The international accounts for an economy summarize the economic relationships between residents of that economy and nonresidents. They comprise the following:

(a) the international investment position (IIP)—a statement that shows at a point in time the value of financial assets of residents of an economy that are claims on nonresidents or are gold bullion held as reserve assets; and the liabilities of residents of an economy to nonresidents;

(b) the balance of payments—a statement that summarizes economic transactions between residents and nonresidents during a specific time period; and

(c) the other changes in financial assets and liabilities accounts—a statement that shows other flows, such as valuation changes, that reconciles the balance of payments and IIP for a specific period, by showing changes due to economic events other than transactions between residents and nonresidents.

2.3 The international accounts provide an integrated framework for the analysis of an economy’s international economic relationships, including its international economic performance, exchange rate policy, reserves management, and external vulnerability. A detailed study of the use of international accounts data is provided in *BPM6*, Chapter 14, Selected Issues in Balance of Payments and International Investment Position Analysis.

International investment position

2.8 The IIP is a statistical statement that shows at a point in time the value of financial assets of residents of an economy that are claims on nonresidents or are gold bullion held as reserve assets; and the liabilities of residents of an economy to nonresidents. The difference between the assets and liabilities is the net position in the IIP and represents either a net claim on or a net liability to the rest of the world.

Balance of payments

2.12 The balance of payments is a statistical statement that summarizes transactions between residents and nonresidents during a period. It consists of the goods and services account, the primary income account, the secondary income account, the capital account, and the financial account. Under the double-entry accounting system that underlies the balance of payments, each transaction is recorded as consisting of two entries and the sum of the credit entries and the sum of the debit entries is the same. […]

2.13 The different accounts within the balance of payments are distinguished according to the nature of the economic resources provided and received.

Flows and Positions

3.2 *Flows refer to economic actions and effects of events within an accounting period, and positions refer to a level of assets or liabilities at a point in time.* International flows are recorded in the accounts as transactions (balance of payments) and other changes in financial assets and liabilities account. Flows and positions are integrated so that all changes in positions between two points in time are fully explained by the recorded flows. Positions and flows of financial assets and liabilities are grouped according to the functional and instrument classifications of financial assets and liabilities. Nonfinancial transactions are generally grouped according to their nature and characteristics. Positions of external financial assets and liabilities are shown in the international investment position.[…]

Flows

3.3 Flows reflect the creation, transformation, exchange, transfer, or extinction of economic value; they involve changes in the volume, composition, or value of an institutional unit's assets and liabilities. This classification is the basis for the flow accounts, as discussed in *BPM6*, Chapters 8–13. Flows also can be classified into (a) those that are associated with transactions and (b) other flows.

a. Transactions

3.4 A transaction is an interaction between two institutional units that occurs by mutual agreement or through the operation of the law and involves an exchange of value or a transfer. Transactions are classified according to the nature of the economic value provided—namely, goods or services, primary income, secondary income, capital transfers, nonproduced nonfinancial assets, financial assets, or liabilities. Chapters 8 and 10–13 deal with transactions. Mutual agreement means that there is prior knowledge and consent by the institutional units. Transactions imposed by force of law are applicable mainly to certain distributive transactions, such as the payment of taxes, fines, and penalties. Although taxes or penalties are imposed on individual institutional units by administrative or judicial decisions, there is collective recognition and acceptance by the community of the obligation to pay taxes and penalties. Because of the exchange of value, a transaction consists of two economic flows, one in each direction—for example, goods supplied by one party in return for currency supplied by the other. The definition is extended to cover actions within an institutional unit that are analytically useful to treat as transactions, often because the unit is operating in two different capacities, such as where one part operates as a branch. The definition is also extended to cover unrequited transfers, by the identification of transfers as the corresponding flow to the economic value supplied. Transactions recorded in the international accounts are between two institutional units, one a resident of the compiling economy and the other a nonresident.

Types of transactions

3.12 Transactions take many different forms. Transactions can be classified according to whether they are exchanges or transfers (see *BPM6*, paragraph 3.13) and whether they are monetary or nonmonetary (see *BPM6*, paragraph 3.14). Furthermore, certain transactions are rearranged through rerouting and partitioning (see *BPM6*, paragraphs 3.16–3.17), whereas other transactions may be imputed to reflect the underlying economic relationship (see *BPM6*, paragraph 3.18).

b. Other flows

3.19 Other flows are changes in the volume, value, or classification of an asset or liability that do not result from a transaction between a resident and a nonresident. Other flows are genuine economic phenomena and capture changes in assets and liabilities between opening and closing positions that are not due to transactions. In the context of international accounts, other flows are recorded only for financial assets and liabilities that represent claims on and liabilities to nonresidents and gold bullion (see *BPM6*, paragraph 3.24), because the international investment position relates only to external financial assets and liabilities.

3.20 Other flows cover various kinds of changes in assets and liabilities that are recognized analytically under two broad types:

(a) Other changes in the volume of assets and liabilities reflect entrances of new assets into balance sheets and exits of existing assets and liabilities from balance sheets that are not caused by interactions by mutual agreement between institutional units (i.e., transactions).

(b) *Revaluations (holding gains and losses) on an asset or liability arise from changes in their prices and/or the exchange rates.* In international accounts, revaluations are further classified into those that are due to exchange rate changes and those that are due to other price changes.

Positions

3.23 *Positions refer to the level of financial assets or liabilities at a point in time.* They are recorded in the international investment position. […] Generally, positions are shown at the beginning and end of an accounting period. Positions between two periods are connected with flows during that period because changes in positions are caused by transactions and other flows.

3.24 Financial assets are economic assets that are financial instruments. Financial assets include financial claims and, by convention, monetary gold held in the form of gold bullion (including gold held in allocated gold accounts). A financial claim is a financial instrument that has a counterpart liability. Gold bullion is not a claim and does not have a corresponding liability. It is treated as a financial asset, however, because of its special role as a means of financial exchange in international payments by monetary authorities and as a reserve asset held by monetary authorities.

3.25 The international investment position covers financial assets and liabilities that have an international character. All financial claims involve two parties, so they have an international character if the claim is on a nonresident. Similarly, all liabilities involve two parties, so they have an international character if the obligation is to a nonresident. The international investment position is described in Chapter 7.

Accounting System

3.26 The accounting system underlying the international accounts derives from broad bookkeeping principles. To understand the accounting system for international accounts, three bookkeeping principles can be distinguished:

(a) vertical double-entry bookkeeping (also known in business accounting as simply double-entry bookkeeping);

(b) horizontal double-entry bookkeeping; and

(c) quadruple-entry bookkeeping.

Vertical double-entry bookkeeping—corresponding entries

3.27 The main characteristic of vertical double-entry bookkeeping is that each transaction leads to at least two corresponding entries, traditionally referred to as a credit entry and a debit entry, in the books of the transactor. The international accounts for an economy are to be compiled on a vertical double-entry bookkeeping basis from the perspective of the residents of that economy. Because each transaction is either an exchange or a transfer, it requires two entries. This principle ensures that the total of all credit entries and that of all debit entries for all transactions are equal, thus permitting a check on consistency of accounts for a single unit. Reclassifications also lead to debit and credit entries. Other flows have their corresponding entries directly in changes in net worth. As a result, vertical double-entry bookkeeping ensures the fundamental identity of a unit's balance sheet, that is, the total value of assets equals the total value of liabilities plus net worth. The total value of the assets owned by an entity minus the total value of liabilities provides net worth. In the international accounts, net IIP provides a measure of net financial claims with nonresidents plus gold bullion held as monetary gold. These terms are discussed in *BPM6*, paragraphs 7.1–7.2.

Horizontal double-entry bookkeeping—counterpart entries

3.28 The concept of horizontal double-entry bookkeeping is useful for compiling accounts that reflect the mutual economic relationships between different institutional units in a consistent way. It means that if unit A provides something to unit B, the accounts of both A and B show the transaction for the same amount: as a payment in A's account and as a receipt in B's account. Horizontal double-entry bookkeeping ensures the consistency of recording for each transaction category by counterparties. For example, at the worldwide level, dividends payable by all economies should be equal to dividends receivable by all economies.

Quadruple-entry bookkeeping

3.29 The simultaneous application of both the vertical and horizontal double-entry bookkeeping results in a quadruple-entry bookkeeping, which is the accounting system underlying the recording of transactions in the national accounts and international accounts. Additionally, definitions, classifications, and accounting principles in the international accounts are derived from the viewpoint of conceptual symmetry as well as symmetric reporting by partner economies. The quadruple-entry system deals in a coherent way with multiple transactors or groups of transactors, each of which practices vertical double-entry bookkeeping. A single transaction between two counterparties thus gives rise to four entries. In contrast to business bookkeeping, international accounts deal with interactions among a multitude of units in parallel and thus require special care from a consistency point of view. As a liability of one unit is mirrored in a financial asset of another unit, for instance, they should be identically valued, allocated in time, and classified to avoid inconsistencies in aggregating balance sheets of units into regional or global totals. The same is also true for all transactions and other flows that affect balance sheets of two counterparties. The quadruple approach to transactions in the international accounts is needed for bilateral comparisons and global integrated data.

Types of accounting entries

3.30 The international accounts use the following conventions and terminologies for recording flows. In the current and capital accounts, a credit denotes entries from exports, primary income receivable, transfers receivable, and disposals of nonproduced nonfinancial assets. A debit is used to record entries for imports, primary income payable, transfers payable, and acquisitions of nonproduced nonfinancial assets.

3.31 In the case of transactions in financial assets and liabilities, the terms "net acquisition of financial assets" and "net incurrence of liabilities" are used. Financial account items are recorded on a net basis separately for each financial asset and liability (i.e., they reflect changes due to all credit and debit entries during an accounting period). The use of the terms "net acquisition of financial assets" and "net incurrence of liabilities" highlights the impact of the financial account on the international investment position. The use of these terms also simplifies the interpretation of data. A positive change indicates an increase in assets or liabilities and a negative change indicates a decrease in assets or liabilities. The interpretation of increase or decrease under the credit or debit notion, however, depends on whether the increase or decrease refers to assets or liabilities (a debit for an asset is an increase; a debit for a liability is a decrease). Although the debit and credit presentation is not emphasized for the financial account transactions, it is important to recognize and maintain the accounting identities. For example, a credit is always conceptually matched with a corresponding debit, the latter relating to either an increase in an asset or a reduction in a liability (see *BPM6*, Box 2.1). […]

Principles for Time of Recording and Valuation

3.39 The *BPM6* recommends use of the accrual basis for determining the time of recording of flows. The accrual basis matches the time of recording with the timing of the events giving rise to the actual resource flows. With the cash basis, the time of recording would potentially diverge significantly from the time of the economic activities and transactions to which the cash flows relate. The due-for-payment basis would usually record transactions after the resource flows have taken place, although the long delays caused by the cash basis would, in most cases, be reduced. The timing of the commitment basis would precede the actual resource flows.

3.40 The accrual basis provides the most comprehensive information because all resource flows are recorded, including nonmonetary transactions, imputed transactions, and other flows. Such a comprehensive recording ensures the integration of flows and changes in balance sheets. The accrual basis is consistent with the way transactions, other flows, and main economic aggregates (balance on goods and services, net lending/net borrowing) are defined. It is also close to business accounting.

Time of recording

a. Time of recording of transactions

3.41 The change of economic ownership is central in determining the time of recording on an accrual basis for transactions in goods, nonproduced nonfinancial assets, and financial assets. The term "economic ownership" reflects the underlying reality economic accounts are attempting to measure. Economic ownership takes account of where the risks and rewards of ownership lie. The concepts of economic ownership and associated risks and rewards are further elaborated in *BPM6*, paragraph 5.3. A change in ownership from an economic point of view means that all risks, rewards, and rights and responsibilities of ownership in practice are transferred. In general, a change in "legal ownership" also involves a change in economic ownership. In some cases, a change of "economic ownership" takes place even though the "legal ownership" remains unchanged (e.g., financial leases and transactions between an enterprise and its foreign branches). In other cases, there is no change in economic ownership, even though there is a change in legal ownership. […]

3.42 Entries for transactions in goods, nonproduced nonfinancial assets, and financial assets owned by institutional units are made at the time economic ownership of the underlying asset is transferred. When a change in economic ownership is not obvious, the change is considered to occur at (or is proxied by) the time the parties to the transaction record it in their books or accounts.

b. Time of recording of other flows

3.60 Other flows include other changes in the volume of assets and revaluations. Other changes in the volume of assets are usually discrete events that accrue at precise moments or within fairly short periods of time. Other changes in the volume of assets, including reclassifications, are recorded as these changes occur. Revaluations can occur continuously as prices and exchange rates change. In practice, revaluations are usually computed between two points in time at which the relevant assets and liabilities are valued.

Valuation

3.67 Market prices refer to current exchange value, that is, the values at which goods and other assets, services, and labors are exchanged or else could be exchanged for cash. Market prices are the basis for valuation in the international accounts. This section describes the general principles for valuation of flows and positions. Valuation of specific types of flows and positions are discussed in further detail in relevant chapters of *BPM6*.

a. Valuation of transactions

3.68 Market prices for transactions are defined as amounts of money that willing buyers pay to acquire something from willing sellers; the exchanges are made between independent parties and on the basis of commercial considerations only—sometimes called "at arm's length." Thus, according to this strict definition, a market price refers only to the price for one specific exchange under the stated conditions. A second exchange of an identical unit, even under circumstances that are the same, could result in a different market price. A market price defined in this way is to be clearly distinguished from a price quoted in the market, a world market price, a going price, a fair market price, or any price that is intended to express the generality of prices for a class of supposedly identical exchanges rather than a price actually applying to a specific exchange. Furthermore, a market price should not necessarily be construed as equivalent to a free market price—that is, a market transaction should not be interpreted as occurring exclusively in a purely competitive market situation. In fact, a market transaction could take place in a monopolistic, monopsonistic, or any other market structure. Indeed, the market may be so narrow that it consists of the sole transaction of its kind between independent parties.

b. Valuation of other flows

3.81 Other flows in the international accounts capture changes in the IIP of financial assets and liabilities that are not due to transactions. Holding gains and losses arise from changes in market values of positions of financial assets and liabilities. Holding gains and losses may accrue continuously. A holding gain occurs when an asset increases in value or a liability decreases in value; a holding loss occurs when an asset decreases in value or a liability increases in value. The value of holding gains and losses during an accounting period shows net holding gains or losses for assets and liabilities separately. In practice, the value of holding gains and losses are calculated for each asset and liability between two points in time: the beginning of the period (or when the asset or liability is acquired or incurred) and the end of the period (or when the asset or liability is sold or extinguished).

3.83 Other changes in the volume of financial assets and liabilities are recorded at the market-equivalent prices of similar instruments. When writing off financial instruments that are valued at nominal values, the value recorded in the other changes in financial assets and liabilities account should correspond to their nominal value prior to being written off. For all reclassifications of assets and liabilities, values of both the new and old instruments should be the same.

c. Valuation of positions of financial assets and liabilities

3.84 Positions of financial assets and liabilities should, in general, be valued as if they were acquired in market transactions on the balance sheet reporting date. Many financial assets are traded in markets on a regular basis and therefore can be valued by directly using the price quotations from these markets. If the financial markets are closed on the balance sheet date, the market prices that should be used in the valuation are those that prevailed on the closest preceding date when the markets were open. Debt securities have a current market value as well as a nominal value, and for some purposes, supplementary data on the nominal values of positions of debt securities may be useful (see *BPM6*, paragraph 3.88 for definition of nominal value).

3.85 Valuation according to the market-value equivalent is needed for valuing financial assets and liabilities that are not traded in financial markets or that are traded only infrequently. For these assets and liabilities, it will be necessary to estimate fair values that, in effect, approximate market prices. The present value of future cash flows also may be used as an approximation to market prices, provided an appropriate discount rate can be used.

Economic Territory

4.3 In its broadest sense, an economic territory can be any geographic area or jurisdiction for which statistics are required. The connection of entities to a particular economic territory is determined from aspects such as physical presence and being subject to the jurisdiction of the government of the territory. These issues are discussed in the residence section of this chapter (see *BPM6*, paragraphs 4.113–4.144).

4.4 The most commonly used concept of economic territory is the area under the effective economic control of a single government. For the purposes of global statistics and reporting to the IMF, it is important to have data on all areas under control of a particular government, including special zones, even if for some of the government's own statistical purposes, those zones are excluded or shown separately. Another kind of economic territory is a currency or economic union, which is dealt with in *BPM6*, Appendix 3. Other types of economic territory include a part of an economy, regions, or the world as a whole. Economic territories reflect any possible scope for macroeconomic policy or analysis.

4.5 The economic territory includes:

(a) the land area;

(b) airspace;

(c) territorial waters, including areas over which jurisdiction is exercised over fishing rights and rights to fuels or minerals;

(d) in a maritime territory, islands that belong to the territory; and

(e) territorial enclaves in the rest of the world. These are clearly demarcated land areas (such as embassies, consulates, military bases, scientific stations, information or immigration offices, aid agencies, central bank representative offices with diplomatic status) that are physically located in other territories and used by governments that own or rent them for diplomatic, military, scientific, or other purposes with the formal agreement of governments of the territories where the land areas are physically located. These areas may be shared with other organizations, but the operations must have a high degree of exemption from local laws to be treated as an enclave. However, government operations that are fully subject to the laws of the host economy are not treated as enclaves, but as residents of the host economy.

4.6 Economic territory has the dimensions of legal jurisdiction as well as physical location, so that corporations created under the law are part of that economy. The concepts of economic territory and residence are designed to ensure that each institutional unit is a resident of a single economic territory. The use of an economic territory as the scope of economic statistics means that each member of a group of affiliated enterprises is part of the economy in which it is resident, rather than being attributed to the economy of its head office. The focus on data for an economic territory means that, in a few cases, a legal entity may be split for statistical purposes into separate units in different territories, as elaborated in *BPM6*, paragraphs 4.26–4.49.

Definition of an economy

4.11 An economy consists of all the institutional units that are resident in a particular economic territory. […]

Units

4.13 The main attributes of an institutional unit are that:

(a) it is entitled to own goods or assets in its own right; it is, therefore, able to exchange the ownership of goods or assets in transactions with other institutional units.

(b) it is able to take economic decisions and engage in economic activities for which it is itself held to be directly responsible and accountable at law.

(c) it is able to incur liabilities on its own behalf, to take on other obligations or future commitments, and to enter into contracts.

(d) either a complete set of accounts, including a balance sheet, exists for the unit, or it would be possible and meaningful, from both an economic and legal viewpoint, to compile a complete set of accounts if they were to be required.

Institutional units are recognized in the cases of branches and notional resident units (as discussed in *BPM6*, paragraphs 4.26–4.44) even though they may not fully satisfy criteria (a), (b), and (c).

4.14 There are two main types of units in the real world that may qualify as institutional units:

(a) households—persons or groups of persons; and

(b) corporations (including quasi-corporations), nonprofit institutions, and government units—legal or social entities whose existence is recognized by law or society independently of the persons, or other entities, that may own or control them.

5. Classification and Standard Components of the Balance of Payments and International Investment Position

Standard components and memorandum items

1.15 A list of standard items for presenting and reporting the balance of payments and IIP is given in *BPM6*, Appendix 9. Standard items consist of standard components and memorandum items.

(a) *Standard components are items that are fully part of the framework and contribute to the totals and balancing items.*

(b) *Memorandum items are part of the standard presentation, but are not used in deriving totals and balancing items.* […]

In addition,

(c) *Supplementary items are outside the standard presentation, but are compiled depending on circumstances in the particular economy,* taking into account the interests of policymakers and analysts as well as resource costs (see the items in italics in *BPM6*, Appendix 9).

Major and Detailed Classification

2.13 The different accounts within the balance of payments are distinguished according to the nature of the economic resources provided and received.

Current account

2.14 *The current account shows flows of goods, services, primary income, and secondary income between residents and nonresidents.* The current account is an important grouping of accounts within the balance of payments. […]

2.15 The balance on these accounts is known as the current account balance. The current account balance shows the difference between the sum of exports and income receivable and the sum of imports and income payable (exports and imports refer to both goods and services, while income refers to both primary and secondary income). As shown in *BPM6*, Chapter 14, Selected Issues in Balance of Payments and International Investment Position Analysis, the value of the current account balance equals the saving investment gap for the economy. Thus, the current account balance is related to understanding domestic transactions.

Goods and services account

10.1 *The goods and services account shows transactions in items that are outcomes of production activities.*

Goods

1. General merchandise

10.13 *General merchandise on a balance of payments basis covers goods whose economic ownership is changed between a resident and a nonresident and that are not included in the following specific categories: goods under merchanting* (see *BPM6*, paragraphs 10.41– 10.49), *nonmonetary gold* (*BPM6*, paragraphs 10.50–10.54), *and parts of travel* (*BPM6*, paragraph 10.94), *construction* (*BPM6*, paragraph 10.101), *and government goods and services n.i.e.* (*BPM6*, paragraph 10.173).

2. Other goods

a. Goods under merchanting

10.41 *Merchanting is defined as the purchase of goods by a resident (of the compiling economy) from a nonresident combined with the subsequent resale of the same goods to another nonresident without the goods being present in the compiling economy.* Merchanting occurs for transactions involving goods where physical possession of the goods by the owner is unnecessary for the process to occur. […]

b. Nonmonetary gold

10.50 Nonmonetary gold covers all gold other than monetary gold. Monetary gold, as defined in *BPM6*, paragraphs 5.74–5.75, is owned by monetary authorities and held as a reserve asset. Nonmonetary gold can be in the form of bullion (i.e., gold bullion takes the form of coins, ingots, orbars with a purity of at least 995 parts per 1,000, including such gold held in allocated gold accounts), gold powder, and gold in other unwrought or semi manufactured forms. Jewelry, watches, and so forth that contain gold are included under general merchandise, not nonmonetary gold. […]

Services

a. Manufacturing services on physical input owned by others

10.62 *Manufacturing services on physical inputs owned by others cover processing, assembly, labeling, packing, and so forth undertaken by enterprises that do not own the goods concerned.* The manufacturing is undertaken by an entity that does not own the goods and that is paid a fee by the owner. In these cases, the ownership of the goods does not change, so no general merchandise transaction is recorded between the processor and the owner.

b. Maintenance and repair services n.i.e.

10.72 Maintenance and repair services n.i.e. cover maintenance and repair work by residents on goods that are owned by nonresidents (and vice versa). The repairs may be performed at the site of the repairer or elsewhere. […]

c. Transport

10.74 *Transport is the process of carriage of people and objects from one location to another as well as related supporting and auxiliary services. Also included are postal and courier service.* Transport can be classified according to:

(a) mode of transport, namely, sea, air, or other ("other" may be further broken down into rail, road, internal waterway, pipeline, and space transport as well as electricity transmission); and

(b) what is carried—passengers or freight. […]

d. Travel

10.86 *Travel credits cover goods and services for own use or to give away acquired from an economy by nonresidents during visits to that economy. Travel debits cover goods and services for own use or to* *give away acquired from other economies by residents during visits to these other economies.* The goods and services may be purchased by the persons concerned or by another party on their behalf. For example, business travel may be paid or reimbursed by an employer, tuition and living costs of a student may be paid by a government, or health costs may be paid or reimbursed by a government or insurer. Goods and services supplied by the producer without charge are also included, such as tuition and board provided by a university.

10.87 The standard component breakdown of travel is between business and personal travel, with supplementary data for groups of special interest, such as border, seasonal, and other short-term workers. A separate supplementary breakdown of travel into types of goods and services is suggested (see *BPM6*, paragraph 10.95).

e. Construction

10.101 Construction covers the creation, renovation, repair, or extension of fixed assets in the form of buildings, land improvements of an engineering nature, and other such engineering constructions as roads, bridges, dams, and so forth. It also includes related installation and assembly work. It includes site preparation and general construction as well as specialized services such as painting, plumbing, and demolition. It also includes management of construction projects.

10.103 If the external operations of a construction enterprise are substantial enough, they constitute a branch resident in the economy of operations (see *BPM6*, paragraphs 4.27–4.29). Therefore, a large-scale construction project contracted by a nonresident enterprise that takes a year or more to complete will usually give rise to a resident branch. Accordingly, there would be a direct investment relationship between the parent and the branch; there may also be goods and services supplied between the branch and the parent, such as for materials. As a result of this treatment, the construction contracts covered in international trade in services are generally of a short-term nature.

f. Insurance and pension services

10.109 Insurance and pension services include services of providing life insurance and annuities, nonlife insurance, reinsurance, freight insurance, pensions, standardized guarantees, and auxiliary services to insurance, pension schemes, and standardized guarantee schemes. More information on insurance and pensions is provided in *BPM6*, Appendix 6c.

g. Financial services

10.118 Financial services cover financial intermediary and auxiliary services, except insurance and pension fund services. These services include those usually provided by banks and other financial corporations. They include deposit taking and lending, letters of credit, credit card services, commissions and charges related to financial leasing, factoring, underwriting, and clearing of payments. Also included are financial advisory services, custody of financial assets or bullion, financial asset management, monitoring services, liquidity provision services, risk assumption services other than insurance, merger and acquisition services, credit rating services, stock exchange services, and trust services.

10.119 Financial services may be charged for by:

(a) explicit charges;

(b) margins on buying and selling transactions;

(c) asset management costs deducted from property income receivable in the case of asset-holding entities; or

(d) margins between interest payable and the reference rate on loans and deposits (called financial intermediation service charges indirectly measured, abbreviated as FISIM). […]

h. Charges for the use of intellectual property n.i.e.

10.137 Charges for the use of intellectual property n.i.e. include:

(a) Charges for the use of proprietary rights (such as patents, trademarks, copyrights, industrial processes and designs including trade secrets, franchises). These rights can arise from research and development, as well as from marketing; and

(b) Charges for licenses to reproduce or distribute (or both) intellectual property embodied in produced originals or prototypes (such as copyrights on books and manuscripts, computer software, cinematographic works, and sound recordings) and related rights (such as for live performances and television, cable, or satellite broadcast). […]

i. Telecommunications, computer, and information services

10.141 Computer and telecommunication services are defined in terms of the nature of the service, not the method of delivery. To illustrate, provision of business services, such as accounting services, is included under the appropriate heading under other business services, even if these services are entirely delivered by telephone, computer, or the Internet. Only amounts payable for transmission should be included under telecommunications services; downloaded content should be included in the appropriate item (computer, information, audiovisual, etc., services).

j. Other business services

Includes: Research and development services; Professional and management consulting services; Technical, trade-related, and other business services; Waste treatment and depollution, agricultural, and mining services; Operating leasing; Trade-related services; and Other business services

k. Personal, cultural, and recreational services

10.161 Personal, cultural, and recreational services consist of (a) audiovisual and related services and (b) other personal, cultural, and recreational services.

l. Government goods and services n.i.e.

10.173 Government goods and services n.i.e. cover:

(a) goods and services supplied by and to enclaves, such as embassies, military bases, and international organizations;

(b) goods and services acquired from the host economy by diplomats, consular staff, and military personnel located abroad and their dependents; and

(c) services supplied by and to governments and not included in other categories of services. […]

Primary income account

11.8 The international accounts distinguish the following types of primary income:

(a) compensation of employees;

(b) dividends;

(c) reinvested earnings;

(d) interest;

(e) investment income attributable to policyholders in insurance, standardized guarantees, and pension funds;

(f) rent; and

(g) taxes and subsidies on products and production. […]

Investment income and functional categories

1. Direct investment income

11.96 Direct investment income includes all investment income arising from direct investment positions between resident and nonresident institutional units. […]

11.97 Direct investment relationships are defined in *BPM6*, paragraphs 6.8–6.24. Three types of direct investment relationships and associated investment income flows can be distinguished:

(a) Direct investors' investment in direct investment enterprises. This category includes investment income flows (distributed earnings, reinvested earnings, and interest) between the direct investor and its direct investment enterprises (whether in an immediate relationship or not).

(b) Reverse investment (defined in *BPM6*, paragraph 6.40). This type of relationship covers investment income flows on liabilities of direct investors to their direct investment enterprises and on claims of direct investment enterprises on their direct investors.

(c) Between fellow enterprises. This covers investment income flows between all fellow enterprises that belong to the same direct investment group.

Dividends, withdrawals from income of quasicorporations, and interest can apply for any of these types of direct investment relationships. Reinvested earnings are attributed to direct investors only when equity participation by the direct investor meets the 10 percent threshold. […]

2. Portfolio investment income

11.103 Portfolio investment income includes income flows between residents and nonresidents arising from positions in equity and debt securities other than those classified under direct investment or reserve assets. […]

3. Other investment income

11.106 Other investment income covers flows between resident and nonresident institutional units in regard to interest on deposits, loans, trade credit and advances, and other accounts receivable/payable;

income on equity and investment fund shares that are not classified in any other functional categories; and investment income attributable to policyholders in insurance, standardized guarantees, and pension funds. Interest payable on SDR allocations is also recorded under other investment income. Fees for nonmonetary gold loans should also be included in interest under other investment income. […]

4. Income on reserve assets

11.109 […] Investment income on reserve assets includes income on equity and investment fund shares, and interest. […] If not available for publication, income from reserve assets should be included in other investment–interest.

Secondary income account

12.1 *The secondary income account shows current transfers between residents and nonresidents.* Various types of current transfers are recorded in this account to show their role in the process of income distribution between the economies. Transfers may be made in cash or in kind. […]

12.7 *A transfer is an entry that corresponds to the provision of a good, service, financial asset, or other nonproduced asset by an institutional unit to another institutional unit when there is no corresponding return of an item of economic value.* […]

12.20 The international accounts classify the following types of current transfers:

Personal transfers

Other current transfers

(a) current taxes on income, wealth, etc.,

(b) social contributions,

(c) social benefits,

(d) net nonlife insurance premiums,

(e) nonlife insurance claims,

(f) current international cooperation, and

(g) miscellaneous current transfers. […]

12.21 Personal transfers consist of all current transfers in cash or in kind made or received by resident households to or from nonresident households. Personal transfers thus include all current transfers between resident and nonresident individuals independent of:

(a) the source of income of the sender; and […]

(b) the relationship between the households. […]

Capital account

2.16 The capital account shows credit and debit entries for nonproduced nonfinancial assets and capital transfers between residents and nonresidents. It records acquisitions and disposals of nonproduced nonfinancial assets, such as land sold to embassies and sales of leases and licenses, as well as capital transfers, that is, the provision of resources for capital purposes by one party without anything of economic value being supplied as a direct return to that party. […]

13.8 Nonproduced, nonfinancial assets consist of:

(a) natural resources;

(b) contracts, leases, and licenses; and

(c) marketing assets (and goodwill).

13.19 *Capital transfers are transfers in which the ownership of an asset (other than cash or inventories) changes from one party to another; or which obliges one or both parties to acquire or dispose of an asset (other than cash or inventories); or where a liability is forgiven by the creditor.* […]

Gross and net recording

2.19 The current and capital accounts show transactions in gross terms. In contrast, the financial account shows transactions in net terms, which are shown separately for financial assets and liabilities (i.e., net transactions in financial assets shows acquisition of assets less reduction in assets, not assets net of liabilities). […]

Net errors and omissions

2.24 Although the balance of payments accounts are, in principle, balanced, imbalances result in practice from imperfections in source data and compilation. This imbalance, a usual feature of balance of payments data, is labeled net errors and omissions and should be identified separately in published data. It should not be included indistinguishably in other items. Net errors and omissions are derived residually as net lending/net borrowing and can be derived from the financial account minus the same item derived from the current and capital accounts. Therefore, a positive value of net errors and omissions indicates an overall tendency that:

(a) the value of credits in the current and capital accounts is too low; and/or

(b) the value of debits in the current and capital accounts is too high; and/or

(c) the value of net increases in assets in the financial account is too high; and/or

(d) the value of net increases in liabilities in the financial account is too low.

(For a negative value of net errors and omissions, these tendencies are reversed.)

Financial account and International investment position

2.17 The financial account shows net acquisition and disposal of financial assets and liabilities. […] Financial account transactions appear in the balance of payments and, because of their effect on the stock of assets and liabilities, also in the integrated IIP statement.

2.18 The sum of the balances on the current and capital accounts represents the net lending (surplus) or net borrowing (deficit) by the economy with the rest of the world. This is conceptually equal to the net balance of the financial account. In other words, the financial account measures how the net lending to or borrowing from nonresidents is financed. The financial account plus the other changes account explain the change in the IIP between beginning- and end-periods.

2.11 The highest level of classification used in the IIP, financial account, and other changes in assets and liabilities account is the functional classification, which is covered in *BPM6*, Chapter 6. […]

1. Direct investment

6.8. *Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy.* As well as the equity that gives rise to control or influence, direct investment also includes investment associated with that relationship, including investment in indirectly influenced or controlled enterprises (*BPM6*, paragraph 6.12), investment in fellow enterprises (see *BPM6* paragraph 6.17), debt (except selected debt set out in *BPM6*, paragraph 6.28), and reverse investment (see *BPM6* paragraph 6.40). The Framework for Direct Investment Relationships (FDIR) provides criteria for determining whether cross-border ownership results in a direct investment relationship, based on control and influence. The definition of direct investment is the same as in the fourth edition of the *OECD Benchmark Definition of Foreign Direct Investment*, which provides additional details on the FDIR and the collection of direct investment data. […]

2. Portfolio investment

6.54 *Portfolio investment is defined as cross-border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets.* […] The negotiability of securities is a way of facilitating trading, allowing them to be held by different parties during their lives. Negotiability allows investors to diversify their portfolios and to withdraw their investment readily. Investment fund shares or units (i.e., those issued by investment funds) that are evidenced by securities and that are not reserve assets or direct investment are included in portfolio investment. Although they are negotiable instruments, exchange-traded financial derivatives are not included in portfolio investment because they are included in their own separate category.

6.57 Portfolio investment may be presented by instrument, original or remaining maturity, or institutional sector.[…]

3. Financial Derivatives (Other Than Reserves) and Employee Stock Options

6.58 The definition of the functional category financial derivatives and employee stock options (other than reserves) largely coincides with the corresponding financial instrument class, which is discussed in detail in *BPM6* paragraphs 5.79–5.98. The difference in coverage between the functional category and the financial instrument is that financial derivatives associated with reserve asset management are excluded from the functional category and included in reserve assets (see *BPM6*, paragraph 6.91). This category is identified separately from the other categories because it relates to risk transfer, rather than supply of funds or other resources.

6.59 Unlike other functional categories, no primary income accrues on financial derivatives. Any amounts accruing under the contract are classified as revaluations and are included in the other changes in assets and liabilities account. […]

4. Other Investment

6.61 *Other investment is a residual category that includes positions and transactions other than those included in direct investment, portfolio investment, financial derivatives and employee stock options, and reserve assets.* To the extent that the following classes of financial assets and liabilities are not included under direct investment or reserve assets, other investment includes:

(a) other equity;

(b) currency and deposits;

(c) loans (including use of IMF credit and loans from the IMF);

(d) nonlife insurance technical reserves, life insurance and annuities entitlements, pension entitlements, and provisions for calls under standardized guarantees;

(e) trade credit and advances;

(f) other accounts receivable/payable; and

(g) SDR allocations. (SDR holdings are included in reserve assets.

Special drawing rights

5.34 *SDRs are international reserve assets created by the IMF and allocated to members to supplement existing official reserves.* SDRs are held only by the monetary authorities of IMF members and a limited number of international financial institutions that are authorized holders. SDR holdings represent unconditional rights to obtain foreign exchange or other reserve assets from other IMF members. […]

5.35 Holdings of SDRs by an IMF member are recorded as an asset, while the allocation of SDRs is recorded as the incurrence of a liability of the member receiving them (because of a requirement to repay the allocation in certain circumstances, and also because interest accrues). The holdings and allocations should be shown gross, rather than netted.

5. Reserves

6.64 Reserve assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing). Reserve assets must be foreign currency assets and assets that actually exist. Potential assets are excluded. Underlying the concept of reserve assets are the notions of "control," and "availability for use," by the monetary authorities. The composition of reserve assets and reserve-related liabilities is shown in *BPM6*, Box 6.5.

6. Methodological Consistency Across Countries and Periods

The IMF has published data on a basis that is consistent across countries and across time periods. Such data consistency is required to perform cross-country data comparisons, track growth rates across time, and produce regional or global data aggregates. Data conversion work undertaken by IMF staff, in close consultation with countries, has made possible the presentation in the BPM6 format of data for the few economies that have not yet implemented BPM6 (see Box 1). To assist users in understanding the impact of conversion to BPM6, as well as in understanding major methodological changes from BPM5 to BPM6, see FAQs on Conversion from BPM5 to BPM6. The international statistical community released the white cover (pre-edited) versions of the Integrated Balance of Payments and International Investment Position Manual (BPM7) in March 2025 with a target date for countries to adopt the updated standards between 2029-2030.

Box 1. Selected Main Rules Used for the Generic Conversion of *BPM5* Data to *BPM6*

- The balances on the Current account, Capital account and Financial account, Reserve assets, and Net errors and omissions were not changed.
- "Merchanting" was reclassified from Services to Goods.
- "Manufacturing services on physical inputs owned by others" ("Goods for processing" in *BPM5*) was reclassified from Goods to Services. The gross values of goods that physically moved across borders for processing but for which there was no change in ownership are excluded from goods trade.
- "Repairs on goods" was reclassified from goods to services (called "Maintenance and repair services n.i.e." in *BPM6*).
- "Goods procured in ports by carriers" was included in "General merchandise on a balance of payments basis."
- "Communication services" and "Computer and information services" from *BPM5* were reclassified to "Telecommunications, computer, and information services" in *BPM6*.
- "Postal and courier services" was included in "Transport."
- "Migrants transfers" was eliminated from the capital account (according to *BPM6*, a change of ownership is no longer imputed).
- "Reverse investment" in "Direct investment" was reclassified according to the asset/liability presentational basis.
- In general, the data for "Monetary authorities" in *BPM5* were mapped to "Central bank." In some instances, the data were mapped (in full or in part) to "General government" or other institutional units in consultation with countries.
- The use of signs in the balance of payments presentations was changed as follows: (i) in current and capital accounts, both credits and debits, were registered with positive signs; (ii) in financial account, increases in assets and increases in liabilities were registered with positive signs, and decreases in assets and decreases in liabilities with negative signs.