

Generic template for b.o.p./i.i.p. statistics as provided by Hungary (Magyar Nemzeti Bank)

1. INSTITUTIONAL ENVIRONMENT

1.1 CoP1 Professional Independence

1.1.1 Legal basis

The independence of Magyar Nemzeti Bank (MNB) in exercising its powers is guaranteed by the Hungarian law (Act CXXXIX of 2013 on the Magyar Nemzeti Bank) and by EU primary law.

Act on Magyar Nemzeti Bank (Act CXXXIX of 2013), which is available on the MNB's [website](#), establishes its independence from other government authorities: *„Pursuant to Articles 41 and 42 of the Fundamental Law, the Parliament hereby adopts the following Act on the Magyar Nemzeti Bank, its primary objectives, basic tasks, institutional, organisational, personal and financial independence and its operations, with a view to the definition of macro-prudential tasks and responsibilities, establishing the possibility for effective macro-prudential intervention, strengthening international macro-prudential cooperation and reinforcing supervision of and control over the system of financial intermediation.”*

The independence of the Magyar Nemzeti Bank, in its capacity as a member of the ESCB, is further emphasized in Article 130 of the EU Treaty and Article 7 of the Statute of the ESCB and of the ECB, which stipulate that *“when exercising the powers and carrying out the tasks and duties conferred upon them..., neither the ECB nor a national central bank nor any member of their decision making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision making bodies of the ECB or of the national central banks in the performance of their tasks.”*

1.1.2 Statistics work programme

MNB has a statistics work programme, that includes the main projects and strategies, but is not made public.

1.2. CoP2 Mandate for data collection

1.2.1 Allocation of responsibilities

In the Hungarian system, allocation of responsibilities between institutions is similar to the systems within the EU: information on the real economy mainly relies on data collected by the HCSO (Hungarian Central Statistical Office) and information on the financial account, the related stocks and investment income comes from the MNB data collection. In the case of transfers, the data collection for the general government or

administrative bodies is the responsibility of the HCSO, while transfers of other economic entities are derived from the data sources of the MNB.

1.2.2. Legal basis

The compilation and dissemination of BOP and IIP statistics are governed by the terms and conditions of the Act on Magyar Nemzeti Bank (Act CXXXIX of 2013), the Act on Statistics (Act XLVI of 1993) and related government decrees and decrees of the governor of the Magyar Nemzeti Bank (MNB). The annual reporting obligations are set out in the annually updated MNB Decree and in the National Statistical Data Collection Programme (OSAP).

On specific statistical areas, where the MNB and HCSO have common interest in the data collection, compilation and publication, the relevant principles and objectives are defined in a framework of a formal cooperation agreement. The aim of this agreement is to harmonise the applied methodologies, the publication standards and the revision policies. The specific areas of the cooperation are determined in an annually updated work programme that contains the tasks, deadlines and responsible persons in both institutions.

1.3. CoP6 Impartiality and objectivity

1.3.1. Advance release calendar

The [release calendar](#) for the balance of payments and international investment position statistics is updated for 12 months in advance at the end of June and December; thus it is always available on the MNB website for at least half a year prospectively. The release calendar contains the revision periods, as well.

1.3.2. Revision policy

BOP and IIP data are subject to regular revisions, in accordance with the revision calendar.

The timing pattern of releases and regular revisions of the quarterly balance of payments and international investment position statistics is as follows:

Period			Dissemination		Revision	
Year	Quarter	Month	Quarterly	Yearly	Quarterly	Yearly
Reference year (T)	Q1	March	(T-1)Q4	(T-2)*	(T-1)Q1-Q3	(T-3)(4), (T-2)(2)
	Q2	June	TQ1		(T-1)Q1-Q4	
	Q3	September	TQ2	(T-1)	(T-1)Q1-TQ1	(T-3)(5), (T-2)(3)
	Q4	December	TQ3		TQ1-Q2	
T+1	Q1	March	TQ4	(T-1)*	TQ1-Q3	(T-2)(4), (T-1)(2)
	Q2	June	(T+1)Q1		TQ1-Q4	
	Q3	September	(T+1)Q2	T	TQ1-(T+1)Q1	(T-2)(5), (T-1)(3)
	Q4	December	(T+1)Q3		(T+1)Q1-Q2	
T+2	Q1	March	(T+1)Q4	T*	(T+1)Q1-Q3	(T-1)(4), T(2)
	Q2	June	(T+2)Q1		(T+1)Q1-Q4	
	Q3	September	(T+2)Q2	(T+1)	(T+1)Q1-(T+2)Q1	(T-1)(5) T(3)
	Q4	December	(T+2)Q3		(T+2)Q1-Q2	
T+3	Q1	March	(T+2)Q4	(T+1)*	(T+2)Q1-Q3	T(4), (T+1)(2)
	Q2	June	(T+3)Q1		(T+2)Q1-Q4	
	Q3	September	(T+3)Q2	(T+2)	(T+2)Q1-(T+3)Q1	T(5), (T+1)(3)
	Q4	December	(T+3)Q3		(T+3)Q1-Q2	

Notes:

(1) T = reference year; T-1 = year preceding the reference year; TQ1 = Q1 of the reference year; TQ1-Q4 = the 4 quarters of the reference year

(2) In the yearly month: (2) = second release (for revision); (5) = fifth, final release

(3) * = the first release of direct investment stocks, by country and sector

(4) **highlighted area** from the first release to the final release

With regard to the normal revision cycle, the balance of payments and international investment position data are considered final (i.e. not routinely revised) after 11 quarters following the reference year (reference year + 33 months). The period of review is longer in March and September going back to T-3 years, while in June and December it covers only the data of the 'open years', either the preceding year in June or just the reference year in December. Monthly balance of payments data are published on the MNB's website as a flash estimate in T+44 days, but not revised and removed from the website upon the dissemination of the quarterly statistics.

CoP7 Sound methodology

2.1.1. General remarks

Hungary's balance of payments and international investment position statistics are generally consistent with the overall conceptual framework of the IMF's Balance of Payments Manual, sixth edition (BPM6).

Information on the sources and methodology used for the Hungarian balance of payments and international investment position statistics – among others - can be found in the IMF's Balance of Payments Statistics Yearbook (BOPSY).

A detailed description of the Hungarian BoP and IIP compilation system is available within the metadata description of the IMF's SDDS Plus:

<http://dsbb.imf.org/pages/sdds/DQAFBase.aspx?ctycode=HUN&catcode=BOP00>

Methodological notes and other information on data sources, compilation practices and other related issues concerning BoP and IIP statistics are available on the MNB's [website](#) and in a [separate publication](#) dedicated to the BPM6 changeover in 2014.

2.1.2. Residency

Hungarian balance of payments and international investment position statistics follow the BPM6 residency definition. These concept, in conformity with other macroeconomic statistics, is defined in the balance of payments statistics using the concepts of centre of predominant economic interest and economic territory.

Special purpose entities (SPEs) are resident enterprises that basically perform their activities abroad, and their connection with the domestic economy is negligible. SPEs are separately observed in external statistics

2.1.3. Institutional unit definition

The main attributes of institutional units are defined in BPM6. General principles (centre of economic interest, decision-making autonomy) on institutional units are applied in the Hungarian practice as defined in BPM6.

2.1.4. Sectorisation & sector definition and delimitation

Institutional sectors' definition and delimitation generally follow the principles of BPM6. The following sector breakdown is applied:

- A. Magyar Nemzeti Bank (Central Bank) (S.121)
- B. Other monetary institutions (S.12T)
 - B.1. Deposit taking corporations except the central bank (S.122)
 - B.2. Money market funds (S.123)
- C. General government (S.13)
- D. Other sectors (S.1P)
 - D.1. Financial corporations other than MFIs (S.12M)
 - D.2. Nonfinancial corporations, households and nonprofit institutions serving households (S.1V)

2.1.5. Valuation

In general, transactions and positions are recorded at market value where it is required by the standards.

In the balance of payments exports and imports of goods are valued on f.o.b value. The MNB receives estimated f.o.b. data for imports from the Hungarian Central Statistical Office (HCSO). This c.i.f./f.o.b. adjustment has an impact on transportation data collected and provided by the HCSO, as well.

With regard to the unlisted enterprises' equity, the valuation is based on the own funds at book value (OFBV) principle, i.e. as it is stated in the subsidiaries' balance sheet: for outward FDI in the balance sheet of the non-resident enterprise and for inward FDI in the books of the resident enterprise. Regarding listed companies' equity assets and liabilities, they are valued at market price.

2.1.6. Time of recording (accrual accounting)

In general data are collected and disseminated on an accrual basis. Although, since trade in goods data are based on foreign trade statistics (FTS) compiled by HCSO they follow the physical movement principle of FTS as a proxy of change of ownership.

2.1.7. Coverage gaps

Service margins on buying and selling financial instruments by dealers, i.e. on the basis of the spread between their buying and selling prices, are not yet observed. External transactions and financial stocks of resident households are based on estimations.

CoP8 Appropriate Statistical procedures

2.2.1 Main features

The MNB introduced a direct reporting data collection system for the compilation of balance of payments and international investment position statistics in 2008. Large companies ("Big Players") are assigned to report the full set of BOP and IIP statistics on a monthly basis, while the remaining companies depending on pre-defined thresholds are obliged to report their data on a quarterly and annual basis. Supplementary subject-specific data collections and various estimation methods also play a central role in the compilation of the balance of payments and international investment position statistics. For the maintenance of appropriate records of data suppliers, the MNB keeps a register of BOP data suppliers based on the reported data as well as on any other publicly available information.

Balance of payments statistics are compiled according to BPM6 methodology and in close cooperation with the HCSO. Data for current and capital account and incomes are mainly based on data collected by the HCSO, data for financial account, the related stocks and investment incomes are collected directly by the MNB.

2.2.2 Country specific aspects

Detailed information about the data sources, statistical procedures and other specific aspects is available in a document called *Hungary's Balance of Payments and International Investment Position Statistics 2014*, published on the MNB website: <http://www.mnb.hu/letoltes/hungary-s-balance-of-payments-and-international-investment-position-statistics-2014hungary-1.pdf>

CoP11 Relevance

BOP and IIP statistics support the ESCB in its tasks to define and implement the single monetary policy, potentially conduct foreign exchange operations and hold and manage official reserves. They also support the assessment of external vulnerabilities and interconnectedness for financial stability purposes, the 'risk dashboard' of the European Systemic Risk Board (ESRB) as well as the 'scoreboard' of the macroeconomic imbalances procedure. They are part of the 'Special Data Dissemination Standard' of the IMF and are required for IMF 'Article IV consultations' of the euro area and EU Member States.

At national level, the Balance of Payments Statistics Department regularly contacts major stakeholders, such as analysts of the central bank, ministries, and other principal users in order to be aware of emerging new national data needs, to discuss priorities and trade-offs, and to receive feedback on intended changes in methods, presentations, etc., if applicable.

The continuous flow of data requests and other inquiries received from different users (analysts, embassies, and journalists) is documented and occasionally analyzed to identify emerging data needs and to adapt the publication program according to these needs.

CoP12 Accuracy and reliability

3.2.1 Revisions

BOP and IIP data are subject to regular revisions, in accordance with the revision calendar. The main data revisions are explicitly presented in the quarterly published press releases, in two standard tables and explained if it is considered necessary. The first table presents the changes in net BoP transactions vis-a-vis the last publication, while the second table shows changes in stocks and selected macroeconomic indicators vis-à-vis the last publication. (On revision policy also see 1.3.2)

3.2.2 Errors and omissions and integrity rules

Direct reporting system applied since 2008 means that the BoP accounting system is not closed because credit and debit sides of offsetting transactions are reported by data suppliers independently from each other. Under these conditions internal consistency may be ensured by careful controlling methods of data

from different sources. With regard to major enterprises the coherence of data from different sources are routinely analysed and off-pattern cases identified and double-checked.

Although in terms of the measure of the Eurostat's BoP Quality Report [ARE(EO)%] the size of E&O is below the EU median in 2011-2013, Hungary has a negative bias of E&O indicates that structurally either the credits are over reported or the debits are under reported in the compilation system. The analysis of the size and direction of E&O is part of the normal compilation process in order to reduce the level and bias of E&O. But to reach this goal, no any special balancing procedure exclusively focusing on the elimination of the E&O is followed.

Consistency with the integrity rules is good or excellent while consistency between quarterly and annual data is also good. Stocks and flows are reconciled whenever IIP data are compiled, that is quarterly.

CoP13 Timeliness and punctuality

3.3.1. National requirements

The monthly data are released on the website of the MNB on the 44th day following the reference month. The MNB releases the quarterly balance of payments and international investment position on the 85th day following the reference quarter. The transaction and stock data in the balance of payments statistics are explained in the press release, and the detailed standard tables are published on the website. Annual FDI data with country and sectoral breakdown are available in the 9th month following the reference year.

3.3.2. EU and other international requirements

EU and other international requirements are following: For b.o.p./i.i.p., the monthly requirements by the ECB are T+44 and at EU level the timeliness requires quarterly data at T+85. For IMF data are required at T+90 in SDDS and SDDS Plus.

Hungary met all timeliness requirements arising from international institutions (ECB, Eurostat, IMF, OECD, UNCTAD and BIS).

CoP14 Coherence and comparability

3.4.1 Bilateral asymmetries:

Hungary is a participant of FDI network therefore it has contacted and investigated one-off transactions with other European countries. According to the Asymmetries part of the Quality Report the MNB recognized that with some countries the cause of the asymmetry could be the differences in the implementation of the (extended) directional principle.

3.4.2. Consistency with related statistics

Consistency with national accounts is routinely checked and sought. With the implementation of BPM6 and ESA2010 in 2014, the Hungarian balance of payments statistics and the rest of the world account are broadly consistent. However, vintage issues may occur due to different release calendars.

The MNB and the HCSO cooperate with each other in order to use same data sources and estimation methods. The MNB and the HCSO have introduced the new international statistical standards (BPM6 and ESA 2010) at the same time in 2014. The common work on this introduction was based on methodological correspondence and using same data sources and estimation methods. Existing deviations in released data are mainly due to different release calendars adopted by the MNB and the HCSO.

3.4.3 "Time" and back data consistency

Consistent time series are made available to the users as far backwards as possible. Back data under BPM6 methodology are available from the reference period 1995Q1 onwards.

3.4.4 Consistency across frequencies

Quarterly data dissemination is deemed to be the main publication. The monthly figures rely more on estimations (travel, other services and certain secondary income element data). In the quarterly compilation process, these estimations are replaced by the data obtained from the quarterly HCSO data collection. Consistency between the different frequencies is always ensured: by the revision of monthly data whenever quarterly data are produced, furthermore by the revision of monthly and quarterly data whenever annual data are published.

CoP15 Accessibility and Clarity

3.5.1. Data

MNB publishes monthly, quarterly and annual BoP data, while IIP publications are available quarterly and annually.

Simultaneously with the BPM6 changeover, the MNB started publishing on its website the **monthly** balance of payments data as a flash estimate at T+44 days. These published monthly data are available for the months of the open quarter only, they are not revised and removed from the website upon the dissemination of the quarterly statistics.

The MNB releases the **quarterly** balance of payments and international investment position at T+85 days. The BoP and IIP data are explained in the press release, and the detailed standard tables are published on

the MNB's website. The website separately shows data with and without special purpose entities both in HUF and in EUR.

MNB publishes also on the website the seasonally adjusted time series concerning the main aggregates of the external financing capacity related to the press release in the form of charts.

In line with the processing of **annual** reporting on direct investment, annual data are first released in the 9th month following the reference year. The balance of payments and international investment position statistics based on these annual corporate reporting can be compiled and disseminated by this time, replacing the estimates for FDI income and equity used in previous vintages.

The Hungarian BPM6 data series are available from 1995. BOP data (monthly, quarterly, annual) according to BPM6 methodology are available on the MNB's website: http://english.mnb.hu/Statiztika/data-and-information/mnben_statiztikai_idosorok/mnben_elv_external_trade/balance-of-payments-international-investment-postion/data-according-to-bpm6-methodology

Detailed FDI data are also available on the MNB's website:

http://english.mnb.hu/Statiztika/data-and-information/mnben_statiztikai_idosorok/mnben_elv_external_trade/foreign-direct-investments/data-according-to-bpm6-methodology

Simultaneously with the BPM6 changover in 2014 the MNB updated its publication called *Hungary's Balance of Payments and International Investment Position Statistics*. This Publication presents and explains the key concepts and conventions relating to the balance of payments and international investment position statistics as well as the structure of statistical reports and the conventions applied in their compilation. In addition to presenting the international methodology, it presents the data sources, statistical procedures and other specific aspects applied in the compilation and dissemination of external accounts statistics. The document can be accessed at: <http://www.mnb.hu/letoltes/hungary-s-balance-of-payments-and-international-investment-position-statistics-2014hungary-1.pdf>

3.5.2. Metadata

Explanatory notes on methodology for the compilation of the balance of payment and international investment position statistics are provided on MNB's website: <http://www.mnb.hu/letoltes/bop-meth-notes-bpm6-en.pdf>, and also in the above mentioned publication (<http://www.mnb.hu/letoltes/hungary-s-balance-of-payments-and-international-investment-position-statistics-2014hungary-1.pdf>) as well as in the "ECB BoP book" (to be published).