

## Methodological standards on compiling the monetary survey

### I. Analytical Framework. Concepts. Definitions. Classifications

#### Basic structure, Concepts and Definitions

A monetary survey is elaborated based on analytical bookkeeping data at the end of the reported period and corresponds to the balance sheet accounts of the NBM and banks. The balance sheet accounts are disaggregated according to residency, currency, financial instruments, sectorization and maturity criteria. All banks follow the same chart of accounts, which facilitates data collection and classification. The methodological basis for monetary survey compilation is worked out in accordance with analytical standards of data presentation in the monetary-financial statistics of the International Monetary Fund (IMF).

The monetary survey is compiled in accordance with the international concepts, definitions and classifications recommended in the IMF's "Monetary and Financial Statistics Manual" (2000) and disseminated monthly on the WEB site of the National Bank of Moldova (<http://www.bnm.org/>). The analysis of dynamics of monetary indicators is also published in the NBM Monthly Bulletin, Quarterly Bulletin and Annual Report. For additional information please contact Statistics and Monetary Analysis Section, Monetary Policy and Research Department, National Bank of Moldova, phone/fax (37322) 22 35 32.

Monetary and financial statistics data are based on the classification of transactions by residence of the transaction participants. Generally, in accordance with the internationally agreed concepts the ***residency criterion*** is based on the definition of "the center of economic interest" of the transaction participant. Domestic branches of foreign entities are thus deemed to be residents of the country, while foreign branches of domestic entities are deemed to be non-residents of the country.

The definition of residency is stipulated in the NBM *Regulation on foreign exchange regulation on the territory of the Republic of Moldova*. Resident units are defined as follows:

- All legal entities founded under the legislation of the Republic of Moldova and located in the Republic of Moldova, including their representation offices outside the territory of the Republic of Moldova.
- Branches of legal entities founded abroad with the center of economic interest in the territory of the Republic of Moldova.
- Individuals staying in the Republic of Moldova for a period of one year and longer.

Non-residents are considered all institutional units (legal entities and individuals) that are not resident.

Credits and deposits of residents are classified by the sectorization principle. For the purpose of statistical and economic analysis, the classification of sectors in the economy of Moldova is performed based on their primary activity into sectors as follows:

- a) **Financial sector** ;
- b) **Public authorities** ;
- c) **Sector of commercial non-financial companies** ;
- d) **Other resident sectors**.

**Financial sector** includes financial institutions, as well as resident non-banking organizations, the main activity of which consists in financial intermediation or another auxiliary financial activity and is made up of the following subsectors:

- 1) The National Bank of Moldova,
- 2) Banks and other financial institutions, accepting deposits (**Other Depository Corporations** according to the definitions of the IMF's "Monetary and Financial Statistics Manual ")
- 3) Other institutions involved in certain financial operations (**Other Depository Corporations** according to the definitions of the IMF's "Monetary and Financial Statistics Manual ") – insurance companies, pension funds, other financial intermediaries or auxiliary financial units:
  - a) insurance companies include mutual and other organizations, the main function of which is life insurance, accident insurance, insurance against temporary disability, insurance against fires and other types of insurances;
  - b) pension funds are organized as institutional units independent of their founders;
  - c) other financial intermediaries include micro financing companies, savings and loans associations, with the main function of lending to individuals, to non-financial companies and to enterprises founded by individuals or their families, financial leasing companies financing material sets acquisition, investment funds – institutional units accumulating investors' resources for the purpose of financial assets acquisition, except pension funds.
  - e) Auxiliary financial units represent financial institutions engaged in financial intermediation, but not acting as financial intermediaries.

**The sector of public authorities** (**General Government** according to the definitions of the IMF's "Monetary and Financial Statistics Manual ") includes public administration bodies invested with legislative, executive or judiciary powers, extended over institutional units, located within the boundaries of a distinct area and is divided into:

- 1) Central public authorities (**Central Government** according to the definitions of the IMF's "Monetary and Financial Statistics Manual "),
- 2) Local public authorities (**Local Government** according to the definitions of the IMF's "Monetary and Financial Statistics Manual ").

**The sector of commercial non-financial companies** comprises companies (their

branches, representation offices), including affiliated companies the main purpose of which is goods production and trade, as well as rendering of non-financial services. The sector is subdivided into two subsectors:

- 1) Non-financial companies of public law (**Public Non-financial corporations** according to the definitions of the IMF's "Monetary and Financial Statistics Manual ") include companies, as well as affiliated companies under the control of public authorities;
- 2) Non-financial companies of private law (**Other Non-financial corporations** according to the definitions of the IMF's "Monetary and Financial Statistics Manual ") include companies whose capital belongs to private sector or to foreign capital.

**Other resident sectors** consist of two subsectors:

- 1) Enterprises founded by individuals or their families (individual enterprise, households etc.);
- 2) Non-commercial organizations.

### **Classification by maturity**

In order to perform a monetary analysis and to elaborate the monetary program, it is important to make a difference between short-term, medium-term and long-term loans and securities. The short-term instruments cover operations with the maturity not exceeding 1 year, while medium-term (from 1 to 5 years) and long-term instruments cover operations with the maturity of over 5 years.

### **Classification System**

The monetary survey is based on balance sheet data and is presented according to the following classification:

#### **National Bank Survey**

##### **1. Net foreign assets**

##### **2. Net domestic assets**

*Net domestic credit*

**Claims on Central government sector (net)**

**Claims on banks (net)**

##### **3. Reserve money (3=1+2)**

## *Banking System Survey*

### 1. Net foreign assets

### 2. Net domestic assets

#### *Net domestic credit*

Claims on General Government (net)

Claims on Non-Government sector (net)

    Claims on the Public non-financial corporations

    Claims on the Other non-financial corporations

    Claims on the Other financial corporations

    Claims on the Other resident sectors

### 3. Broad money M3 (3=1+2)

Foreign currency deposits

#### **M2**

Money market instruments

Time deposits (in MDL)

#### **M1**

Transferable deposits (in MDL)

**M0** Currency outside banks

*Net Foreign Assets* represent the difference between foreign assets and foreign liabilities of the National Bank of Moldova and of the banking system. The NBM foreign assets include international reserves. As for the foreign assets of the banking system, they are mainly made up of cash means and payment documents in foreign currency, claims on non-resident foreign banks, securities of non-residents, shares and other investment capital with non-resident corporations. Foreign liabilities are mainly composed of liabilities to non-resident foreign banks, credits received from non-residents and international organizations, deposits of non-resident institutional entities.

*Banking System Net Domestic Credit* include the *Net claims on General Government* and *Net claims on Non-government sector*. The net claims on General Government include *credits extended by banks to the Government*. The net claims on Non-government sector include *the balance of credits to economy* and *Other claims*. Credits to economy include the balance of *Other financial corporations* and *Other resident sectors*, as well as *the balance of credits of banks under liquidation*.

*The NBM Net Domestic Credit Assets* comprise the *Net claims on General Government* and the *Net claims on banks*.

**Monetary Aggregates** represent currency outside banks M0, M1, M2 and M3.

**Currency outside banks (M0)** is defined as cash money issued into circulation by the NBM, excluding the cash money from banks' vaults and the NBM vault.

**Money supply:**

**M1** is defined as M0 plus transferable deposits (in national currency);

**M2** is M1 plus time deposits (in national currency) plus money market instruments.

**M3** includes M2 plus foreign currency deposits.

**Reserve money** includes currency in circulation, banking reserves (including required reserves in Moldovan lei of banks with the National Bank of Moldova, other reserves and cash money with banks' vaults) and transferable deposits of other organizations.

## **II. Scope of the Data**

### **Unit Coverage**

The monetary survey covers the accounts of the NBM and of banks. Only banks may accept deposits.

### **Transaction Coverage**

All types of operations are included.

### **Geographic Coverage**

All banks located in the Republic of Moldova are covered.

## **III. Accounting Conventions**

**Valuation Standards:** The accounts of the NBM and those of banks are recorded on an accrual basis. Accrued interest receivable and payable is classified to the extent permitted by basic data, under the appropriate sector and instrument category.

**Valuation of financial instruments:** All securities are valued at their market prices. Interest accruing on such securities is recorded on a monthly basis.

**Valuation of foreign currency financial instruments:** Foreign currency stocks are revalued on a daily basis at the official exchange rate of Moldovan leu fixed by the

National Bank of Moldova.

**Provisions:** In the monetary survey, general and specific reserves (provisions) of the NBM and of banks are included in other items.

#### ***IV. Nature of the Basic Data Sources***

Data included in the National Bank Survey are an analytical consolidation of the NBM balance sheet. Banks' data are based on the report forms, where accounts are disaggregated by principles of residency, currency, financial instruments and sectorization. All banks follow the same Chart of Accounts, which facilitates the data collection and classification.

#### ***V. Compilation Practices***

The National Bank of Moldova keeps at all times adequate bookkeeping records to reflect its operations and financial situation according to international accounting practices.

The National Bank of Moldova collects data from banks pursuant to Articles 33 and 37 of the Law on Financial Institutions, requiring that banks submit to the central bank reports on monetary statistics in a format, content and time limits as set out by the National Bank of Moldova. Weekly banks' balance sheets are reported to the NBM according to a timetable, while monthly balance sheets are reported within 5 calendar days after the end of the reference month. Reported data are verified by the NBM using analytical tests and discussions with banks. Data compilation is usually finalized within 20 days and are disseminated onwards. Data for December are based on banks' preliminary reports and are revised if there are any changes in banks' positions following their audit controls.

#### ***VI. Plans for improvement***

##### **Recent Improvements**

- Monetary survey data are mostly in line with international principles of monetary and financial statistics. The monetary survey methodology was revised in 1997 pursuant to recommendations of the IMF mission on monetary and financial statistics.
- The NBM implemented its local information network and data communications network with banks to develop the interbank market and improve banking data dissemination.

- The National Bank of Moldova introduced new standardized reporting forms for all banks in 2005.
- Since 1998 The NBM has published monthly editions of Monetary Synthesis, monetary aggregates' evolution and other data pertaining to financial market of the Republic of Moldova on the NBM website: <http://www.bnm.org> .

### **Short-term Plans (next year)**

- Implement modifications to the Chart of Accounts of the NBM and of banks with the purpose of reflecting new operations. Major modifications represent the addition to the Chart of Accounts of new accounts reflecting operations as follows:
  - Foreign exchange operations (spot and forward)
  - Operations with Government Securities in the primary market

### **Medium-term Plans (next 2-5 years)**

- Initiate the compilation of the financial sector survey.