

Balance of payments and international investment position

Table of contents

General	1
Legislation	2
Compilation sharing	2
Dissemination and accessibility of statistics	4
Release calendar	4
Dissemination practices	4
Dissemination schedule and revision practice	4
Concepts, data sources and compilation methods	5
Current account	5
Trade in goods	5
Services	5
Income	7
Current transfers	8
Capital transfers	8
Estimation of missing monthly and quarterly data in the current account	8
Financial account and international investment position	9
General features of the system for statistical compilation of financial items	9
Direct investment	10
Portfolio investment	11
Other investment	11
Financial derivatives	12
Central bank reserve assets	13
Estimation of missing monthly and quarterly data for the financial account and investment income	13
Data accuracy and validity	14
Process quality	14
Errors and omissions in the balance of payments	15
Increased data accuracy and reliability of preliminary data	15

General

The balance of payments (BOP) statistics describe the external stability of the economy in terms of both real and financial transactions and is part of the system of national accounts. The balance of payments is comprised of current, capital and financial accounts. The current account depicts the effects of foreign transactions, such as the trade in goods and services, income and current transfers, on the national income and on the balance between savings and investments in the economy. The capital account only contains capital transfers. The financial account describes how the surplus or the deficit in the current account is invested or financed to and from abroad, respectively. The financial account comprises foreign direct

investment, portfolio investment, other investment, financial derivatives and changes in central bank reserve assets.

The international investment position (IIP) statistics illustrate the foreign asset and liability stocks accumulated as a result of financial account capital flows. The statistics are recorded at the end of the period.

The instructions and recommendations of the International Monetary Fund Balance of Payments Manual (fifth edition of 1993) are applied in the compilation of the BOP and IIP statistics. Guidance is also provided by the European Central Bank (ECB) (financial account) and Eurostat (current account) in the EU and by the OECD (foreign direct investment).¹

Legislation

The Bank of Finland's right to collect statistical information is based on the Council Regulation concerning the collection of statistical information by the European Central Bank ([EC] No 2533/1998, as amended by Council Regulation [EC] No 951/2009), and the Act on the Bank of Finland (214/1998). The National Board of Customs and Statistics Finland perform their own data collection tasks on the basis of their respective legislation.

Finland has a legal obligation to compile and report the balance of payments statistics to the ECB (ECB Guideline ECB/2004/15, as amended by ECB Guideline ECB/2007/3), the statistical office of the European Union, Eurostat (Regulation of the European Parliament and of the Council (EC) No 184/2005, as amended by Commission Regulation (EC) No 707/2009) and the International Monetary Fund (IMF).

Compilation sharing

The BOP and IIP statistics are compiled and disseminated by the statistics unit of the Bank of Finland. The source data are collected in collaboration with the National Board of Customs and Statistics Finland.

The National Board of Customs collects data on foreign trade in goods and publishes corresponding statistics, while Statistics Finland is responsible for collecting data on international trade in services and on

¹ IMF (1993): Balance of Payments Manual, fifth edition; ECB (November 2004): European Union Balance of Payments/International Investment Position Statistical Methods; Eurostat (May 2004): Balance of Payments Vademecum; The OECD Benchmark Definition of Foreign Direct Investment (1996); and the Manual on Statistics of International Trade in Services (2001) by all international statistical organisations.

current and capital transfers. The Bank of Finland collects the financial account and investment income data and data for the IIP statistics. The Bank of Finland is responsible for delivering complete statistical data to international organisations.

Table 1. Division of authorities' responsibilities in BOP data collection

BOP item	Provider of information and frequency of dissemination
Current account	
Goods trade	National Board of Customs – monthly data
Transport	Statistics Finland – quarterly data
Travel	Statistics Finland – quarterly data
Other services	Statistics Finland – quarterly and annual data
Income	Bank of Finland – monthly data, Statistics Finland – annual data
Current transfers	Statistics Finland – quarterly and annual data
Capital transfers	Statistics Finland – quarterly and annual data
Financial account	
Direct investment	Bank of Finland – monthly and annual data
Portfolio investment	Bank of Finland – monthly and annual data
Other investment	
Loans and deposits	Bank of Finland – monthly and annual data
Trade credits	Bank of Finland – monthly data and monthly estimate
Other capital	Bank of Finland – monthly data
Financial derivatives	Bank of Finland – monthly data
Central bank reserve assets	Bank of Finland – monthly data
Errors and omissions	Residual item

Dissemination and accessibility of statistics

Release calendar

The publication timetables for Finland's balance of payments are available in statistical bulletins and in the events calendar maintained on the Bank of Finland website

http://www.bof.fi/en/suomen_pankki/tapahtumakalenteri

Dissemination practices

The Finnish BOP statistics are disseminated via the Internet on the Bank of Finland website and in time series formats. The monthly Bank of Finland BOP bulletin and more detailed quarterly bulletins on the BOP, the IIP and on gross foreign debt are posted on the Internet. The annual BOP – IIP publication contains long time series and cross tabulations of data by sector and instrument. The annual release provides a detailed breakdown of the current account by service item.

The Finnish BOP time series databases are currently maintained and distributed by Statistics Finland and Etlatieto Ltd. The databases include long and detailed BOP and IIP time series on annual, quarterly and monthly frequencies.

Dissemination schedule and revision practice

The monthly balance of payments is disseminated about six weeks after the end of the reference period, immediately after the foreign trade statistics become available. In connection with the publication of the December data around mid-February, preliminary data on the past year are also released. Each monthly release also includes revisions of data on the preceding month. Monthly statistics provide estimates of quarterly and annual data. More extensive annual statistics are completed in about 10 weeks. Monthly and quarterly data are upgraded and revised in a consistent manner.

Data collected employing annual surveys on foreign direct investment (FDI) and other services are available by the autumn in the following year, after all source data have been obtained. According to the ECB's and Eurostat's revision practice, the largest revisions are always made at the end of March and September. All preceding year's monthly and quarterly data are then revised in order to make them consistent with revised annual figures. Revisions are also made to data on the year preceding the past year. A detailed dissemination and revision timetable for the balance of payments [dissemination and revision timetable](#) is available on the Bank of Finland website. Accordingly, the statistics become final more than two years after the end of the reference year.

Concepts, data sources and compilation methods

Current account

Trade in goods

In BOP statistics, the values of goods imports are converted from the cif values in foreign trade statistics into fob values in the balance of payments², when the share of freight and insurance in goods imports is transferred to transport expenditure. The National Board of Customs foreign trade statistics are also supplemented with information on the value of fuel used by ships and aircraft. Exports in the data on goods trade, broken down by country in the BOP statistics, have been recorded according to the country of destination, imports from the EU according to the country of consignment (intra trade) and imports from outside the EU according to the country of origin (extra trade).

The National Board of Customs collects all data necessary for the compilation of goods trade statistics. Information on Finland's trade with extra-EU trading partners is obtained from the customs clearance system. As regards intra-EU trade, importers and exporters report monthly statistical data according to the EU's Intrastat system to the Finnish Customs regional administration, which verifies the data and delivers them further to the National Board of Customs.

The statistical system of the National Board of Customs is described on the Finnish Customs website:

http://www.tulli.fi/en/finnish_customs/statistics/compilation/manual/index.jsp

Services

Statistics Finland collects data needed for the statistical compilation of travel, transport, insurance and other services via separately conducted surveys. Use is also made of data collected for administrative purposes and of expert estimates.

Services, transportation

The transport component mostly consists of sea transport freight expenditure and stevedoring, port, passage and pilot charges paid by ships. Sea transport freight receipts are income earned by Finnish shipping companies from the transportation of foreign goods. Corresponding expenditures are sea transport charges paid to foreign carriers. Considerable transportation income is earned from transportation payments made by foreign tourists, and is broken down into sea transportation receipts and

² The share of foreign carriers and insurers is deducted from the cif import value in the National Board of Customs foreign trade statistics and is transferred to transport and insurance expenditures.

air transportation receipts. Corresponding expenditures are payments made by Finnish residents to foreign carriers.

Information on transport is obtained from several sources. Information on sea-traffic transportation receipts (= exports of transport) and partly transportation payments (= imports of transport) and traffic-charges paid to abroad is mainly based on statistics compiled by Statistics Finland's Business trends unit on [income and expenditure of foreign sea transport](#). Foreign freight expenditure in sea transport is also estimated by making use of information on foreign shipping companies' market shares and on the breakdown of imports by goods and country. As regards air transport, information on transportation receipts is obtained from domestic airline companies. This information and information on market shares concerning air transport from Finland to abroad enable assessment of payments received by foreign airline companies from Finland. Data on road transport income from abroad are based on expert estimates from the Finnish Transport and Logistics (SKAL). Payments made to abroad for road transport are estimated on the basis of corresponding receipts.

Services, travel

Travel services cover all expenditure arising from travel other than transport between countries, which are included in the transport component. Expenditures caused by cruises, seasonal and border employees as well as studies and medical treatment abroad are also included.

The main source for travel receipts is the [Border Interview Survey](#) of foreign visitors in Finland, which is supplemented with [tourism \(accommodation\) statistics](#) based on the EU Council Directive (95/57EC) on the collection of statistical information in the field of tourism. The primary source for travel expenditure is the [Finnish Travel Survey](#).

The Travel Survey is a sample-based telephone interview survey, targeted at permanent resident population of age 15–74. The sample is shared with the Consumer Survey. In calculating travel expenditure, use is also made of other statistics describing tourism, such as information collected by the Association of Finnish Travel Agents (AFTA) on package tours made by air and passenger statistics on international air and ship traffic. An additional data source is the statistics collected by the Finnish Border Guard on traffic at the EU's external borders, where travellers are broken down by nationality.

Services, other services

Other services include insurance and financial services, mail and telecommunication services, construction services, IT and information services, royalties and licence fees, other business services, as well as personal, cultural and recreational services.

Statistics Finland's regular provision of statistics on international trade in services covers the item 'Other services' in the balance of payments, excluding insurance and financial services. The data content, classifications used and collection methods of these statistics are described on the [Statistics Finland's website](#).

Insurance receipts and expenditure in foreign insurance business are obtained from annual surveys conducted by the Financial Supervisory Authority (FIN-FSA). The survey covers all companies selling insurance services in Finland. Commodity insurance data are mainly based on the results of a survey on freight and insurance expenses in commodity trade, carried out periodically by the National Board of Customs. In addition, the purchase of foreign insurance services by Finnish companies is included in the business services survey.

Income

Compensation of employees

Wages and salaries and bonuses included in the compensation of employees comprise payments made for professional services and other personal wages and salaries and bonuses, as well as employers' social security contributions. Wages and salaries received by households from abroad according to the tax statistics only include wages and salaries and bonuses received by those employed abroad less than six months.

Wages and salaries for employment less than one year are estimated by increasing the figures in the tax statistics on the basis of expert estimates. Wages and salaries paid to abroad refer to expert estimates based on the number of non-residents who had worked in Finland and on median wages and salaries in Finland. Wages and salaries account for a very small share of income, for the present.

Investment income

Investment income represents compensation based on financial assets and liabilities. Investment income includes return and interest on direct investment equity, dividend and interest income from portfolio investment, as well as interest income from other investment and return on reserve assets. Of investment income, dividends are recognised in the statistics on a cash basis and interests on an accrual basis. Dividends on direct investment equity are recognised when they fall due for payment, but in practice, at least smaller companies provide cash-based data. The dividends paid out by direct investment companies are deducted from the return on equity earned from direct investment companies. The difference thus obtained is recognised as reinvested earnings. Its counterpart is in the financial account direct investment. Capital gains or losses are not included in return on equity. Interests on loans between parent companies and their subsidiaries are netted, according to the directional principle.

Investment income is mainly compiled according to balance of payment surveys conducted by the statistics unit of the Bank of Finland (see section 3.2.1). The compilation is made by investment type. The return on direct investment equity, ie the share of direct investment company profits, is calculated using the results obtained from financial statement-based annual surveys directed at companies. As regards accrual-based interest expenditure on marketable bonds, their statistics are compiled by making use of security-specific information from the ECB's centralised securities database.

Current transfers

Unrequited transfers are divided into private and public transfers. Private transfers cover gifts awarded to abroad, private grants, inheritances, taxes, pensions and other current transfers. Private transfers also include agricultural subsidies paid by the EU. Other private transfers refer to insurance premiums and compensation for damage.

Public transfers comprise central and local government subsidies, membership fees for international organisations and payments related to development aid.

In the compilation of private transfers, use is made of historical data, administrative budgetary sources, expert estimates and, in respect of other private transfers, the insurance services survey. Preliminary data on public transfers are collected from central government accounts, maintained by the State Treasury, and they are revised by Statistics Finland at year-end, on the basis of financial statement information and special clarifications. These clarifications rely on data on subsidies and other EU payments reported in EU statistics concerning Finland.

Capital transfers

Capital transfers are composed of investment subsidies and other capital transfers (eg transfers of ownership of fixed assets and debt forgiveness). The bulk of capital transfers in Finland's balance of payments are investment subsidies, while other capital transfers are insignificant. Investment subsidies are mainly related to payments from the EU's structural and agricultural funds to private and public sectors.

Capital transfers statistics are based on administrative data, mainly central government financial statement information, available to Statistics Finland.

Estimation of missing monthly and quarterly data in the current account

The preliminary monthly estimates of services trade are produced by the Bank of Finland's statistics unit, using a method based on structural time series and indicator models. This method sees services trade as constituting part of the entire foreign trade. Indicators with explanatory and predictive power are used as explanatory variables in the modelling system. Quarterly model estimates are divided among the months.

Data are revised in two stages. The first revisions are made quarterly after statistics on travel, transport and other services become available. The second round of revisions takes place annually in September, when results from annual surveys on other services are obtained.

As regards small items, such as wages and salaries, private current transfers and capital transfers, for which data become available annually, monthly estimates are mainly undertaken on the basis of the previous year's level, divided equally among the months.

Financial account and international investment position

The financial account and international investment position (IIP) are compiled in accordance with the recommendations and classifications in the fifth edition of the IMF Balance of Payments Manual and the European (ECB, Eurostat) interpretations thereof. The IMF investment-type BOP classification separates direct investment, portfolio investment, other investment, financial derivatives and changes in central bank reserve assets. Other investment breaks down into loans and deposits, trade credits and other assets and liabilities. The sectoral breakdown conforms to the official classification applied, for example, in the system of national accounts. Other investment can be divided into long and short-term assets and liabilities.

General features of the system for statistical compilation of financial items

The compilation of statistics in the Bank of Finland concerning the financial account and investment income flows and the stocks of foreign assets and liabilities is based on surveys originally introduced in 1991. The surveys have been updated at regular intervals. There are currently three types of BOP surveys in place:

1. Monthly and annual surveys on foreign assets and liabilities to collect information on the stocks of assets and liabilities and changes therein (net), valuation items and corresponding interests and dividends, by sector.
2. Monthly survey, directed at custodians (domestic securities depositories), concerning the safekeeping of securities.
3. Financial statement-based annual FDI surveys.

Detailed survey contents and practical data collection methods are described in the [reporting instructions for balance of payments statistics](#) on the Bank of Finland website.

Data for the balance of payments are also collected in connection with the ECB's collection of data on the balance sheets of monetary financial institutions (MFIs) and mutual funds.

The basic principle of the statistical compilation system is to conduct surveys direct at the source, ie among institutional units that make investment or financial decisions. BOP surveys are by nature census collections, cutting off small companies.

Corporate sector survey structure^[1] is defined on the basis of Statistics Finland's Register of Enterprises and Establishments (business register). The register contains information on some 300,000 establishments, with an indication of foreign ownership. The register also includes as a memorandum item a list of enterprises that have foreign subsidiaries. The survey structure are supplemented with data, obtained from the Finnish Tax Administration, on the balance sheets of the 15,000 largest companies and with data obtained from

^[1] The survey sample structure represents the actual counterpart of a theoretical population and is a list of enterprises that are relevant for the survey and can be reached in practice, ie their contact information is available.

Bank of Finland surveys. Corporate sector BOP surveys include companies whose foreign assets and liabilities are expected to be the largest on the basis of these data sources. In recent years, monthly surveys have in practice covered about 90–140 companies and annual surveys about a total of 1,000–1,200 companies.

Other financial sector participants that remain outside the definition of MFIs and mutual funds are selected for BOP surveys by means of FIN-FSA data, Tax Administration balance sheet data and the business register, as in the case of the corporate sector.

Direct investment

Concept

Direct investment refers to a transaction in which an enterprise in one country obtains a lasting interest in an enterprise resident in another country, by founding a company or carrying out a merger. In practice, the criterion for such a lasting interest is set at 10% ownership.

Direct investment capital is divided into equity and debt. The counterpart of reinvested earnings in the current account is recorded as equity. Equity is considered to include transactions in company shares, subscriptions of shares in special issues and other equity investments. Direct investment debt comprise private placements, leasing credits, deposits on intragroup accounts, subordinated loans equivalent to equity, trade credits, receivables and payables related to the accrual recognition of interests on loans, bonds and money market paper. If both the creditor and the debtor are non-insurance financial companies, only perpetual bonds are classified as belonging to direct investment debt.

Direct investment capital transactions are compiled on a directional basis, meaning that the assets and liabilities of resident Finnish investors vis-à-vis non-resident direct investment companies are recorded as direct investment abroad. Correspondingly, the assets and liabilities of Finnish direct investment companies vis-à-vis non-resident investors are recorded as direct investment in Finland.

Statistical compilation

The most important data sources for direct investment statistics are financial statement-based annual surveys. These are by nature census collections, leaving out small companies. Respondents are selected so as to cover about 90% of the total value of direct investment. The survey structure is based on the business register, including its additional information on foreign ownership, as well as on the register of consolidated enterprises and its information on subsidiaries. Direct investment values for companies not surveyed are estimated on the basis of balance sheet data obtained from the Tax Administration, by establishing a relationship between direct investment variables and appropriate balance sheet variables (regression

equation) from among the smallest companies in the survey. The survey results are available by the following autumn.

Monthly surveys on foreign assets and liabilities also ask to submit information on direct investment, and therefore the annual survey has been tailored to the respondents' profiles in order to avoid double collection. Regular statistical compilation also includes ongoing monitoring of direct investment and timely special surveys on new mergers and acquisitions. Owing to the structure of the compilation process, the statistics are thus completed over time.

Portfolio investment

Concept

Portfolio investment is considered to include securities transactions not belonging to direct investment and reserve assets. Portfolio investment refers to securities transactions in which the ownership or voting power after the investment remains below 10%. As securities transactions are valued at market prices, capital gains realised in connection with a change of ownership are reflected in valuation adjustments between stocks and flows.

Securities traded are divided into equity and debt securities. Equity securities are shares, participations and mutual fund shares. Debt securities include bonds and money market paper. In practice, the bulk of liabilities related to debt securities take the form of bonds issued abroad.

Statistical compilation

Portfolio investment data are obtained from monthly surveys directed at custodians and those on foreign assets and liabilities. The information is collected by security, and their classification is assisted by the ECB's centralised securities database, which includes basic data on almost all securities actively traded on a global scale. The surveys only require the reporting of the stock data, whereas the flows for portfolio investment assets and liabilities are derived from differences in stocks, taking account of valuation changes.

Other investment

Concept

Other investment includes loans and deposits, trade credits and other assets and liabilities.

Loans are bilateral credit agreements between the lender and the borrower and are non-marketable. Long-term leases are also included in loans. This type of financial leasing is a normal procedure in leasing ships

and large machinery. Repurchase agreements on securities, ie repos, are recorded under this item in accordance with international accounting standards, although they are not loans from the legal point of view. Repo transactions correspond to collateralised loans in which securities originally owned by the seller are used in security for the loan. Private placement bonds also conceptually belong to the loan category.

Deposits are fixed-term or redeemable immediately on demand. They can be used to make payments, with no charges or limitations related to their use. Receivables in cash also belong to deposits.

Export claims and advances as well as import accounts payable and advances are classified under trade credits. Trade credits refer to trade credits related to goods and services trade, such as accounts payable, supplier credits (term of payment granted by foreign sellers), trade payables and advances received from foreign buyers for the current or future delivery of goods or services.

Other capital includes, for example, interbank claims and liabilities in payment transmission, term of payment-related claims and liabilities in securities transactions, insurance companies' reinsurance accounts payable and receivable as well as deposits, and corporate financing based on bills of exchange. Claims that cannot be recorded under any other BOP category are also recorded under other capital.

Statistical compilation

Information on other assets and liabilities is collected from the Bank of Finland survey on foreign assets and liabilities (see section 3.2.1).

Loan drawdowns and redemptions are not separately compiled for Finland's BOP statistics, but loans are reported in the surveys as net changes (drawdowns less redemptions). Objects rented in financial leasing are recorded under goods trade and the rent under loans. Payments of rent are entered into redemptions and interest under interest on other investment.

Trade credit data are collected in connection with surveys on the foreign assets and liabilities of companies and government bodies. The figures on trade credits, obtained from business surveys used for the regular, intra-year compilation of statistics, are increased according to their coverage, because exporters and importers considerably outnumber the companies relevant for financial transactions.

The most important item of other assets and liabilities is interbank deposits, which are short-term by nature and large by volume and highly volatile. Information on interbank deposits needed for BOP purposes is derived from MFI balance sheet statistics.

Financial derivatives

Concept

Financial derivatives are financial instruments the price of which is determined by the value of another asset. Such an asset, ie the underlying asset, can in principle be any other product, such as a foreign currency, an interest rate, a share, an index or a commodity. Financial derivatives include various options, warrants, forward contracts, futures and currency and interest rate swaps.

Statistical compilation

The transactions related to financial derivatives and the corresponding stocks of assets and liabilities are compiled separately, detached from underlying assets. Capital flows arising from financial derivatives are recorded as net changes, and their flow data are not broken down into assets and liabilities. Payment flows (cash flows) resulting from contracts entered into with non-residents and materialised during the reference period are recorded as changes on a net basis. Such flows include, for example, premiums paid at inception of standardised derivative contracts, interim payments made during the life of the contracts (non-repayable margin payments) and net value payments made at the close of the contracts, as well as all net payments between the parties related to non standardised contracts.

The stock data of financial derivatives are broken down into assets and liabilities. The asset stock is fined as the sum of derivative contracts with a positive market value, and the liabilities stock, in turn, as the sum of derivative contracts with a negative market value. The market value of a contract is positive for a Finnish reporting entity when its non-resident counterparty would have a net payment obligation vis-à-vis the Finnish reporting entity if the contract were to be settled immediately (ie at the end of the month). Conversely, the market value is negative when the domestic reporting entity would have a net payment obligation vis-à-vis its non-resident counterparty. The values of assets underlying derivative instruments are not recorded under derivative contract values.

Central bank reserve assets

Central bank reserve assets are statistically compiled in accordance with the instructions of the International Monetary Fund (IMF) and the European Central Bank (ECB). The reserve assets comprise gold, special drawing rights (SDRs), the reserve position in the IMF and foreign exchange claims. The exchange rate used is the spot rate prevailing at the value date, and the items are entered at market prices.

Data on reserve assets in the balance of payments are based on the Bank of Finland's book-keeping.

Estimation of missing monthly and quarterly data for the financial account and investment income

The preliminary data on reinvested earnings in direct investment are the Bank of Finland estimates, because responses from annual surveys are not available until September following the reference year. The estimates of the financial results of direct investment companies for the current year's monthly and quarterly statistics are based on the latest annual survey data. In preparing the estimates, account is also

taken of overall developments in the global economy and changes in the reporting population. Annual estimates are divided equally among the months. Monthly estimates of reinvested earnings take account of information – received in connection with monthly data collection – on dividend payments, which are deducted from estimated financial results. In addition, dividends paid to non-resident investors are estimated on the basis of the latest annual survey data.

Following completion in September of annual surveys concerning the preceding year, estimates for the current year are revised. At the same time, the previous year's monthly data are revised to correspond to annual data received from the surveys.

Estimation of real estate investments to and from Finland is based on previous years' data. The volume of this type of investment has been insignificant, for the present.

Data accuracy and validity

Process quality

The practical determination of survey structure and the accuracy of register data employed have been under considerable scrutiny in order to maintain and improve the quality of BOP statistics. Due account has been taken of institutional changes in financial markets and the corporate sector that have an impact on statistical compilation.

The rapidly increased investments abroad by employee pension insurance companies have led to a change in the sectoral composition of capital movements in the financial account. Companies' financial centres abroad mean increased volatility in short-term inter-company capital movements recorded under direct investment. Internal capital flows of multinational banking groups are reflected in other investment in particular. Mergers and acquisitions cause major fluctuations in both direct investment and portfolio investment.

The accuracy and validity of data is under regular review. As a result of the properties of the BOP survey system, only the annual survey on other services causes sampling errors. Frame errors and measurement errors are of much greater importance. Frame errors are due to outdated registers, leading to missing data, while measurement errors occur when respondents misinterpret the reporting instructions of the survey. Finnish statistics are sensitive to this particular type of error and bias, because in Finland there are international companies that are very large in terms of the size of the Finnish economy.

Errors and omissions in the balance of payments

The errors and omissions in the balance of payments are the net of all biases and missing data. The errors and omissions are calculated as the difference between the sum of the current and capital accounts and the financial account in a given period. The errors and omissions are relatively larger in monthly and quarterly statistics than annually, because the timing differences disappear in the annual data to a great extent. The foreign transactions of large international companies have led to considerable volatility in statistics, and in an environment of monetary union the counterparts of their transactions are not necessarily reflected in Finland's balance of payment statistics. Timing differences in recording may also cause large errors and omissions or large consecutive errors and omissions of different signs.

Increased data accuracy and reliability of preliminary data

Preliminary monthly and quarterly statistics provide estimates of data based on annual surveys. Consequently, the availability of information is completed over time, which may lead to considerable revisions in statistics. The largest revisions have been due to the availability of data on companies' profit distribution and reinvested earnings only in the autumn of the year following the reference year. The National Board of Customs revises monthly foreign trade data gradually until the spring of the year that follows the reference year. Estimation of preliminary monthly and quarterly data on services trade prior to the completion of the annual survey has not led to major revisions in the current account. By contrast, the more accurate conceptual and statistical presentation of foreign trade in services has caused important revisions in the levels of service item data towards the end of the 2000s.