

BALANCE OF PAYMENTS (BOP) AND INTERNATIONAL INVESTMENT POSITION (IIP) 2018
NATIONAL REFERENCE METADATA IN SINGLE INTEGRATED METADATA STRUCTURE (SIMS)

CONCEPT 1 – CONTACT

Sub-Concept 1.1: Contact organisation

National Statistics Office (NSO)

Sub-Concept 1.2: Contact organisation unit

Balance of Payments

Sub-Concept 1.3: Contact name

Ms. Lara Friggieri Cordina

Sub-Concept 1.4: Contact person function

Head of Unit

Sub-Concept 1.5: Contact mail address

National Statistics Office (NSO),
Lascaris, Valletta VLT 2000, Malta.

Sub-Concept 1.6: Contact e-mail address

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Sub-Concept 1.7: Contact phone number

+356 2599 7260

CONCEPT 2 – METADATA UPDATE

Sub-Concept 2.1: Metadata last certified

17th October 2019.

Sub-Concept 2.2: Metadata last posted

25th September 2020.

Sub-Concept 2.3: Metadata last update

25th September 2020.

CONCEPT 3 – STATISTICAL PRESENTATION

Sub-Concept 3.1: Data description

The Balance of Payments (BoP) systematically summarizes all economic transactions between residents and non-residents of Malta during a given period. The BoP provides harmonized information on international transactions which are part of the current account (goods, services, primary and secondary income), as well as on transactions which fall in the capital and the financial accounts. BoP data are used for the calculation of indicators needed for monitoring of macroeconomic imbalances such as share of main BoP and International Investment Position (IIP) items in GDP. The BoP data are collected through national direct reporting surveys and administrative sources.

Sub-Concept 3.2: Classification system

The methodological framework followed in the compilation of the Balance of Payments, as from September 2014, is that defined in the sixth edition of the International Monetary Fund Balance of Payments Manual (BPM6).

(<https://www.imf.org/external/pubs/ft/bop/2007/bop6comp.htm>).

This manual defines the classification systems which are used.

In addition, economic activity is classified according to [NACE Rev. 2](#).

Sub-Concept 3.3: Sector coverage

All economic sectors included in the NSO's business register are covered. Sectoral breakdown is in line with NACE Rev 2 classification.

Sub-Concept 3.4: Statistical concepts and definitions

The BoP is a statistical statement that systematically summarises, over a given period of time, all the transactions of Malta with the rest of the world. The balance of payments records all economic transactions undertaken between residents and non-residents of Malta during a given period. A transaction is defined in the BPM6 as the interaction between two institutional units that occurs by mutual agreement or through the operation of the law that involves an exchange of value or a transfer.

Foreign Direct Investment (FDI) is the category of international investment made by an entity resident in one economy (direct investor) to acquire a lasting interest in an enterprise operating in another economy (direct investment enterprise).

The "lasting interest" is deemed to exist if the direct investor acquires at least 10% of the voting power of the direct investment enterprise.

"Compensation of employees" comprises wages, salaries and other benefits (in cash or in kind) earned by individuals, in economies other than those in which they are residents, for work performed for and paid by residents of these economies.

The main statistical variables measures do not deviate from ESS/ international standards.

Sub-Concept 3.5: Statistical unit

Any individual, corporation or other institution that provides information on the transactions between the residents and non-residents of Malta during a given period. Special Purpose Entities (SPEs) and government entities are included.

Sub-Concept 3.6: Statistical population

The BoP target statistical population includes all statistical units engaged in economic transactions between residents of Malta and non-residents.

Sub-Concept 3.7: Reference area

BOP and IIP data are collected by country which are then aggregated into country groups as follows:

- European Union Member States
- Euro Area
- Rest of the World

Sub-Concept 3.8: Time coverage

All data pertinent to BOP and IIP compiled in accordance with BPM6 guidelines for all regions are available starting from 2004. Data include:

- Monthly and quarterly BOP
- Quarterly IIP
- Foreign Direct Investment (FDI)
- International Trade in Services (ITS)

Sub-Concept 3.9: Base period

Not applicable.

CONCEPT 4 – UNIT OF MEASURE

Thousands of euro

CONCEPT 5 – REFERENCE PERIOD

BOP produces monthly, quarterly and annual data. BoP data in accordance with BPM6 are available starting from 2004. Main BoP items are available from 1995 for quarterly BOP but these are not in accordance with BPM6.

ITS data and FDI are also available starting from 1995 however only from 2004 onwards are in accordance with BPM6.

This report refers to data for 2018.

CONCEPT 6 – INSTITUTIONAL MANDATE

Sub-Concept 6.1: Legal acts and other agreements

[The Malta Statistics Authority Act, 2000.](#) The Act empowers the NSO to collect, compile, extract and release official statistics related to demographic, social, environment, economic and general activities and conditions of Malta;

As a member of the European Union (EU), Malta has to observe the Council Regulation (EC) No. 223/2009 dealing with the collection and dissemination of official statistics. Moreover, all council regulations dealing with the collection of official statistics need to be observed by the NSO.

BoP statistics are compiled in terms of EC Regulation 184/2005 as well as subsequent amendments.

Sub-Concept 6.2: Data sharing

Given that the BOP and IIP are compiled jointly with the Central Bank of Malta, the latter have access to micro data. Data are not shared with any other institution.

CONCEPT 7 – CONFIDENTIALITY

Sub-Concept 7.1: Confidentiality – Policy

At National level:

The NSO requests information for the compilation of official statistics according to the articles of the [MSA Act – Cap. 422](#) and the [Data Protection Act – Cap. 586](#) of the Laws of Malta implementing the General Data Protection Regulations (GDPR).

Article 40 of the MSA Act stipulates the restrictions on the use of information while Article 41 stipulates the prohibition of disclosure of information. Furthermore, Section IX of the Act (Offences and Penalties) lays down the measures to be taken in case of unlawful exercise of any officer of statistics regarding confidentiality of data.

Since its inception, the NSO has always assured that all data collected remains confidential and that it is used for statistical purposes only according to the articles and derogations stipulated in the laws quoted above. The Office is obliged to protect the identify of data providers and refrain from divulging any data to third parties that might lead to the identification of persons or entities.

During 2009, the NSO has set up a Statistical Disclosure Committee to ensure that statistical confidentiality is observed, especially when requests for microdata are received.

Upon employment, all NSO employees are informed of the rules and duties pertaining to confidential information and its treatment. In line with stipulations of the MSA Act, before commencing work, every employee is required to take an oath of secrecy whose text is included in the same Act.

An internal policy on anonymisation and pseudo-anonymisation is in place to ascertain that adequate methods are used for the protection of data which the office collects and shares with the public in its capacity as the National Statistics Office. The policy is meant to safeguard confidentiality of both personal and business data entrusted to the NSO. The document provides guidance for all NSO employees who process data on a daily basis as to how anonymisation and pseudo-anonymisation methods should be applied. The policy applies to all confidential, restricted and internal information, regardless of form (paper or electronic documents, applications and databases) that is received, processed, stored and disseminated by the NSO.

At European level:

[Regulation \(EC\) No 223/2009](#) on European statistics (recital 24 and Article 20(4) of 11 March 2009 (OJ L 87, p. 164), stipulates the need to establish common principles and guidelines ensuring the confidentiality of data used for the production of European statistics and the access to those confidential data with due account for technical developments and the requirements of users in a democratic society.

Sub-Concept 7.2: Confidentiality – Data Treatment

Where less than three entities contribute to a figure; or one or two (largest) entities together contribute more than 79% to a figure, that figure is considered as confidential. Data considered confidential are not made available, and in such cases, data are made available in an aggregated manner.

CONCEPT 8 – RELEASE POLICY

Sub-Concept 8.1: Release Calendar

An advance release calendar is maintained by the NSO and published on the NSO website. The calendar projects three months of news releases (including the current month and two subsequent months). BoP data are released in accordance to this pre-announced schedule.

Malta is also subscribed to the SDDS (Special Data Dissemination Standard), a monitored metadata standard established by the International Monetary Fund (IMF) focusing on economic and financial indicators. SDDS metadata regarding Malta may be accessed through the following link: <http://dsbb.imf.org/Pages/SDDS/CtyCtgList.aspx?ctycode=MLT> while information for any combination of countries and data categories on a quarter-ahead basis may be accessed here:

<http://dsbb.imf.org/Pages/SDDS/CustomizedQuery/ByARC.aspx>

Sub-Concept 8.2: Release Calendar access

https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx

Sub-Concept 8.3: User access

An internal policy on dissemination is in place to govern the dissemination of official statistics in an impartial, independent and timely manner, making them available simultaneously to all users. The NSO's primary channel for the dissemination of official statistics is the NSO website. Tailored requests for statistical information may also be submitted through the said website.

CONCEPT 9 – FREQUENCY OF DISSEMINATION

Quarterly BoP News releases are released by the NSO about eighty-five days after the lapse of the period being reported. IIP News Release is published once a year in March, 15 months after the end of the year under review.

Foreign Direct Investment News releases are released by the NSO about 270 days after the lapse of the period being reported.

CONCEPT 10 – ACCESSIBILITY AND CLARITY

Sub-Concept 10.1: News release

The Balance of Payments unit publishes the following releases:

- 1) The BoP news release (quarterly): The BoP release gives a summary of the current, capital and financial accounts, featuring main headlines. The link to the news release is the following:
http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A3/Balance_of_Payments/Pages/International-Economic-and-Financial-Transactions.aspx
- 2) The IIP news release (annually): The IIP release gives a breakdown of the foreign assets and liabilities, by main headlines and all sub-components. The link to the news release is the following:
http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A3/Balance_of_Payments/Pages/The-International-Investment-Position-of-Malta.aspx
- 3) The Foreign Direct investment (FDI) news release (bi-annually): The FDI release gives a breakdown of FDI in Malta and abroad, by generalized economic sector. The link to the news release is the following:
http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_A3/Balance_of_Payments/Pages/Direct-Investment-in-Malta-and-Abroad.aspx

Sub-Concept 10.2: Publications

Selected BOP indicators are included in the NSO's publication 'Malta in Figures'.

Sub-Concept 10.3: Online Database

A time series of data presented in the BoP and IIP news releases are currently not available in the online Statistical Database - StatDB - on the NSO website <http://nso.gov.mt/statdb/start>. Plans are underway for these to become available in due course.

Sub-Concept 10.4: Micro-data access

Not applicable.

Sub-Concept 10.5: Other

Aggregated data on BOP statistics can be provided to users who request this type of information.

Such requests can be made on the NSO's website through:

<http://nso.gov.mt/en/Services/Pages/Request-for-Information.aspx>

Sub-Concept 10.6: Documentation on methodology

Work processes and procedures for the compilation of Balance of Payments Statistics are documented in a standardised reporting template and aligned with the GSBPM model. The model covers all phases of the statistical production process, from the initial stages of identifying what statistics are needed, to the final stages of dissemination and evaluation. GSBPM is only available internally and may be accessed by all NSO employees.

The methodological framework followed in the compilation of the Balance of Payments is that defined in the sixth edition of the International Monetary Fund Balance of Payments Manual (BPM6). Relevant methodological information is also made available through the methodological section of our news releases.

Sub-Concept 10.6.1: Metadata completeness rate

Information about all required metadata concepts (and sub-concepts thereof) are provided.

Sub-Concept 10.7: Quality Documentation

The NSO has also developed an internal Quality Management Framework (QMF) which is built on common requirements of the ESS Code of Practice (ESS CoP). A document was prepared to include a set of general quality guidelines spanning over all statistical domains. Assuring methodological soundness is an integral part of the QMF, nonetheless, the document spans also on other areas related to institutional aspects.

Quality reports are compiled and sent to Eurostat on an annual basis in line with Eurostat requirements.

CONCEPT 11 – QUALITY MANAGEMENT

Sub-Concept 11.1: Quality Assurance

Quality is assured by the application of concepts according to the sixth edition of the IMF Balance of Payments Manual (BPM6) and thorough validation of the data.

Sub-Concept 11.2: Quality Assessment

All necessary validation and quality checks are carried out to BoP data to preserve the overall accuracy of BoP data. Such validation and quality checks include the following:

- Comparison of data with existing records in financial statements whenever possible; since the domain is country-oriented;
- Verification of data with respondents
- Cross checks with other domains, e.g. National Accounts and Trade data.

CONCEPT 12 – RELEVANCE

Sub-Concept 12.1: User needs

Our main local users include the Central Bank of Malta, the Economic Policy Department and the Ministry of Finance who all require data for economic analysis and policymaking. These institutions often request data by country which occasionally cannot be provided due to confidentiality reasons.

Other local users include researchers, students and private entities.

Our main foreign users include the European Commission, European Central Bank, International Monetary Fund (IMF), International Agencies like UNCTAD, credit rating agencies, researchers and students.

As long as data requested are available and do not fall within the confidentiality criteria, they are provided.

Sub-Concept 12.2: User satisfaction

The last User Satisfaction Survey was held in 2014 with the aim to collect information about key users' satisfaction with statistical output. The NSO keeps record of the number of News Releases and publications disseminated on its website, the users to whom statistical products are provided, as well as the number of requests that are processed every year.

News Releases and tailor-made statistical outputs are assessed on account of their quality, timeliness, and on their ability to meet users' needs.

Sub-Concept 12.3: Data Completeness

All data required by the EU Council Regulations, the IMF and by the European Central Bank are available. However, the revaluations account is currently not being submitted due to technical limitations.

CONCEPT 13 – ACCURACY AND RELIABILITY

Sub-Concept 13.1: Overall accuracy

Validation and quality checks include data checks for coverage, classification, and missing data. In addition, monitoring of internal consistency across source datasets is carried out. This process also involves investigating all unusual movements in the source data received and ensuring that opening balances are consistent with closing balances of the previous year in the case of variables captured in the financial account.

Sub-Concept 13.2: Sampling errors

Not available.

Sub-Concept 13.3: Non-sampling errors

Lack of information that hampers identification of entities that are trading with non-residents may be a cause of error leading to under reporting. Coding errors, data entry errors and classification issues are mitigated through various validation and quality checks. Another source of non-sampling error is under coverage.

Sub-Concept 13.3.1: Coverage error

BoP data is based on transactions carried out between Maltese residents and non-residents therefore, lack of information that hampers identification of entities that are trading with non-residents may be a cause of error leading to under reporting

Sub-Concept 13.3.1.1: Over Coverage

Not applicable.

Sub-Concept 13.3.1.2: Common Units Proportion

Not applicable. Administrative data are only used for units which were not surveyed and for validation purposes.

Sub-Concept 13.3.2: Measurement error

Potential sources of measurement error include coding errors, data entry errors and classification issues. These are mitigated through various validation and quality checks.

Sub-Concept 13.3.3: Non-response error

Item non-response is estimated using the financial statements of the company in order to reflect the actual trends of said company. An estimate is always in place for item non-response and therefore non-response error is assumed to be low.

Sub-Concept 13.3.3.1: Unit non-response

Not available.

Sub-Concept 13.3.3.2: Item non-response

Item non-response is estimated using the financial statements of the company in order to reflect the actual trends of said company. An estimate is always in place for item non-response and therefore non-response error is assumed to be low.

Sub-Concept 13.3.4: Processing error

Potential sources of processing error include coding errors, data entry errors and classification issues. These are mitigated through various validation and quality checks.

Sub-Concept 13.3.5: Model assumption error

Not applicable.

CONCEPT 14 – TIMELINESS AND PUNCTUALITY

Sub-Concept 14.1: Timeliness

The complete BoP quarterly statement is published within 3 months after the reference period. FDI data are released around 7 months after the reference period.

Sub-Concept 14.2: Punctuality

Malta satisfactorily meets the deadlines in the area of Balance of Payments and International Investment Position. Considering News Releases related to Balance of Payments, disseminated between June 2016 and June 2019, were all released on time.

These News Releases include the following:

- International Economic and Financial Transactions
- The International Investment Position of Malta
- Direct Investment in Malta and abroad
- Coordinated Portfolio Investment Survey

CONCEPT 15 – COHERENCE AND COMPARABILITY

Sub-Concept 15.1: Comparability – Geographical

Malta compiles its statistics using the data coming from a number of surveys and administrative sources. The methodological framework used is defined in BPM6, ensuring comparability with other countries. It is also in line with EC Regulation No.184/2005 which contains all the details on the coding system, the format of the data, the deadlines for transmission, as well as with its subsequent amendments.

Sub-Concept 15.2: Comparability – Over Time

Conversion to BPM6 guidelines has only been performed to past data up to 2004, resulting in a break in series in data prior to 2004. Moreover, special purpose entities have been assigned geographical information from 2016 onwards, creating a break-in-series when comparing data by country, region or country groups.

Sub-Concept 15.3: Coherence – Cross Domain

BoP data can be related with data published by National Accounts. Some differences exist in aggregate figures on imports and exports of goods published by Foreign Trade Statistics and BOP since the latter adjusts for transactions not relevant for BOP purposes. Moreover, imports and exports of travel is not comparable with travel information published by our Tourism Unit since some data are obtained from different sources.

Sub-Concept 15.3.1: Coherence – Sub-Annual and Annual statistics

Monthly, quarterly, sub-annual and annual estimates are all coherent since data are computed on a monthly basis and different outputs are the summation of the monthly information.

Sub-Concept 15.3.2: Coherence – National Accounts

The BOP provides the National Accounts unit with data for the rest of the world on a quarterly basis. Coherence and accuracy problems arise when companies identified by the National Accounts unit as having foreign transactions are not being included in BOP. This is rectified by incorporating these companies in our estimates.

Sub-Concept 15.4: Coherence – Internal

When possible, BoP data are cross examined with data available in other units within NSO (National Accounts, Business Register etc.). Given that data at country level breakdown is often unavailable, cross examination is normally carried out for data in aggregate form.

CONCEPT 16 – COST AND BURDEN

All employees within the Balance of Payments unit are involved in the compilation of BOP and IIP data. The Unit is currently composed of one head of unit, two principal statisticians, two senior statisticians and two statisticians.

The BOP unit sends surveys on a monthly, quarterly and annual frequency. In order to minimise costs, monthly and quarterly surveys and reminders are submitted electronically instead of using the post.

Given the complexity of the questionnaire, it is often brought to our attention that the information can only be provided by the company's accountant and this incurs extra charges. Moreover, it is appreciated that monthly questionnaires are burdensome for our respondents and the BOP unit is considering replacing this data with estimates.

CONCEPT 17 – DATA REVISION

Sub-Concept 17.1: Data revision – Policy

At the NSO, there is currently no internal policy governing revisions that occur for all statistics produced. Nonetheless, a revisions policy is being drafted to safeguard a coordinated revisions system across statistical domains. This policy will take account of the need and causes for revisions; time and frequency of revisions; data and other statistical products affected by such revisions; and length of periods revised.

Quarterly and annual BoP data are revised every quarter, with the updated information received from one release to the next. Every 4-5 years, a benchmark revision is carried out in line with National Accounts. The next benchmark revision is planned for September 2020 with revisions going back to 2004.

Sub-Concept 17.2: Data revision – Practice and Data Revision

Quarterly and annual data are revised periodically, so as to incorporate updates received during the three-month period from the previous release.

CONCEPT 18 – STATISTICAL PROCESSING

Sub-Concept 18.1: Source data

Balance of payments data are derived from a direct reporting survey, directly from the private sector and other related sources. These are complemented by national administrative sources like trade data, travel data, and tax data.

Companies with foreign shareholding and engaged in foreign transactions exceeding €100,000 are surveyed.

Sub-Concept 18.2: Frequency of data collection

Data are collected on a monthly, quarterly and annual basis. Companies with the most influence on BOP figures are surveyed on a monthly basis whereas those with a mid-influence are surveyed on a quarterly basis. It is decided whether a company has mid or most influence based on the impact of that company on the overall BOP figures. Mostly, on Current Account, Income Account and Financial Account. The rest of the companies whose impact on BOP figures is considered minimal are surveyed annually. Administrative data are usually obtained on a quarterly basis.

Sub-Concept 18.3: Data Collection

Data are collected through a direct reporting survey, which is carried out monthly, quarterly or annually on large, medium or small enterprises accordingly. The surveys are received either by post or electronically. These surveys are first vetted in order to ensure that data provided by respondents are correct. Such vetting is carried out using financial statements for the companies concerned, analysing trends with previous data provided and ensuring consistency especially when providing transactions and change in positions. Any queries are discussed directly with respondents over the phone or by email.

Administrative data are obtained from other NSO units like Public Finance, International Trade, National Accounts, Tourism, etc. Any anomalies identified are queried directly with the unit concerned.

Tax data are utilised for checking purposes and to compile information on Special Purpose Entities. The necessary checks are carried out before these data are disseminated internally to units requiring them.

Sub-Concept 18.4: Data Validation

Data are validated in several ways:

1. By comparing with previous data received at micro-level, comparing both positions and transactions;
2. During the data collection phase, through the carrying out of integrated checks within the IT programme;
3. By cross-checking data received with other sources, either within units at the office or financial statements downloaded from official sites.

Sub-Concept 18.5: Data Compilation

Time of recording is in line with the BPM6. Recording is on a transaction basis (accruals principle), meaning that transactions have to be recorded when economic value is created, transformed, transferred or extinguished. The main criterion is change of ownership. The change may be legal or economic.

As for valuation, market prices are used.

In case of non-response, data are estimated as previously reported until the financial statements of the company or tax administrative data are available. The latter sources are used for estimating purposes.

Sub-Concept 18.5.1: Imputation

For administrative data received, certain adjustments are made to conform to BoP needs. In specific, these include:

- Adjustment to foreign trade statistics: mainly due to imports and exports of oil by VAT-only registered companies which are not considered to be BOP relevant. Further major adjustments to imports/exports are made due to yachts and aircrafts which are only regarded as being operationally leased and are therefore removed from goods for BoP purposes.

Company specific adjustments are also carried out so that only data which is relevant for BoP is retained.

- Adjustment to travel earnings' statistics: The amount of money spent locally by tourists diverges from the amounts quoted by the Tourism unit because this excludes what the tourist does not spend locally (such as taxes, agency fees, commissions and transportation paid abroad, as well as passenger fares). A formula based on data provided by Air Malta to the Tourism Statistics Unit is used to calculate the BOP component of package tours, excluding non-BOP relevant expenses (i.e. any expenses related to transportation and other expenses not made in Malta). A similar exercise is done to eliminate non-BOP relevant expenses from package tours of Maltese going abroad. Both exercises are carried out by the Tourism unit.

Sub-Concept 18.6: Adjustment

For administrative data received, certain adjustments are made to conform to BoP needs. In specific, these include:

- Adjustment to foreign trade statistics: mainly due to imports and exports of oil by VAT-only registered companies which are not considered to be BOP relevant. Further major adjustments to imports/exports are made due to yachts and aircrafts which are only regarded as being operationally leased and are therefore removed from goods for BoP purposes.

Company specific adjustments are also carried out so that only data which is relevant for BoP is retained.

Adjustment to travel earnings' statistics: The amount of money spent locally by tourists diverges from the amounts quoted by the Tourism unit because this excludes what the tourist does not spend locally (such as taxes, agency fees, commissions and transportation paid abroad, as well as passenger fares). A formula based on data provided by Air Malta to the Tourism Statistics Unit is used to calculate the BOP component of package tours, excluding non-BOP relevant expenses (i.e. any expenses related to transportation and other expenses not made in Malta). A similar exercise

is done to eliminate non-BOP relevant expenses from package tours of Maltese going abroad. Both exercises are carried out by the Tourism unit.

Sub-Concept 18.6.1: Seasonal Adjustment

Not applicable.

CONCEPT 19 – COMMENT

No further comments.