Metadata

Statistics Iceland

FINANCIAL ACCOUNTS – ANNUAL

Metadata

1. Contact

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2. Metadata update

2.1 Metadata last certified	20.12.2021
2.2 Metadata last posted	28.01.2022
2.3 Metadata last update	28.01.2022

3. Statistical presentation

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3.1 Data description	The purpose of financial accounts is to provide information on financial assets and liabilities of the country in question, such as stocks, transactions and other economic changes. Other economic changes can be divided into revaluation (e.g. due to price changes) and other volume changes. At the process of balancing the accounts, an asset of one sector is always registered as a liability of another sector. Financial accounts give insights to the financial instruments that the sectors use to fund their activity.

The purpose of financial accounts is to provide information on financial assets and liabilities of the country in question, such as stocks, transactions and other economic changes. Other economic changes can be divided into revaluation (e.g. due to price changes) and other volume changes. At the process of balancing the accounts, an asset of one sector is always registered as a liability of another sector. Financial accounts give insights to the financial instruments that the sectors use to fund their activity.

Financial Accounts are an important tool to analyse financial transactions between domestic sectors themselves and, further, between the domestic sectors and the rest of the world. Financial accounts facilitate the analysis of monetary variable and their use. The financial accounts can be used to evaluate the effects of economic policies on financial assets and liabilities, and can shed light on the performance of the economy.

The financial accounts can be used to examine the influence of changes within the financial environment on holders and issuers of financial instruments, e.g. by looking at changes in interest rates and prices. It is possible to examine changes of large financial funds of financial institutions and the use of these funds. Financial transactions within financial institutions can reflect the liquidity of the companies and changes that occur within them. The difference of the final position of stocks are often due to revaluation of assets and other volume changes that can be traced to shifts on markets i.e. the stock- and currency markets. Moreover, financial accounts can be used in the comparison between countries.

The financial accounts are classified by participants of the financial markets, that is the economic sectors, and by financial instruments, according to international standards of National Accounts, i.e. the European System of Accounts 2010 (ESA 2010). The ESA 2010 standard, the successor of ESA95 was implemented by the department of national accounts and public finance implemented in September 2014. The new guide has had some influence on the previously published financial accounts, as the changes are applicable to more thorough definitions of sectors and instruments, as well as information on changes in transactions, other volume changes and revaluation. Classification of financial instruments is dependent on their characteristics, e.g. liquidity and other factors defined by regulations. The Icelandic accounts are on non-consolidated basis, although consolidated accounts for the general government are available.

For the financial accounts, the economy is divided into two parts, on the one hand the domestic economy and on the other, the rest of the world – which hold financial assets or liabilities in Iceland. The financial accounts comprise stocks of financial assets and liabilities for all economic sectors of the Icelandic economy at the end of the calendar year, as well as changes in transactions, revaluation and other volume changes for all sectors.

In May 2010, an agreement was signed by the Central Bank of Iceland and Statistics Iceland regarding the work and publication of the financial accounts.

According to the agreement Statistics Iceland will be responsible for gathering and balancing data for the following four sectors:
1) Non-Financial companies
2) The government and its subsectors
3) Households
4) Non-Profit Institutions serving Households (NPISHs)

The Central Bank of Iceland will collect data for:
5) Financial institutions and their subsectors
6) Rest of the World

Finally, Statistics Iceland will be responsible for the balancing of the economy and all final revisions.

3.2 Classification system	ESA 2010 both provides a methodology and defines classifications that Statistics Iceland uses for compiling financial accounts on comparable bases as well as providing a manual on government deficit and debt, as an implementation of ESA 2010. ESA 2010 sector classification and institutional unit structure, see 3.3 and 3.4.

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3.3 Sector coverage	All institutional sectors of ESA 2010. ESA 2010 distinguishes a breakdown by domestic institutional sectors: non-financial corporations, financial corporations, general government, households and non-profit institutions serving households.

3.4 Statistical concepts and definition	According to ESA 2010, financial instruments are in total 8 or as follows (as listed under the financial account statistics):

F.1 Gold and Special Drawing Rights (SDRs): This is only applicable to the Central bank.

F.2 Currency and deposits: Notes and coins that are issued or authorised by monetary authorities and in circulation and standardised, non-negotiable contracts with the public at large, offered by deposit-taking corporations and, in some cases, by central government as debtors, and allowing the placement and the later withdrawal of the principal amount by the creditor.

F.3 Debt securities: Negotiable financial instruments serving as evidence of debt.

F.4 Loans: Created when creditors lend funds to debtors.

F.5 Equity and investment fund shares or units: Residual claims on the assets of the institutional units that issued the shares or units.

F.6 Insurance, pension and standardized guaranteed schemes

F.7 Financial derivatives and employee stock options: Financial instruments linked to a specified financial instrument or indicator or commodity, through which specific financial risks can be traded in financial markets in their own right and agreements made on a given date under which an employee has the right to purchase a given number of shares of the employer's stock at a stated price either at a stated time or within a period of time immediately following the vesting date.

F.8 Other accounts receivable/payable (financial assets and liabilities created as counterparts to transactions where there is a timing difference between these transactions and the corresponding payments)

In the financial account statistics, a distinction is made between financial assets (FA) and financial liabilities (FL).

According to ESA 2010 each instrument has a sub-instrument. However, the Icelandic financial accounts are not capable to provide such information at this stage.

The ESA 2010 accounts for nineteen sectors including total domestic sectors and the rest of the world. The domestic sector can be divided to five main sectors and thirteen subsectors, while the nineteenth sector, Rest of the world, accounts for all foreign institutions that hold assets or liabilities within the Icelandic economy.

The sectors are the following:

S.1 Domestic sectors (Iceland)
> **S.11 Non-financial corporations**
> **S.12 Financial corporations (Monetary financial institutions (MFI))**
> S.121 Central bank of Iceland
> Other monetary financial institutions (OMFI)
> S.122 Deposit taking corporations except the central bank
> S.123 Money market funds (MMF)
> Corporations except ICPF
> S.124 Non-money market investment funds
> S.125 Other financial intermediaries
> S.125X Financial institutions in winding-up proceedings (special Icelandic sector, not according to ESA2010)
> S.126 Financial auxiliaries
> S.127 Captive financial institutions
> Insurance companies and pension funds (ICPFs)
> S.128 Insurance companies
> S.129 Pension funds
> **S.13 General Government**
> S.1311 Central government
> S.1313 Local government
> S.1314 Social security funds
> **S.14 Households**
> **S.15 Non-profit Institutions serving households**

S.2 Rest of the world

3.5 Statistical unit	ESA 2010 institutional sectors and subsectors, see 3.4.

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3.6 Statistical population	The targeted population of financial accounts is all economic transactions of all domestic sectors of the domestic economy (S.1) and their transactions with the rest of the world (S.2).
3.7 Reference area	The reference area for the Icelandic financial accounts is the total economy of Iceland.
3.8 Time coverage	Annual financial accounts are covered from the year 2003.
3.9 Base period	Not applicable.

4. Unit of measure

4. Unit of measure	Financial accounts – Million ISK share in GDP – percentage

5. Reference period

5. Reference period	The reference period of the financial accounts is the calendar year. The accounts are on annual basis.

6. Institutional mandate

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6.1 Legal acts and other agreements	See Act no. 163/2007 regarding Statistics Iceland legal basis for official statistics. In Iceland, the preparation of government finance statistics is based on the European System of National Accounts 2010 (ESA 2010). The legal basis of the standard is Regulation of the European Parliament and of the Council (EU) no. 549/2013 of 21 May 2013 on the European system of national and regional accounts in the European Union. The Regulation was incorporated into the EEA Agreement by Decision of the EEA Joint Committee No. 58/2014 of 8 April 2014. On the basis of the Regulation, Eurostat, has issued guidance and opinions on individual subjects intended to facilitate the interpretation of the standard and further guidance on its use. Eurostat also monitors compliance with existing regulations. Implementation of European Parliament and Council Regulation (EU) No. 549/2013 is in the hands of Statistics Iceland, which is an independent institution and centre for official statistics in Iceland.

7. Confidentiality

7.1 Confidentiality - policy	See rules on confidentiality.
7.2 Confidentiality – data treatment	Source data is stored at Statistics Iceland. Access to more detailed data than has already been published is granted on an individual basis. In these cases the main principle is to uphold the confidentiality of the data in guidance with Statistics Iceland Rules of Procedure for Treating Confidential Data – see 7.1.

8. Release policy

8.1 Release calendar	The Financial accounts are published according to Statistics Iceland advance release calendar. So far the publication has always been on schedule. The release calendar lists in advance all the statistical data and publications to be released over the year. See rules on statistical releases. Any amendment to the calendar is made as soon as it's known, and a new release date is published.

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8.2 Release calendar access	The [Advance release calendar](#) with scheduled releases for the forthcoming calendar year (1 January to 31 December) is published in November each year
8.3 User access	All users are granted equal access to financial accounts data, dissemination dates of official statistics are announced in advance and no user category is provided access to official statistics before other users. Official statistics are first published in the statistical database. All results from the financial accounts are accessible through Statistics Iceland's website under the heading "[financial accounts](#)".

9. Frequency of dissemination

9. Frequency of dissemination	Annual preliminary data for the economy as a whole will be published with around 9 month time lag (t+9) and final data with 15 month time lag (t+15). The transmission of the accounts to international organizations will take place at the same time.

10. Accessibility and clarity

10.1 News release	The results of the Financial accounts are published in a news release, both the preliminary data as well as the final results. The exact dates of the press release are according to Statistic Iceland's [news archive](#).
10.2 Publication	The publication using financial accounts as a reference consists of a short news item published on Statistic's Iceland, including a direct link to the data set.

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10.3 On-line database	All results from the financial accounts are accessible through Statistics Iceland website under the heading "financial accounts".
	In order to enable easy access to financial accounts data, all validated data should be made available to users by publishing them in an online database.
	Statistics Iceland uses PC-Axis for dissemination of statistical information. PC-Axis is a family of software used by statistical institutes all over the world. The programs are developed by statistical institutions with dissemination of statistical information in mind.
	Exports/downloads of statistical information are proposed in various formats such as Excel, CSV, PC-Axis.
10.4 Micro-data access	It is possible to apply for micro-data access though Statistics Iceland research service.
10.5 Other	
10.6 Documentation on methodology	Icelandic financial accounts follow the European System of Accounts 2010 regulations (ESA 2010).
	The main publications about detailed methods used in compilation of financial accounts in Iceland are:
	European System of Accounts 2010 (ESA 2010), accounting framework of the European Union.
	System of National Accounts 2008 (SNA 2008), accounting framework of the United Nations.
	IMF Working Paper: An integrated Framework for Financial Positions and Flows on a From-Whom-to-Whom Basis: Concepts, Status, and Prospects. By: Shrestha, M, Mink, R., Fassler, S. (2012).
	Manual on sources and methods for the compilation of ESA 95 financial accounts. 2nd edition 2011 update. A methodology guide by Eurostat.
	Understanding Financial Accounts, 2017, OECD Publishing, Paris.

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10.7 Quality documentation	At the time being, Statistics Iceland does not publish any documents or reports on quality management regarding the compilation of financial accounts.

11. Quality management

11.1 Quality assurance	See Statistics Iceland's quality policy.
11.2 Quality assessment	The main components of the financial accounts are based on information and data from administrative sources

12. Relevance

12.1 User needs	Users consist of authorities, press, international organisations and companies as well as the public, using the financial accounts to evaluate the effects of economic policies on financial assets and liabilities, and can shed light on the performance of the economy among other things.
12.2 User satisfaction	Information on the user satisfaction of the financial accounts are not collected at this point in time but, Statistics Iceland carries out general user surveys, with the main goal of measuring user satisfaction with Statistics Iceland and user estimation of the quality of official Icelandic statistics. By doing so, Statistics Iceland can make improvements and better fulfil user needs. The user survey has been conducted five times, since 2007. Statistics Iceland appreciates good cooperation with users of official statistics. Discussions can both be regular and on an ad hoc basis. Regular communication is usually on Statistics Iceland initiative as a formal consultation on meetings or with user surveys. Ad hoc communication can both be on the initiative of Statistics Iceland or its users; this can be through a telephone, e-mail, or meetings. Cooperation with users will help increase understanding of user needs and gives users information on statistics and its production.
12.3 Completeness	The financial accounts are prepared in compliance with the European System of Accounts 2010 (ESA 2010) methodology. The processing process is so-called whom-to-whom basis but so far, the results have not been published with counterparties. The main types of financial instruments can be broken down further into sub-items and this work has already started. According to ESA 2010's transmission programme the financial accounts are to cover the time period from 1995 but at present the Icelandic financial accounts only have a time coverage from 2003.

13. Accuracy and reliability

13.1 Overall accuracy

The accuracy of Financial Accounts can be ensured by systematically balancing the data and by a thorough classification of both instruments and sectors according to ESA 2010. Instruments are normally listed at market value, unless otherwise stated. Instruments that are originally denominated in foreign currency need to be converted to Icelandic krona at the market rate of the reference date the transaction occurred. Furthermore, it can be complicated to evaluate some of the financial instruments due to lack of data and market information. For instance, all shares, both listed and unlisted, are treated as unlisted shares/equity due to the small size of the Icelandic stock market.

As some data sources are more reliable than others, it is fairly common that the asset value of one sector is inconsistent with the liability value of the counterpart sector due to various factors such as differences in coverage, timing and valuation. In such cases, at first attempt, data inequalities are ironed out as much as possible by investigating the sources; as a second step, a ranking order of sources, and thus sectors, has been established to determine which amount we will treat as the final figure representing the amount of asset outstanding in the economy, depending on the reliability of data sources in general. Thus amount belonging to the sector considered higher on the ranking order is considered a more reliable value for the asset in question and thus taken as the final amount representing the asset stock in the economy.

As regards data reliability, some sectors are considered more reliable than others. The reliability ranking of sectors with regard to accuracy of data is as follows:

Ranking of reliability of sources:
1. The general government
2. The Central Bank of Iceland
3. Rest of the World
4. Financial institutions
5. Financial companies under winding-up proceedings or of creditors negotiations
6. Non-financial corporations (S.11)
7. Households and Non-Profit Institutions Serving Households (S.14 & S.15)

13.2 Sampling errors	Not applicable
13.3 Non-sampling errors	In the development of the financial accounts, several problems related to data collection and methodology have had to be addressed. There has been lack of data and then some data is only accessible as a total sum of values of some or all sectors, and thus, it can be hard to subdivide the data in question between sectors.

Structural breaks can be found in the time-series, especially around the financial crisis. Hence, it is difficult to depict a perfect picture of the economic situation that took place as no real market value existed at the same time the Krona depreciated tremendously. Financial institutions' data used to have less of a break down than it does now, making the sector classification more difficult.

There have been inconsistencies between data from rest of the world (S.2) and financial corporations (S.12) due to differences in recording values and methods of the instruments. Each case has been evaluated to eliminate the discrepancy.

Inconsistencies appear in the data from the Iceland Revenue and Customs (RSK) and DMBs on lending to corporations and households, especially in the years 2008-2009, where loans are listed in the financial accounts at their book value as can be found in the balance sheets of the financial corporations. Differences can be found between sectors S.122 and S.125X, as the former have registered their claims they bought from the old banks at a discounted value.

It was impossible to subdivide debt securities and financial derivatives (AF.3+AF.7) in the first publication of the accounts according to ESA 2010. This is mainly due to the fact that financial institutions have yet not fully evaluated the financial derivatives since the collapse of the financial markets in 2008. Moreover, some differences can be found in the valuation method of the financial derivative data that is available, e.g. some institutions record on current book value while others at market value dated when the transaction took place.

Statistics Iceland, along with Eurostat, tries to reduce non-sampling errors through continuous methodological improvements and survey process improvements.

14. Timeliness and punctuality

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14.1 Timeliness	Annual preliminary data for the economy as a whole will be published with 9 months' time lag (t+9) and final data with 15 months' time lag (t+15). The transmission of the accounts to international organizations will take place at the same time. The financial accounts are available in Icelandic and English on Statistics Iceland's website.
14.2 Punctuality	The Financial Accounts are published according to Statistics Iceland advance release calendar. So far the publication has always been on schedule.

15. Coherence and comparability

15.1 Comparability – geographical	There is a high degree of comparability with the financial accounts of other countries, especially those of EU and EEA member states, as they all follow the same standards (ESA2010). Worldwide geographical comparison is also possible as most non-European countries apply the SNA2008 guidelines, and SNA2008 is consistent with ESA 2010. However, it is not always possible to fully guarantee comparability due to the fact that data sources and compilation of the accounts may vary.
15.2 Comparability – over time	It is important to apply international and coherent standards when producing financial accounts from year to year, to make the time-series as comparable between periods as possible. When fundamental changes occur in the process of data collecting or the methods applied, the comparability can be affected. Thus, when the new ESA 2010 standard was applied, the whole period from 2003 was altered accordingly to prevent unnecessary structural breaks.
15.3 Coherence – cross domain	Comparison of financial accounts with other national statistics are subject to various restrictions. It is mainly due to the definitions of individual financial instruments can vary between certain sectors and subsectors. Calculation methods as well as the methodology of recording assets and transactions can vary and therefore the value of the financial instruments varies accordingly. On the other hand, there are inconsistencies between financial accounts and the non-financial accounts when it comes to net lending in all sectors. This difference is monitored without being balanced.

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15.4 Coherence – internal	All inconsistencies are reported to Eurostat. To date, no decisions have been made on whether to make such reports public. The financial accounts are a project in constant development and therefore statistics are revised regularly due to improved source data or methodology.

16. Cost and burden

16. Cost and burden	The financial accounts are based on registered information that has in many cases already been collected for other assigned purposes. As has previously been mentioned, the Central Bank has collected data of all financial institutions and the rest of the world. In exceptional cases data is requested directly from companies but never from individuals. Most data is already available within companies and institutions. The response burden is therefore kept at minimum.

17. Data revision

17.1 Data revision - policy	See Statistics Iceland revision policy.

17.2 Data revision - practice	Revisions, in other words altered data relating to a period which has already been published, are a natural part of national accounts work. A distinction is made between two kinds of revisions: • Current or routine revisions • Major or occasional revisions The current revisions of annual figures are normally released twice a year, parallel to the publication of financial accounts. In short, the cycle of current revisions can be described as follows: - First publication, annual provisional data, is published with a time lag of close to nine months (t+9). In this publication, older years are also revised in accordance with the general cycle of the routine revisions of annual national accounts (expenditure approach and public finance statistics). - Second publication, a revision of the published provisional data is published with a time lag of 15 months (t+15). Older annual figures are also revised here, especially financial accounts as a share of GDP, in accordance with the revisions of national accounts. Parallel, routine revisions of the annual national accounts, expenditure approach, are normally released twice a year. In short, the cycle of current revisions can be described as follows: • Version 1, named provisional data, is now published in the end of February of the following year (t + 60 days). The 4th quarter of that year is published on the same day. • Version 2, named preliminary data, is published in the end of August (t+8 months) and the 2nd quarter of the year on the same day. • Version 3, not explicitly marked, is published in the end of February a year later (t+14 months). Strictly speaking Statistics Iceland never considers national accounts figures to be final. Other revisions, covering longer periods, named occasional or major revisions may arise for a number of reasons. The most common reasons are new sources, new methods or classifications, amended procedures for the application of ESA2010 and alike. Such revisions relate to a longer period and are generally undertaken at less frequent intervals.

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	Iceland is set to implement a benchmark revision, coordinated major European revision carried out at least once every five years, in 2020 to incorporate new data sources and major changes in international statistical methodology. Benchmark revisions ensure a maximum degree of consistency within national accounts: the longest possible time series as well as consistency across EU Member States and between domains. As data sources and statistical methods evolve, improvements must be introduced in national accounts in a coherent and systematic way. It also helps to ensure stability of key macroeconomic indicators for policy and business analysis. Next benchmark revision is planned for 2024.

18. Statistical processing

18.1 Source data	A wide variety of sources and data are used for the compilation of financial accounts: • The General government and its subsectors; data gathered from "The central government accounts" provided by the State Financial Management Authority. • Rest of the world; International Investment Position (IIP), calculated by the Central Bank of Iceland. • Financial institutions and subsectors; Balance sheets. Data collected by the Central Bank. • Non-financial institutions; Balance sheets from the Internal Revenue Directorate. • Households and NPISHs; Balance sheets from the Internal Revenue Directorate.
18.2 Frequency of data collection	The financial accounts are compiled from other primary statistics. Due to the nature of data sources, the frequency of data collection of primary statistics can vary. The frequency and timing of the compilation of financial accounts are not necessary aligned with the frequency and timing of (all) primary statistics data.

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18.3 Data collection	The data collection process occurs through several transmission protocols: • Statistic's Iceland Online Data Collection Portal • Database mirroring between institutions • Cloud services • Email The transmission protocols vary between source data and intra data, external sources and internal sources.
18.4 Data validation	The data validation process consists of excel validation templates, where financial accounts aggregates and cross-domain aggregates are validated. When key aggregates are compiled by the respective team in charge of each domain, they implement a validation procedure from which cross-domain and local aggregates, within and across tables, are compared against each other using a validation template. Cross-domain aggregates are usually compiled in one of two ways: 1. Cross-domain aggregates are used directly from other domains where a single/or specific domain is responsible for a cross-domain aggregate. 2. The cross-domain aggregate is calculated and retroactively validated from a corresponding aggregate from another domain using the aforementioned validation template. The templates provide a validation procedure for which consistency within and across tables can be ensured. As financial accounts are based on statistics and data from various sources and cover all the main sectors, it regularly happens that source data give a different image of economic variables. These cases are specially analysed. Finally, a visual presentation of the results is performed.

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18.5 Data compilation	Data is summarized by sector, instrument and counterparty-sector, and then the accounts undergo a balancing procedure. During the balancing process, sector assets and counterparty liabilities are reconciled (and vice versa) according to source ranking in chapter 13.1 and the nature of the counterparty data. The accounts are reconciled between sectors and instruments, while maintaining the stock-flow accounting principle.
18.6 Adjustment	Not applicable.

19. Comment

19. Comment	