

# Procedure file

Basic information	
CNS - Consultation procedure Regulation	1997/0037(CNS) Procedure completed
European System of Accounts ESA: allocation of the financial intermediation services indirectly measured FISIM	
Subject 5.10.01 Convergence of economic policies, public deficit, interest rates	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy	PSE <a href="#">KATIFORIS Giorgos</a>	17/04/1997
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2068</a>	16/02/1998
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2034</a>	19/01/1998

Key events			
13/02/1997	Legislative proposal published	COM(1997)0050	Summary
07/04/1997	Committee referral announced in Parliament		
25/09/1997	Vote in committee		Summary
25/09/1997	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0282/1997</a>	
21/10/1997	Debate in Parliament		
22/10/1997	Decision by Parliament	T4-0496/1997	Summary
16/02/1998	Act adopted by Council after consultation of Parliament		
16/02/1998	End of procedure in Parliament		
27/02/1998	Final act published in Official Journal		

Technical information	
Procedure reference	1997/0037(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation

Legislative instrument	Regulation
Legal basis	EC before Amsterdam E 213
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/08742

#### Documentation gateway

Legislative proposal	<a href="#">COM(1997)0050</a> <a href="#">OJ C 124 21.04.1997, p. 0028</a>	13/02/1997	EC	Summary
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0282/1997</a> <a href="#">OJ C 325 27.10.1997, p. 0004</a>	25/09/1997	EP	
Text adopted by Parliament, 1st reading/single reading	T4-0496/1997 <a href="#">OJ C 339 10.11.1997, p. 0047-0064</a>	22/10/1997	EP	Summary
Follow-up document	<a href="#">COM(2000)0836</a>	14/12/2000	EC	Summary
Follow-up document	<a href="#">COM(2002)0333</a>	21/06/2002	EC	Summary

#### Additional information

European Commission	<a href="#">EUR-Lex</a>
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#### Final act

<a href="#">Regulation 1998/448</a> <a href="#">OJ L 058 27.02.1998, p. 0001</a> Summary
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## European System of Accounts ESA: allocation of the financial intermediation services indirectly measured FISIM

OBJECTIVE: The aim of the draft Regulation is to establish a methodology which will permit a comparison between the Member States in the area of financial services. SUBSTANCE: Breaking down the financial intermediation services indirectly measured (FISIM) makes it possible to show in GDP the services provided by financial intermediaries to households, the rest of the world, public administrations and non-profit-making institutions through their intermediate consumption. The draft Regulation aims to establish a methodology for breaking down FISIM which will permit a more accurate comparison of GDP within the EU: it aims to incorporate the breakdown of FISIM into the European System of Accounts (ESA). Collection itself and the collection methods used are the responsibility of the Member States. With regard to procedure, the Commission will be assisted by the Statistical Programme Committee. ?

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The Commission unanimously adopted the draft legislative resolution embodying Parliament's opinion - favourable - on the draft regulation in question, subject to two amendments. The rapporteur, Mr Katiforis (PSE, G), declared that the proposed method of calculation for the financial intermediation services indirectly measured (FISIM) should be shared, which would mean clearer national revenue accounts. He also emphasized that the revaluation of national revenue using the new accounting method might be as much as 2%, depending on the Member State, which was by no means an insignificant amount. The rapporteur proposed that this new method of calculation be adopted immediately, although he recommended that it be introduced gradually over a period of four years. This would allow national statistical services, which were already overloaded, properly to collect, and, most importantly, analyse the important statistical data concerning the FISIMs. ?

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In adopting the report by Mr Giorgos KATIFORIS (PSE, G), Parliament accepted the principle proposed by the Commission, but called for its introduction to be spread over four years.?

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**OBJECTIVE:** implementation of a system enabling comparable results to be obtained between Member States with regard to financial services. **COMMUNITY MEASURE:** Council Regulation 448/98/EC completing and amending Regulation 2223/96/EC with respect to the allocation of financial intermediation services indirectly measured (FISIM) within the European system of national and regional accounts (ESA). **SUBSTANCE:** the purpose of the directive is to establish the arrangements for the allocation of FISIM which would enable a more accurate comparison of gross domestic product levels in the Union to be made. It seeks to introduce the principle, using reliable methodology, for allocating FISIM in the European system of accounts (ESA), the collection and methods used for collection being the responsibility of the Member States. A four year trial period (until 2002) will identify the most appropriate method for the allocation of FISIM. At the end of this trial period the Commission will evaluate the results and decide on the final methods to be used. **ENTRY INTO FORCE:** 27/02/1998. ?

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**PURPOSE:** to present a Commission mid-term report containing a qualitative and quantitative analysis of the first results of the trial calculations for allocating and calculating financial intermediation services indirectly measured (FISIM) as described in the Council Regulation 448/98/EC of 16.02.1998. **CONTENT:** The main conclusion of the report is that allocating FISIM requires further improvements in statistical sources in particular to directly measure interest flows broken down by institutional sector, to break down the households' deposits according to their purpose (intermediate or final consumption) and to obtain better measures of exports and imports of FISIM. Preferences expressed by the Member States have put forward two criteria for the identification of relevant interest rates. These criteria are the need of having an interest rate fairly close to the concept of "pure interest rate" and giving the most reliable results with regard to available data. The analysis of the impact on GDP, at this stage of the study, tends to favour method 2, which seems to bring best results. Method 2 is followed by methods 1, 4c, 4b, 4a and 3. However, some Member States are reluctant to do all the trial method for allocating FISIM as defined in the regulation, for practical and sometimes theoretical reasons, and consider that none of them are really more reliable for the correct measurement of economic activity than the present zero allocation. However, at this point of the trial period, the Commission thinks that allocating FISIM is feasible if improvements continue to be made in data sources. In conclusion, it is necessary to revise some figures already obtained, to complete the exercise on more years, to analyse FISIM at constant prices and by industry, and to pursue the work inside the FISIM Task Force and the National Accounts Working Party before being able to make a fully sound report about the reliability of the methods of allocating FISIM as defined in the regulation.?

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Council Regulation 448/98/EC has defined different methods of allocating FISIM in national accounts and has introduced a trial period in order to test these methods. Member States have implemented the test exercise for the allocation of FISIM for the period 1995-2001. The Commission considers that the results of the trial period are positive. According to Regulation 448/98/EC, the Commission will issue before the end of 2002 a Commission Regulation for the allocation of FISIM in national accounts, using method 1. This involves calculating the reference interest rate by means of interest receivable on resident interbank loans, divided by stock of resident interbank loans. This method corresponds in average to an increase of 1.26% of GDP. The impacts on GDP are quite similar whatever the internal reference rate used. According to the draft Commission Regulation, Member States would have to allocate FISIM in their national accounts from calendar year 2005. The Commission will discuss with Member States the possible period for which backwards calculations could be made. Further discussions will take place inside the FISIM Task Force, concerning the allocation of FISIM in regional and quarterly accounts. The Commission recommends that, to avoid confusion, new figures should be used for budgetary purposes, GNI being approximately higher for all Member States. However, according to Regulation 448/98/EC, the allocation of FISIM will not be taken into account for the EU budget and its own resources unless the Council, acting unanimously on the proposal of the Commission, takes such a decision.?