

In case of discrepancies between the French and the English text,  
the French text shall prevail

**Definitions and concepts for the  
balance of payments reporting of credit  
institutions and the financial services  
of the *Entreprise des Postes et  
Télécommunications***

**Banque centrale du Luxembourg**

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## 1 Introduction

The objective of the document «Definitions and concepts for the balance of payments reporting of credit institutions and the financial services of the Entreprise des Postes et Télécommunications» is to provide an overview of all definitions and concepts that must be applied by credit institutions and by the financial services of the Entreprise des Postes et Télécommunications when establishing statistical balance of payments reports to be submitted to Banque centrale du Luxembourg (BCL).

Hence, this document provides a detailed description of the main principles and breakdowns to be provided to BCL in the corresponding balance of payments reports.

More specific instructions for establishing the various reports are provided within the description of these reports.

## 2 Basic principles

### 2.1 Reporting population

All credit institutions in Luxembourg regardless of their legal status as well as the financial services of the Entreprise des Postes et Télécommunications (service des comptes chèques postaux) are required to transmit to the BCL monthly statistical data relating to cross-border payments made on behalf of their resident customers.

All credit institutions in Luxembourg regardless of their legal status are also required to transmit to the BCL a set of monthly information on certain transactions made for their own account and conducted with non-resident counterparties.

### 2.2 Concept of resident and non-resident

#### 2.2.1 Resident

A resident can be a physical person or a company, thus including a branch or head office established in Luxembourg by corporations of foreign origin, which engages in domestic business activities of long-term interest.

More precisely, resident means:

- any legal person under Luxembourg civil law maintaining activities in its registered office, subsidiaries, branch or head offices based in Luxembourg
- any legal person under Luxembourg public law and all its services in Luxembourg as well as all Luxembourg diplomatic and consular representatives abroad
- any legal person under foreign jurisdiction, maintaining activities of its branch and head offices based in Luxembourg
- any natural person who has its main domicile in Luxembourg, including officials of international or European institutions based in Luxembourg. Any person who is registered with a local municipality is considered having its main domicile there
- any natural person of Luxembourg nationality who carries out its duties in a Luxembourg diplomatic or consular representation abroad, including its accompanying family members;
- any natural person with main domicile abroad or not registered in a Luxembourg municipality, who runs a company in Luxembourg in a sustainable manner, accounting for this company's activities

### 2.2.2 Non-resident

A non-resident is any person who is not considered as being a resident and that maintains a business interest outside of Luxembourg. In this respect head offices and branches of resident companies that are not located in Luxembourg are considered as non-residents. The concept of non-resident does not necessarily correspond to foreign in the usual sense of the word. In fact nationality cannot be considered a decisive criterion to define the character of resident or non-resident.

More concretely, non-resident means:

- any natural or legal person who can not be considered a resident
- any natural person of foreign nationality who carries out its duties in a diplomatic or consular representation of another country based in Luxembourg, including its accompanying family members;
- international or European institutions established in Luxembourg
- diplomatic or consular representations established in Luxembourg

### 2.3 Balance of payments reports

Resident credit institutions are obliged to transmit report BOP 1.1 «Breakdown of certain elements from the income statement of credit institutions».

Resident credit institutions and the financial services of the Entreprise des Postes et Télécommunications are obliged to transmit report BOP 1.2 «Cross-border payments executed on behalf of resident customers».

### 2.4 Reference date for the establishment of the reports

In principle, the last day of each month should be the reference date for establishing the statistical reports.

Reporting agents may choose between establishing the BOP reports with a daily or monthly frequency.

## 2.5 Regrouping of transactions and cross-border payments

The grouping of operations that took place during the same month is allowed if all the required information, except for the amount, is identical.

## 2.6 Reported amount

The amounts to be provided in the statistical reports must be expressed without decimals (downwards rounding) and the currency conversion of reported transactions shall occur at the day of entry into the accounts or at the day of the execution of the cross-border payment.

## 2.7 Data transmission to BCL

The reports must be provided to the BCL in an electronic file according to the norm defined in the documents «Manual of electronic transmission» and «Compendium of verification rules», established for each statistical report.

## 2.8 Safekeeping period of documents

Reporting agents must retain statistical reports and related documents for twenty-four months.

### 3 Types of breakdowns

Transactions for own account as well as cross-border payments are broken down by various criteria. The following breakdowns are common to all the reports:

- sign convention
- counterpart country
- currency

The nomenclature that follows presents in detail all the breakdowns by credit and debit entry, country, currency.

#### 3.1 Sign convention

It is necessary to distinguish between income and expenses charged to the income statement of the credit institution.

- For revenues, it is the monetary value of services sold to non-residents or transfers received from non-residents. These transactions are to be reported as «Credit».
- For expenses, it is the monetary value of services bought from non-residents or transfers made in favour of non-residents by the reporting agent. These transactions are to be reported as «Debit».

The sign convention (Debit/Credit) thus corresponds to the accounting practice which means that an income or cash inflow corresponds to a «Credit», whereas an expenditure or cash outflow corresponds to a «Debit».

For the data collection of cross-border payments executed on behalf of resident customers, a cash inflow on the customer's account is reported as a «Credit». A cash outflow is reported as a «Debit».

### 3.2 Country

For report BOP 1.1 «Breakdown of certain elements from the income statement of credit institutions» the country to be reported corresponds to the country of residence of the involved non-resident counterparty that is engaged in a contractual relationship with the reporting agent.

For report BOP 1.2 «Cross-border payments executed on behalf of resident customers», the country to be reported corresponds to the country of the non-resident counterparty or otherwise to the country of the non-resident payment service provider.

Only international transactions with non-resident counterparties or cross-border payments with non-resident payment service providers shall be included in the reports.

The country is identified by a two-character ISO code according to codification ISO 3166 (<http://www.iso.org>) or by a two-character code for specific counterparties provided by BCL.

The specific country codes are provided for a certain number of international institutions.

Code	Label
XB	International institutions, except European institutions, located outside Luxembourg
XC	International institutions, except European institutions, located in Luxembourg
XD	European institutions located in Luxembourg
XG	European institutions located outside Luxembourg
XA	European Central Bank
XE	European Investment Bank
XI	European Stability Mechanism



## 4 Minimum standards to be applied by credit institutions

Reporting agents must fulfil the following minimum standards to meet the ECB's statistical reporting requirements.

1. Minimum standards for transmission
  - a) reporting to the BCL must be timely and within the deadlines set by the BCL
  - b) statistical reports must take their form and format from the technical reporting requirements set by the BCL
  - c) the technical specifications for data transmission to BCL must be followed.
2. Minimum standards for accuracy
  - a) the statistical information must be correct
    - all linear constraints must be fulfilled (e.g. assets and liabilities must balance, subtotals must add up to totals)
    - data must be consistent across all frequencies
  - b) credit institutions must be able to provide information on the developments implied by the data supplied
  - c) the statistical information must be complete: existing gaps must be acknowledged, explained to BCL and, where applicable, bridged as soon as possible
  - d) the statistical information must not contain continuous and structural gaps
  - e) reporting agents must follow the dimensions and decimals set by the BCL for the technical transmission of the data
  - f) credit institutions must follow the rounding policy set by the BCL for the technical transmission of the data.
3. Minimum standards for conceptual compliance:
  - a) the statistical information must comply with the definitions and classifications contained in this document
  - b) in the event of deviations from these definitions and classifications, where applicable, reporting agents must monitor on a regular basis and quantify the difference between the measure used and the measure contained in this document
  - c) credit institutions must be able to explain breaks in the data supplied compared with the previous periods' figures.

4. Minimum standards for revisions:

The revisions policy and procedures set by the BCL must be followed. Revisions deviating from regular revisions must be accompanied by explanatory notes.