

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 “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 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 “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 to establish reports are provided within the description of these reports.

## 2 Basic principles

### 2.1 Concerned population

All credit institutions in Luxembourg regardless of their legal status as well as the financial services of “Postes et Télécommunications” (CCPL, post office) are required to transmit monthly statistical data to BCL on cross-border payments of their resident customers.

All credit institutions in Luxembourg regardless of their legal status are also required to transmit to BCL a set of monthly information on certain transactions for own account 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**

The term "non-resident" points out any person who is not characterised as resident, and maintains a business interest outside of Luxembourg. In this respect head offices abroad of resident companies as well as branches abroad of resident companies 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 BOP 1.1 report "Breakdown of certain elements from the credit institutions profit and loss account".

Resident credit institutions and the financial services of "Postes et Télécommunications" are obliged to transmit BOP 1.2 report "Cross-border payments executed for the account of the resident counterparts".

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

In principle the last day of each month shall be the date of reference for the statistical reporting obligations.

Reports can be compiled on a daily or monthly basis by choice of the reporting agent.

## **2.5 Regrouping of transactions and cross-border payments**

The regrouping of operations of the same month where all required information is identical is permitted, except for the sign (credit, debit).

## **2.6 Reported amount**

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

## **2.7 Data transmission to BCL**

The reports must be provided to BCL in an electronic file according to the instructions of documents “Manual for electronic transmission” and “Manual of verification rules” that describe the technical modalities for each report.

## **2.8 Retention 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. Breakdowns which are common to all the reports are according to:

- sign convention
- counterpart country
- currency

The following classifications in detail present all breakdowns by country and currency.

#### 3.1 Credit or debit entry

It is necessary to distinguish between imputed revenues and expenses on the profit and loss account of the credit institution.

Revenues are captured at the monetary value of services sold to non-residents or transfers received from non-residents. These transactions are to be reported as "credit".

Expenses are captured at 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 captures a receipt or cash inflow as "credit", while an expenditure or cash outflow as "debit".**

For cross-border payments executed on resident client accounts a cash inflow is reported as "credit", a cash outflow as "debit".

## 3.2 Country

In the BOP 1.1 report "Breakdown of certain elements from the credit institutions profit and loss account" the domicile country of the involved non-resident counterparty has to be reported, possible based upon a contractual relationship with the reporting agent.

In the report BOP 1.2 report "Cross-border payments for the account of the resident counterparts", the domicile country of the non-resident counterparty or otherwise the country of non-resident payment service provider has to be reported.

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.

Specific country codes defined by BCL:

Specific country codes	
XA	European central bank
XB	Supranational institutions, other than European institutions, domiciled outside of Luxembourg
XC	Supranational institutions, other than European institutions, domiciled in Luxembourg
XD	European institutions, other than European Investment Bank, domiciled in Luxembourg
XE	European Investment Bank
XG	European institutions, other than ECB, domiciled outside of Luxembourg



### 3.3 Currency

Statistical reports have to be reported

- either in the original currency of the international transaction,
- or in the currency of the profit and loss account.

The currency is identified by a three-character ISO code according to codification ISO 4217 (<http://www.iso.org>).

## Minimum standards to be applied by credit institutions

Reporting agents must fulfill the following minimum standards in order to meet BCL's statistical reporting requirements.

1. Minimum standards for transmission:

- a) reporting to BCL must occur in a timely manner, respecting the deadlines set by BCL;
- b) statistical reports must in form and format meet the technical reporting requirements set by BCL;
- c) the technical specifications for data transmission to BCL must be followed.

2. Minimum standards for accuracy:

- a) statistical information must be correct. In particular all verification rules must be respected;
- b) credit institutions must be able to provide further information on important developments implied by the reported data;
- c) statistical information must be complete. Any gaps occurring must be pointed out and explained to BCL, and if applicable be complemented as soon as possible;
- d) statistical information must not contain continuous and structural gaps;
- e) credit institutions must respect dimensions and number of decimals set by BCL in their technical transmission of data;
- f) credit institutions must follow the rounding policy set by BCL in their technical transmission of data.

3. Minimum standards for conceptual compliance:

- a) the statistical information must comply with the definitions and classifications contained in this document;
- b) in case of deviations from these definitions and classifications credit institutions must regularly monitor and quantify the difference between the measures used from those foreseen in this document;
- c) credit institutions must be able to explain breaks in supplied data compared to previous periods.

4. Minimum standards for revisions:

The revisions policy and procedures set by BCL must be obeyed. Revisions deviating from the normal revision schedule must be accompanied by explanatory notes.