

LATVIA

A. INSTITUTIONAL ENVIRONMENT

A.1 CoP1 Professional independence / PC1 Professional independence

A.1.1 Legal basis

Latvijas Banka is responsible for compilation of quarterly and annual financial accounts (except quarterly financial accounts for General Government). The Law on Latvijas Banka (Paragraph 1 of Article 39) stipulates that the Bank collects, stores and processes statistical data, and develops, compiles, analyses and distributes statistics to ensure the fulfilment of its tasks, including that of assisting the European Central Bank (ECB) in producing the statistics required for the execution of the tasks of the ESCB in accordance with the requirements of the legal acts of the EU, including those of the ECB.

A.1.2 Statistics work programme

To provide information on the tasks of Latvijas Banka in the field of statistics, Latvijas Banka publishes two programmes, the annual statistical programme and the medium-term statistical work programme: <https://www.bank.lv/en/statistics/information-for-data-users/statistical-programmes>

The European Statistics Annual Work Programme is also available publicly at: [ESS Work Programme 2021 – 2027](#).

A.2 CoP2 Mandate for data collection / PC2 Mandate for data collection

A.2.1 Allocation of responsibilities

Sharing of responsibilities between Latvijas Banka and the Central Statistical Bureau of Latvia (CSB) in the field of financial account statistics is based on mutual agreement.

The institutional arrangements to produce national financial accounts statistics in Latvia are as follows:

1. Financial Accounts (quarterly and annual) – compiled and disseminated by Latvijas Banka. Latvijas Banka has overtaken the production of annual financial accounts from CSB starting with 2018.
2. Quarterly financial accounts for General Government (QFAGG) - compiled and disseminated by the CSB.

A.2.2 Legal basis

The responsibility of Latvijas Banka, as part of the ESCB, is defined by the Council Regulation 2533/98 to collect statistical information necessary to fulfil the tasks of the ESCB, such as the requirement to have comprehensive and reliable quarterly financial accounts, as stated in the Guideline ECB/2021/20.

A.3 CoP6 Impartiality and objectivity / PC6 Impartiality and objectivity

A.3.1 Advance release calendar

Release dates for quarterly financial accounts are available in the release calendar produced by Latvijas Banka under the following address: <https://www.bank.lv/en/statistics/data-publishing-calendar> .

A.3.2 Revision policy

Latvijas Banka observe CMFB harmonized revision policy in the compilation of financial accounts.

The revision cycle has been developed based on statistics production processes and considering their interaction. Revisions are coordinated to maintain the highest possible level of consistency between all statistical fields. Although normally statistical information is revised in accordance with a set revision cycle, in special cases certain deviations are accepted. Such deviations are clearly indicated when publishing the respective data.

According to Latvijas Banka revision policy revisions of financial accounts are planned on an annual basis:

1. Publication of the second quarter (in September) may include revised data for the financial accounts of the previous three years.
2. Publication of the second quarter (in September) in years ending with "4" or "9" for financial accounts data may include revised financial accounts full time series.

Latvijas Banka revision policy is available in the following address: <https://www.bank.lv/en/statistics/information-for-data-users/revision-policy>

B. STATISTICAL PROCESSES

B.1 CoP7 Sound methodology / PC7 Sound methodology

B.1.1 General remarks

Financial accounts are based on the data compiled by Latvijas Banka as well as received from CSB, State Revenue Service (SRS), etc.

Financial accounts are compiled according to Articles 1(1) and 1(2) of REGULATION (EU) No 549/2013 of THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 21 May 2013 on the European system of national and regional accounts in the European Union as well as the Guideline of the ECB of 25 July 2013 on the statistical reporting requirements of the ECB in the field of quarterly financial accounts (ECB/2013/24).

B.1.2 Residency and territory

Residency and territory principles are applied to financial accounts as required in ESA 2010 and are used in all stages of the statistical production process.

B.1.3 Institutional unit definition

Institutional unit is defined according to principles set in ESA 2010 – the ability to compile a complete set of accounts, autonomy of decision-making, centre of economic interest, also qualitative criteria are considered.

In the financial accounts, institutional units are grouped by sector depending on the principal activity and function of the institutional unit. Each institutional unit belongs to only one sector.

B.1.4 Sectorisation and sector delimitation

The classification of institutional units is applied according to principles and recommendations defined in the ESA 2010. The detailed sectoral breakdown is the same for both annual and quarterly frequencies.

CSB is responsible for the sectorisation and sector delimitation in Latvia, except for MFIs for which Latvijas Banka is responsible and which is regularly updated on the website of Latvijas Banka.

Deposit guarantee fund (DGF) is reclassified to the Government sector (S13) in 2017. Whereas Insurers' protection fund (ISF) is currently recorded in S126.

B.1.5 Instrument identification

Financial transactions and positions are classified into their appropriate financial instrument in accordance with the principles and recommendations of ESA 2010.

B.1.6 Valuation, including derivation of transactions and other flows

Market prices are the basis for the valuation of outstanding amounts. Nominal valuation as defined by ESA 2010 is used for currency and deposits, loans and other accounts receivable/payable. Own funds at book value approach is used for equity of unlisted enterprises and other equity.

B.1.7 Time of recording (accrual accounting)

Financial accounts figure for the deposits, loans and securities are valued on an accrual basis. In some cases, the cash-based recordings are converted into accrual-based data.

B.1.8 Coverage gaps

Financial accounts data from 1995 to 2003 are available only on an annual basis in the Eurostat data base. As regards this timeseries, structural breaks still apply due to insufficient primary data.

From 2011 onwards, compilation of securities is based on securities holdings statistics for all sectors, whereas other sources have been used to compile the respective data for the years 2004 to 2011 according to ESA 2010.

Employee stock options are not recorded either for the time being due to insufficient primary data.

From 2004 to 2015 coverage of unlisted shares and other equity is incomplete due to insufficient primary data. From 2015 unlisted shares and other equity data are available with full instrument, sector, and counterpart sector breakdown and this allows to use Own funds at book value approach for liability side. Accordingly, for the assets side we use counterpart sector information (i.e., derived from the liabilities side).

From 2015 onwards financial accounts compilation is based on building blocks approach, whereas time series 2004 - 2014 were compiled using sector-by-sector balancing.

OFI (S.125, S.126, S.127) - Companies included in sectors S.125, S.126 and S.127 on the list of institutional units maintained by the CSB.

Quarterly data sources and coverage:

- Supervised entities (full coverage): balance sheets of brokerage firms, balance sheets of investment management companies, balance sheets of authorized payments institutions and authorized electronic money institutions.
- Other financial institution quarterly survey with full instrument, sector, counterpart sector and geo breakdown collected by Latvijas Banka. About 465 companies included in census survey in year 2018 (~40% from companies included in the sample frame (sample frame is reviewed every year)) and covers about 98% from total amount of assets. No estimations and grossing up is used for the time being.
- Data on holders of securities.

No estimations and grossing up used.

B.1.9 Non-consolidation/Consolidation at sectoral level

Financial accounts are compiled both in a consolidated and a non-consolidated manner. The non-consolidated financial accounts of a sector cover all transactions, stocks, other changes and revaluations of the institutional units classified in the sector or sub-sectors, but in the consolidation process all transactions, stocks, other changes and revaluations between institutional units classified in the same sector and sub-sector are eliminated.

Consolidation methods applied in the annual financial accounts are fully consistent with the method described in the Manual on Sources and Methods for the compilation of Annual Financial Accounts.

B.1.10 Specific issues for instruments covered by MIP indicators

Inter-company loans, including those between units of the same enterprise, in some cases can be derived from company's annual balance sheets and are used for annual financial accounts compilation and for revised quarterly financial accounts. As regards regular quarterly financial accounts compilation a quarterly survey is used for total amount of loans, then balancing with counterpart information and as a result inter-company loans are a residual item.

Data source for OFI is Other financial institution survey – quarterly survey for OFI (S125+S126+S127), financial corporation balance sheets including all necessary instrument and counterpart sector breakdown for all "other financial institutions" according to the sectorisation and NACE classification.

B.1.11 Other major deviations not listed above

None.

B.2 CoP8 Appropriate Statistical procedures / PC8 Appropriate Statistical procedures

B.2.1 Data source map

Please see Annex to CoP8: Data source map for financial accounts

B.2.2 Description of procedures and methods (brief overall description, to clarify the data source map)

Main data sources of financial accounts:

- MFI balance sheet statistics.
- Latvijas Banka's balance sheet.
- Balance of Payments and International Investment Position statistics.
- Data on holder of securities (security-by-security data from monthly reports on securities with ISIN, without ISIN and on equity holdings from security custodians). Transactions are marked to market, using the ECB's Centralized Securities Database information on financial instrument prices.
- Quarterly financial accounts for general government.
- Other financial institution quarterly survey.
- Insurance corporations' statistics.
- Pension funds statistics.
- Non-financial corporations quarterly and annual surveys.
- Accounting statements and reports for the remaining groups of market participants - investment funds and alternative investment funds, investment brokers, investment management companies and payment institutions.

Data controls are carried out once data have been received. All reports are checked automatically to verify their completeness, consistency and plausibility. Data collection, processing and dissemination of the quarterly financial accounts are fully integrated into the in-house built IT system. Data from several sources are automatically uploaded and controlled in the IT system. Data are recoded in uniform codes of different dimensions. Several plausibility checks are made in each step of data processing. If necessary, questions are raised with the other divisions within Latvijas Banka or other responsible institutions to determine whether large changes are correct.

B.2.3 Estimation of missing data

As there is no direct data source for households' sector (S.14), to produce data are used counterpart sector information.

B.2.4 Balancing procedures (horizontal and vertical)

Starting with 2015 data financial accounts compilation apply building blocks approach which based on data sources prioritisation. The highest priorities are given to BoP data (S.2), MFI statistics (S.121, S.122) and QFAGG (S.13).

Before 2015 data - horizontal balancing of financial accounts data (grouped by instruments) was carried out on a sector-by-sector basis. The household sector data were residual. The balancing process envisages all kinds of controls to ensure that all sector data are mutually consistent.

As Latvia does not compile quarterly non-financial accounts for all sectors, vertical consistency with B.9 of non-financial accounts is done only annually. To achieve consistency between the quarterly financial and annual non-financial accounts, adjustments can be done in the financial accounts. Usually, the main instruments that are adjusted are unlisted shares (F.512) and other equity (F.519).

The rest of the world (S.2) is consistent with the balance of payments (BoP); as a result the vertical discrepancy for S.2 is equal to the net errors and omissions (NEOs) in BoP. Data for the government sector, in both the annual and quarterly accounts, are consistent with QFAGG.

Vertical reconciliation adjustments in financial and non-financial sector accounts, summary table

			Adjustments to:		Target for maximum difference of net lending/net borrowing between financial and non-financial accounts (4-quarter sums / annual data)				Reconciliation every quarter
	Adjustments to improve vertical consistency	Sectors	Financial transactions	Non-financial transactions	Non-financial corporations (S.11)	Financial corporations (S.12)	Households including NPISHs (S.1M)	Rest of the world (S.2)	
Latvia	Yes	S11/S14	AF5	-	1% of GDP	1% of GDP	1% of GDP	= NEOs in BoP	No

B.2.5 Methods to align quarterly and annual data

Annual and quarterly financial accounts are fully aligned from the 2004 onwards.

C. STATISTICAL OUTPUT

C.1 CoP11 Relevance / PC11 Relevance

At international level financial accounts are part of the ‘Special Data Dissemination Standard Plus’ of the IMF and are used for IMF ‘Article IV consultations’ of the EU Member States.

In the EU, financial accounts are part of the ‘scoreboard’ of the macroeconomic imbalances procedure (MIP), and support the assessment of vulnerabilities and interconnectedness for financial stability purposes by the European Systemic Risk Board (ESRB, see its ‘risk dashboard’). For the euro area, financial accounts statistics support the Euro system in its tasks to define and implement the single monetary policy.

C.2 CoP12 Accuracy and reliability / PC12 Accuracy and reliability (including stability)

C.2.1 Accuracy and reliability

Data checking at different aggregation levels is carried out. Significant fluctuations are analysed to identify the underlying reasons. In the annual and quarterly financial accounts, the net financial transactions (B.9F) and financial net worth (BF.90) for the Rest of the World (S.2) are consistent with the published BOP and net IIP.

C.2.2 Internal consistency

A consistent framework is used for compilation of annual and quarterly accounts. All financial instruments are built on a who-to-whom basis, so discrepancies between assets and liabilities are eliminated. If inconsistencies occur, they are mainly balanced via non-financial sector.

Financial accounts are checked with the result of quarterly financial accounts of general government which are compiled by the CSB. At the beginning of the compilation process, primary data are checked and notably the stock / flow consistency. Across all dataset transmitted or published, financial accounts are internally consistent as the indicators (outstanding amounts, transaction flows, valuations and other volume changes) are reconciled, and the assets and the liabilities are balanced for each type of financial transaction.

C.3 CoP13 Timeliness and punctuality / PC13 Timeliness (including punctuality)

C.3.1 National requirements

Publication of quarterly financial accounts data usually occurs at T+90 days after the latest reference quarter.

Annual financial accounts and updated quarterly financial accounts full time series publication occur in the end of October each year, according to the data publishing calendar.

C.3.2 International requirements

Latvia met all timeliness requirements from international institutions.

In the EU, the ESA 2010 transmission programme requires reporting of annual data at T+9 months. The quarterly data requirements of the ECB are T+85 days (for compilation of euro area aggregates only) and T+100 days (national data, for publication by ECB from t+107).

For the IMF, quarterly financial accounts are required at t+4 months in SDDS Plus.

C.4 CoP14 Coherence and comparability / PC14 Consistency and comparability

C.4.1 External consistency

The annual and quarterly financial accounts are compiled using various data sources which are in line with the ESA 2010 methodology. Discrepancies between net lending / net borrowing (B.9F vs. B.9) in the accounts are monitored. Usually, some differences are observed in non-financial sectors (S11/S14) since the accounts are compiled using different data sources. Currently no adjustments are done. When necessary, manual adjustments will be done on the side of the financial accounts in the other accounts payable other than trade credits (F89).

As Latvia does not compile quarterly non-financial accounts for all sectors, vertical consistency with B.9 of non-financial accounts is done only annually. To achieve consistency between the quarterly financial and annual non-financial accounts, adjustments can be done in the financial accounts. Usually, the main instruments that are adjusted are unlisted shares (F.512) and other equity (F.519).

The rest of the world (S.2) is consistent with the balance of payments (BoP); as a result the vertical discrepancy for S.2 is equal to the net errors and omissions (NEOs) in BoP. Data for the government sector, in both the annual and quarterly accounts, are consistent with QFAGG.

C.4.2 Time and back data consistency

Annual back data are available from 1995, but quarterly back data are available starting from 2004Q1.

Financial accounts data from 1995 to 2003 are available only on an annual basis. As regards this time period, structural breaks still apply due to insufficient primary data.

C.4.3 Consistency across frequencies

Inconsistencies between quarterly and annual financial accounts are not foreseen as annual financial accounts are derived from the quarterly financial accounts.

C.5 CoP15 Accessibility and clarity / PC15 Accessibility and clarity

C.5.1 Data

Financial accounts data (nonconsolidated) are available in the statistical database on the website of Latvijas Banka at <https://statdb.bank.lv/lb/Data.aspx?id=193> .

The national financial accounts data are also available through the website of different international institutions:

- 1) ECB: <http://sdw.ecb.europa.eu/reports.do?node=1000002779>
- 2) Eurostat: <http://ec.europa.eu/eurostat/data/database>
- 3) OECD: http://stats.oecd.org/Index.aspx?DataSetCode=FIN_IND_FBS#

C.5.2 Metadata

Metadata for IMF Sectoral stocks of financial assets and liabilities are available here: <https://dsbb.imf.org/sddsplus/dqaf-base/country/LVA/category/SBS00>

C.5.3 Contact

- 1) Quarterly and annual financial accounts – Jūlija Ločmele, Latvijas Banka, e-mail: julija.locmele@bank.lv

Annex to CoP8: Data source map for financial accounts

Country: Latvia

Name of institution: Latvijas Banka

Year: 2023

		Assets										Liabilities									
		SI1	SI2K	SI24	SI2O	SI28	SI29	SI3	SI4	SI5	S2	SI1	SI2K	SI24	SI2O	SI28	SI29	SI3	SI4	SI5	S2
		NFCs	MFI	IFs	OFIS	IC	PF	Gov	HH	NPISH	Row	NFCs	MFI	IFs	OFIS	IC	PF	Gov	HH	NPISH	Row
F11	Monetary gold		MFI					0			0						0				BoP
F12	SDRs		MFI					0			BoP									QFAGG	BoP
F21	Currency	NFC	MFI	IF	OFISD	IC	PF	QFAGG	MFI *	0	BoP								0		BoP
F22	Deposits, transferable	MFI/BoP	MFI	MFI/BoP	MFI/BoP	MFI/BoP	MFI/BoP	QFAGG	MFI *	MFI	BoP									QFAGG	BoP
F29	Deposits, other	MFI/BoP	MFI	MFI/BoP	MFI/BoP	MFI/BoP	MFI/BoP	QFAGG	MFI *	MFI	BoP									QFAGG	BoP
F3	Debt securities	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SEC	SEC	0	SEC	0	0	SEC	0	0	SEC
F4	Loans	BoP/OFISD/NFC	MFI	IF	OFISD	IC	PF	QFAGG	OFISD/NFC *	OFISD/NPISH	BoP	BoP/MFI/OFISD/NFC	MFI	MFI/IF	MFI/OFISD	IC	PF	QFAGG	MFI/OFISD/NFC *	MFI/OFISD/NPISH	BoP
F511	Listed shares	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SEC	0	0	0	0	0	0	0	0	SEC
F512	Unlisted shares	BoP/CSI	MFI	IF	BoP/CSI	IC	PF	QFAGG	CSI	CSI	BoP	NFC	MFI	IF	OFISD	IC	PF	QFAGG	0	0	BoP
F519	Other equity	BoP/CSI	MFI	IF	BoP/CSI	IC	PF	QFAGG	CSI	CSI	BoP	NFC	MFI	IF	OFISD	IC	PF	QFAGG	0	0	BoP
F52	Investment fund shares / units	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS		MFI	IF							BoP
F61	Non – life insurance technical reserves	IC	IC	IC	IC	IC	IC	QFAGG	IC	IC	BoP					IC					0
F62	Life insurance and annuities	0	0	0	0	0	0	QFAGG	IC/PF	0	BoP					IC	PF				0
F63 – F65	Pension entitlements	0	0	0	0	0	0	QFAGG	PF	0	0					IC	PF				0
F66	Standardized guarantees	0	0	0	0	0	0	QFAGG	0	0	0	0	0	0	0	IC	0	QFAGG			
F7	Financial derivatives	MFI/NFC*	MFI	IF	OFISD	IC	PF	QFAGG	0	0	BoP	MFI/NFC*	MFI	IF	OFISD	IC	PF	QFAGG	0	0	BoP
F81	Trade credits and advances	BoP/OFISD/NFC	MFI	IF	OFISD	IC	PF	QFAGG	NFC*	NPISH	BoP	BoP/OFISD/NFC	MFI	IF	OFISD	IC	PF	QFAGG	NFC *	NPISH	BoP
F89	Other accounts excluding F81	BoP/OFISD/NFC	MFI	IF	OFISD	IC	PF	QFAGG	NFC*	OFISD/NPISH	BoP	BoP/OFISD/NFC	MFI	IF	OFISD	IC	PF	QFAGG	QFAGG/OFISD/NFC *	OFISD/NPISH	BoP

Key for data sources and calculation / estimations:

- ✓ NFC – Non – financial corporation balance sheets¹ (annual/quarterly survey - CSB)
- ✓ MFI – MFI balance sheet statistics (Latvijas Banka)
- ✓ IF – investment fund statistics (Latvijas Banka)
- ✓ OFISD – other financial institution survey² (Latvijas Banka) and supervised entities balance sheets (Latvijas Banka)
- ✓ IC - insurance corporations' statistics (Latvijas Banka)
- ✓ PF – pension fund statistics (Latvijas Banka)
- ✓ QFAGG – quarterly financial accounts for general government (CSB)
- ✓ BoP – balance of payments and international investment position (Latvijas Banka)
- ✓ SEC – securities issues statistics (Latvijas Banka)
- ✓ SHS - securities holdings statistics (Latvijas Banka)
- ✓ NPISH - NPISH balance sheet statistics (SRS)
- ✓ CSI – counterpart sector information
- ✓ * - Residual sector
- ✓ 0 – known to be zero

¹ NFC annual/quarterly survey. Non – financial corporation balance sheets including all necessary instrument breakdown. The group of economically active enterprises for the year t-1 is used as a group of economically active enterprises for the year t. Gross-up economically active enterprises (~9% of total population = 6 of 68 thsd enterprises), which exceed none of the thresholds, are not surveyed, but data are added (grossed-up) to calculations. Data imputations is used in case when no data received while the enterprise is economically active.

² Other financial institution survey – quarterly (T+70) survey for OFI (S125+S126+S127), financial corporation balance sheets including all necessary instrument and counterpart sector breakdown for all "other financial institutions" according to the sectorisation and NACE classification, except those institutions which are included in the surveys of Financial and Capital Market Commission.