

Methodological norms for compiling the monetary survey

I. Definitions, structure and classification

The methodological basis for compiling the monetary survey corresponds to the analytical standards for presenting data on monetary and financial statistics of the International Monetary Fund (IMF), being in accordance with the terms, purpose, methods, international classifications provided in the Monetary and Financial Statistics Manual (MFSM, year 2000), as well as the Monetary and Financial Statistics Manual and Compilation Guide (MFSMCG, year 2016).

[The monetary survey](#) is a representation of assets and liabilities prepared based on analytical accounting data at the end of the reporting period and corresponds to the balance sheet of the National Bank of Moldova (NBM), the balance sheets of licensed banks in the Republic of Moldova and banks in liquidation process. The criteria for grouping the balance sheet accounts in the monetary survey are: residence, financial instrument, sector and currency.

According to the residence criteria of the participants in the transactions, the monetary survey identifies two distinct blocks: net foreign assets and net domestic assets. If the participants in the transactions with the NBM, the licensed banks or those in the process of liquidation are non-residents, the balance of the operations with them will be reflected in the net foreign assets. The term non-resident is defined in accordance with Article 3 para. (10) of Law on Foreign Exchange Regulation no. 62 of March 21, 2008.

The result of transactions between the NBM, the licensed banks and banks in the process of liquidation and residents is reflected in the monetary survey according to the sector of activity. For the purpose of statistical and economic analysis, the sectors of the economy of the Republic of Moldova are classified in accordance with the primary activity carried out, as follows:

- I. *Financial corporations sector;*
- II. *General government sector;*
- III. *Non-financial corporations sector;*
- IV. *Other resident sectors.*

I. The financial corporations sector includes banking financial institutions, as well as resident non-banking financial organizations, whose core business is financial intermediation or other ancillary financial activity and includes the following subsectors:

1. **Central Bank** - National Bank of Moldova;
2. **Banks and other financial institutions** - institutions that accept deposits, excluding the central bank;
3. **The non-banking financial environment** includes insurance companies, non-government pension funds, other financial intermediaries and financial auxiliaries:
 - **insurance companies** represent the organizations whose activity consists, mainly, in offering, negotiating and concluding insurance and reinsurance contracts, collecting premiums, liquidating damages, performing regression and recovery actions;
 - **non-government pension funds** are non-profit organizations that deal with the collection and record of financial contributions voluntarily submitted by individuals or legal entities, on their behalf and which ensure the increase of these means for the payment of the supplementary pension;
 - other financial intermediaries include:
 - **non-bank lending organizations** - joint stock companies or limited liability companies, which carry out professionally only non-bank lending activities: granting of non-bank loans and financial leasing;
 - **savings and loan associations** - non-profit organizations with special legal status, voluntarily constituted by individuals or legal entities, associated on common principles, which accept from its members savings deposits, grant them loans, as well as other financial services, in accordance with the categories of licenses they hold;
 - **investment funds** - joint stock companies, professional participants on the securities market that attract funds by placing their own shares, systematically invests and reinvests the funds attracted in securities of other

residents and in which the annual average of securities of other issuers in the amount of balance sheet of total investment fund assets is at least 35 percent;

- **financial auxiliaries** - financial institutions whose activity is related to financial intermediation, but without being themselves financial intermediaries.

II. The general government sector includes institutional units whose main function is to produce non-market goods and services for individual and collective consumption and to carry out operations to redistribute state revenues. Their resources come from the mandatory contributions paid by units belonging to other institutional sectors. This institutional sector is divided into two subsectors:

1. Central public administration bodies;

2. Local public administration bodies.

III. The non - financial corporations sector comprises the non - financial institutional units that have the function of producing non - financial goods and services for the market and whose main resources come from their sale. This sector includes commercial companies, including subsidiaries, their representative offices, as well as affiliated companies whose main purpose is the production, marketing of goods and the provision of non-financial services, and consists of two sub-sectors:

1. Non-financial corporations with the majority public capital include commercial companies, as well as affiliated commercial companies that are controlled by public administration bodies if the latter have ownership of more than 50 percent of the companies' capital;

2. Non-financial corporations with majority private capital include companies whose share of more than 50 percent of the capital belongs to the private sector or foreign capital.

IV. Other resident sectors include the following subsectors:

1. Households comprising persons or groups of persons both as consumers and, possibly, as entrepreneurs. This subsector is assigned:

- **individuals** or groups of individuals who use the same dwelling, collectively consume goods and services and, eventually, produce non-financial goods and / or services exclusively for their own consumption;

- **individuals who practice activity** organized in the form of associations of persons without legal personality and who are producers of goods and / or services for the market, namely, individual enterprises, farms, patent holders, notaries, lawyers, bailiffs, etc.

2. Non-profit institutions serving households group the institutional units that provide free services to households and whose resources come from voluntary contributions made by households and property income and include non-profit organizations serving households: trade unions, political parties, religious denominations, cultural and sports associations, etc.

Classification system:

The monetary survey is presented in the following aggregate forms:

- Monetary survey on the National Bank of Moldova (I).
- Monetary survey on the banking system (II).

I. Monetary survey on the National Bank of Moldova

1. Net foreign assets represent the cumulative value of the balances of active (+) and passive (-) operations between the NBM and non-residents in convertible, non-convertible currency and in MDL (a + b).

a) Official net reserve assets include (i - ii):

i. Official reserve assets represent the international reserves of the Republic of Moldova, which include: monetary gold;

- Special Drawing Rights (SDRs);
 - cash in foreign currency;
 - deposits placed with non-residents;
 - securities issued by non-residents;
 - reserve position at the IMF;
 - other requests to non-residents.
- ii. External bonds consist of:
- loans received from the IMF;
 - sources of the Credit Line Directorate;

b) Other net foreign assets represent the difference between other non-resident assets and liabilities of the NBM.

2. Net domestic assets include net domestic demand of the NBM and other net items (a + b).

a) Net domestic demands include (i + ii):

i. Net demands on the government represent the difference between the demands and bonds of the NBM towards the Government of the Republic of Moldova.

- Demands to the government include government securities issued after the conversion of loans previously granted by the NBM, as well as securities issued under Law no. 235 of October 3, 2016 on the issuance of government bonds for the execution by the Ministry of Finance of payment obligations derived from state guarantees no. 807 of November 17, 2014 and no. 101 of April 1, 2015.

- Bonds to the government include the balances of funds in the accounts of the state budget and the budgets of local public administration bodies, as well as deposits and other funds attracted from state bodies in national currency and in foreign currency.

ii. Net demands on banks include the difference between the loans granted by the NBM to banks for lending to construction and housing cooperatives (CHC), securities purchased in Repo, overnight loans and the amount of certificates issued by the NBM, as well as their discount;

b) Other (net) items are demands on the private sector, capital accounts, including total and special reserves, the difference in currency revaluation, and the balance of transactions that were not included in the above-mentioned positions.

3. The broad monetary base represents the monetary and credit bonds of the NBM and includes the following monetary indicators:

a) money in circulation, which includes cash issued by the NBM, except for cash amounts in the NBM cash desk;

b) bank reserves, which include required reserves and other reserves formed in accordance with the balance of "Loro" accounts of resident banks;

c) deposits of resident organizations placed with the NBM, which are included in the money supply in the broadest sense;

d) "overnight" deposits of banks;

e) required foreign exchange reserves;

f) other deposits in the NBM belonging to other sectors of the economy.

II. Monetary survey on the banking system

1. Net foreign assets represent the cumulative value of the balances of active (+) and passive (-) operations of the NBM, of licensed banks and of banks in liquidation in relation to non-residents, denominated in national currency and in foreign currency (a + b).

a) Official net reserve assets represent the difference between the balance of demands on non-residents and the balance of liabilities on non-residents.

I. Demands on non-residents include foreign assets of the monetary authority and banks: monetary gold and special drawing rights (SDRs), cash, deposits (including NOSTRO accounts), liabilities (government and corporate bonds), loans and borrowings, shares and other forms of equity participation, other demands.

II. Bonds to non-residents include all types of monetary authority and bank bonds to non-residents: deposits, debt securities, loans, borrowings, distributed SDR bonds and other bonds.

b) Other net foreign assets include other assets and liabilities related to non-residents in foreign currency, including non-convertible foreign currency items of the banking system.

2. Net domestic assets represent the balance of domestic demand and other (net) items (a + b).

a) Domestic demands include all net demands of the banking system on the government and on the national economy, in national currency and in foreign currency (i + ii).

i. Net demands on the government are the difference between the demands and bonds of the banking system (including the NBM) to the government.

· Demands to the government include investments of the banking system in securities of the Government of the Republic of Moldova, loans and other receivables of the NBM and licensed banks to public authorities: debt securities, loans and other demands.

· Bonds to the government include budget balances, deposits and other funds in the national currency and currency of the public administration bodies of the Republic of Moldova and local governments, state funds and other extra-budgetary funds attracted by the banking system.

ii. Net demands on the national economy are the demands of the banking system of the Republic of Moldova (including banks in liquidation), in national currency and in foreign currency, to non-financial companies with majority public or private capital, to the non-banking financial environment and to other resident sectors. This chapter includes:

· loans and borrowings (including overdue debts), overdue interest on loans;

· debt securities and shares;

· other demands.

b) Other (net) items include balances related to active and passive operations that were not included in the above-mentioned aggregates, as well as consolidation adjustments, the balance of deposits in banks in liquidation that are excluded from the money supply.

3. The money supply (M3) is a set of generally accepted means of payment in the economy or the value of cash and non-cash money in circulation.

The structure of the money supply (M3) is determined by the NBM through the relationship between the monetary aggregates as follows:

> Money in circulation outside the banking system (M0) - cash put into circulation by the NBM, except for cash in the NBM's cash desk and in the cash desks of banks in the Republic of Moldova.

> Money supply (M1) - the monetary aggregate that includes cash in circulation outside the banking system (monetary aggregate M0) and balances in national currency on settlement accounts, the current accounts of legal persons, of individuals practicing activity and of individuals resident at banks in the Republic of Moldova.

> Money supply (M2) - the money supply in the national definition, which includes the money aggregate

M1, the balances, in national currency, of term deposits accounts and other funds drawn on term from the population, resident non-financial and financial organizations (excluding banks), as well as money market instruments.

> Money supply (M3) - the sum of the M2 monetary aggregate and all foreign currency deposits placed by residents in banks in the Republic of Moldova.

II. The data contained

- **Units included**

The monetary survey on the banking system includes the data of the NBM, of the licensed banks and of the banks in the process of liquidation in the Republic of Moldova.

- **Transactions included**

The monetary survey on the banking system includes all the operations registered in the balance sheet of the NBM, of the licensed banks and of the banks in the process of liquidation in the Republic of Moldova.

- **Geographical area covered**

The monetary survey on the banking system includes the banks from the Republic of Moldova, except for the banks operating on the territory of Transnistria.

- **Unit of measure and mode of dissemination**

The monetary survey is presented in millions of Moldovan lei and is available monthly on the website of the National Bank of Moldova.

III. Accounting principles

The accounting records in the NBM and in the banks of the Republic of Moldova are kept according to the International Financial Reporting Standards (IFRS), based on the accrual accounting method.

The evaluation of financial instruments is made according to the provisions of IFRS, taking into account their classification.

The evaluation of financial instruments in foreign currency: Foreign exchange stocks are revalued daily at the official exchange rate of the Moldovan leu established by the NBM.

Provisions: The general and specific reserves (provisions) of the NBM and of the banks in the monetary survey are included in other articles.

IV. Data source

The data included in the monetary survey of the NBM represent an analytical consolidation of the NBM balance sheet. The data for the survey on the banking system are obtained from the standardized reports on monetary statistics, in which the accounts are grouped according to the principles of residence, currency, financial instruments and sector. The banks keep the accounting records in accordance with the Chart of Accounts of the accounting records in the licensed banks of the Republic of Moldova from 26.03.1997 (with subsequent amendments and completions), which facilitates the collection and qualitative classification of data.

V. Data survey

The NBM collects data from banks in accordance with Article 11 para. (1) and Article 27 para. (1) letter c) of Law No. 548-XIII of July 21, 1995 on National Bank of Moldova, as well as with Article 84 para. (1) of Law on the activity of banks no. 202 of 06 October 2017, according to which banks are obliged to submit reports to the NBM in the form, content and deadlines established by the NBM. The banks' monthly reports on monetary statistics shall be sent within the time limits set out in point 9 of the Instruction on how licensed banks shall complete the Monetary Statistics Report.

The data in the reports are verified by the NBM using analytical tests. Usually, the compilation of data is completed within 14 days in the case of NBM data and 20 days in the case of data related to the banking system, after which the dissemination process takes place.

In case of amendments based on the audit findings, the monetary survey will be modified and disseminated repeatedly.

VI. Training plans

Recent amendments:

The data from the monetary survey are reflected taking into account the latest amendments to the NBM Chart of Accounts (Decision of the NBM Executive Board No. 98 of 04.04.2019 - in force since 04.04.2019) and of the Chart of Accounts of the accounting records in the licensed banks of the Republic of Moldova (Decision of the Executive Board of the NBM no. 307 of 07.12.2017 - in force since 01.01.2018).

The NBM has implemented the local information and communication network with banks in order to develop the interbank market and improve the dissemination of banking data.

The normative acts regulating the form and content of the reports presented to the NBM in order to produce monetary and financial statistics are periodically reviewed.