EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 28 April 2005

at the request of Magyar Nemzeti Bank

on a draft regulation on the requirement to provide transaction codes for its information system

(CON/2005/10)

1. On 24 March 2005, the European Central Bank (ECB) received a request from Magyar Nemzeti Bank (MNB) for an opinion on a draft regulation on the requirement to provide transaction codes for its information system (hereinafter the 'draft regulation').

2. The ECB's competence to deliver an opinion is based on the fourth indent of Article 2(1) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions[1], as the draft regulation concerns *inter alia* the collection of monetary, financial, banking, payment systems and balance of payments statistics. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

3. The draft regulation relates to MNB's central banking information system and to the data required by law from clients to be input into that system for MNB to be able to fulfil its tasks, including the compilation of balance of payments statistics. Once the draft regulation is adopted, Government Decree No 256/2001 (XII.18) on transaction codes for cross-border payments will be repealed. The main objective of the amendments proposed by the draft regulation is to clarify when transaction codes must be provided and why.

4. Article 5.2 of the Statute of the European System of Central Banks and of the European Central Bank provides that 'the national central banks shall carry out, to the extent possible, the tasks described in Article 5.1', i.e. ESCB tasks as defined by the Treaty establishing the European Community and the Statute. Article 10 of the Treaty requires that 'Member States shall take all appropriate measures … to ensure fulfilment of the obligations arising out of this Treaty'. Furthermore Article 47.2 of the Statute provides that the General Council (on which MNB is also represented) of the ECB must contribute to the collection of statistical information.

1 OJ L 189, 3.7.1998, p. 42.

5. Council Regulation (EC) No 2533/98 of 23 November 1998 concerning the collection of statistical information by the European Central Bank[2] recognises that while the statistical information needed to fulfil the ECB's requirements is not the same for all Member States, non-participating Member States also have obligations in the statistical area and should make timely preparations for future participation in Stage Three of economic and monetary union. Article 4 requires all Member States to 'organise themselves in the field of statistics and … fully cooperate with the ESCB in order to ensure the fulfilment of the obligations arising out of Article 5 of the Statute'. Recital 17 of this Regulation indicates that 'this fact [that the statistical information needed to fulfil the ECB's statistical reporting requirements is not the same for the participating as for the non-participating Member States], together with Article [10] of the Treaty, implies an obligation to design and implement at the national level all the measures that Member States consider appropriate in order to carry out the collection of the statistical information needed to fulfil the ECB's statistical reporting requirements and the timely preparations in the field of statistics in order for them to become participating Member States'.

6. Although transaction codes are generally dealt with in Member States' statistical information reporting systems, the ECB is concerned that Member States are properly prepared to meet the ECB's requirements in the field of balance of payments, international investment position and international reserves statistics.

7. On the basis of the above, the ECB welcomes the initiative to adopt the draft regulation, which should assist MNB in collecting and compiling balance of payments statistics.

8. In general, the ECB considers the lists of transaction codes proposed in the draft regulation to be broadly in line with internationally accepted standards. However, as regards the transaction codes list to be indicated by clients (Annex I), the ECB considers the list of balance of payment codes less comprehensive than the list of transaction codes recommended by the Committee on Monetary, Financial and Balance of Payments entitled 'Harmonised code list for balance of payments collection systems' (2001), which is consistent with the International Monetary Fund standard list of balance of payments items and complies with all ECB requirements. This is acceptable if the missing codes are subsumed in other codes and the total amounts in the associated transactions remain relatively low. The ECB also acknowledges that Hungary has other data sources to complement the data to be reported under this regulation. The ECB further notes that, while Hungary's balance of payments statistics rightly show financial derivatives in the financial account, they are included within the list of transaction codes for portfolio investment (Annex I).

9. In connection with the list of country codes to be indicated by the reporting institutions (Annex II), groupings are acceptable as long as the amounts of associated transactions/positions remain relatively low and do not conflict with the list set out in Table 9 of Annex II to Guideline ECB/2004/15 of 16 July 2004 on the statistical reporting requirements of the European Central

2 OJ L 318, 27.11.1998, p. 8.

Bank in the field of balance of payments and international investment position statistics, and the international reserves template[3]. The ECB welcomes the list's individual identification of EU Member States outside the euro area.

10. At the same time, it is the NCBs' task to assess whether its reporting instructions and collection methods at national level are the most efficient and effective and the least burdensome for the reporting agents concerned. The ECB is not in a position to substitute itself for the NCBs in fulfilment of this task. This also applies to the draft regulation.

11. The ECB's present comments do not prejudice any later assessment of the Hungarian statistical information system and its collection methods.

12. This opinion will be published on the ECB's website.

Done at Frankfurt am Main, 28 April 2005.

[signed]

The President of the ECB

Jean-Claude TRICHET

3 OJ L 354, 30.11.2004, p. 34.