



مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

UAE Balance of Payments Challenges and Innovative Compilation method

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The Data Sources

❖ *As well known the sources of the Balance of Payments Statistics are:*

❖ *International Transactions Reporting System (ITRS)*

Information through the banking system was not satisfactory

Majority of entries were allocated to residual categories

Lack of understanding of the entries by the banks or quality control.

❖ *The Surveys*

- * **Awareness:** Most the population in UAE are not citizens and have no appreciation of related surveys.
- * **Tax Records:** we do not have income tax record helping in getting accurate numbers through surveys
- * **Not same language:** Surveys usually prepared by economists and filled by accountants
- * **Time lag:** For conducting surveys we have to wait until Apr–June when companies have finalized their balance sheet and need another 6–8 months for collecting data, checking, reviewing and finalizing the result (sometimes it needs more that 14 months).
- * **Response** from wide range of stakeholders not satisfactory due to confidentiality concerns.

Innovative Compilation methods



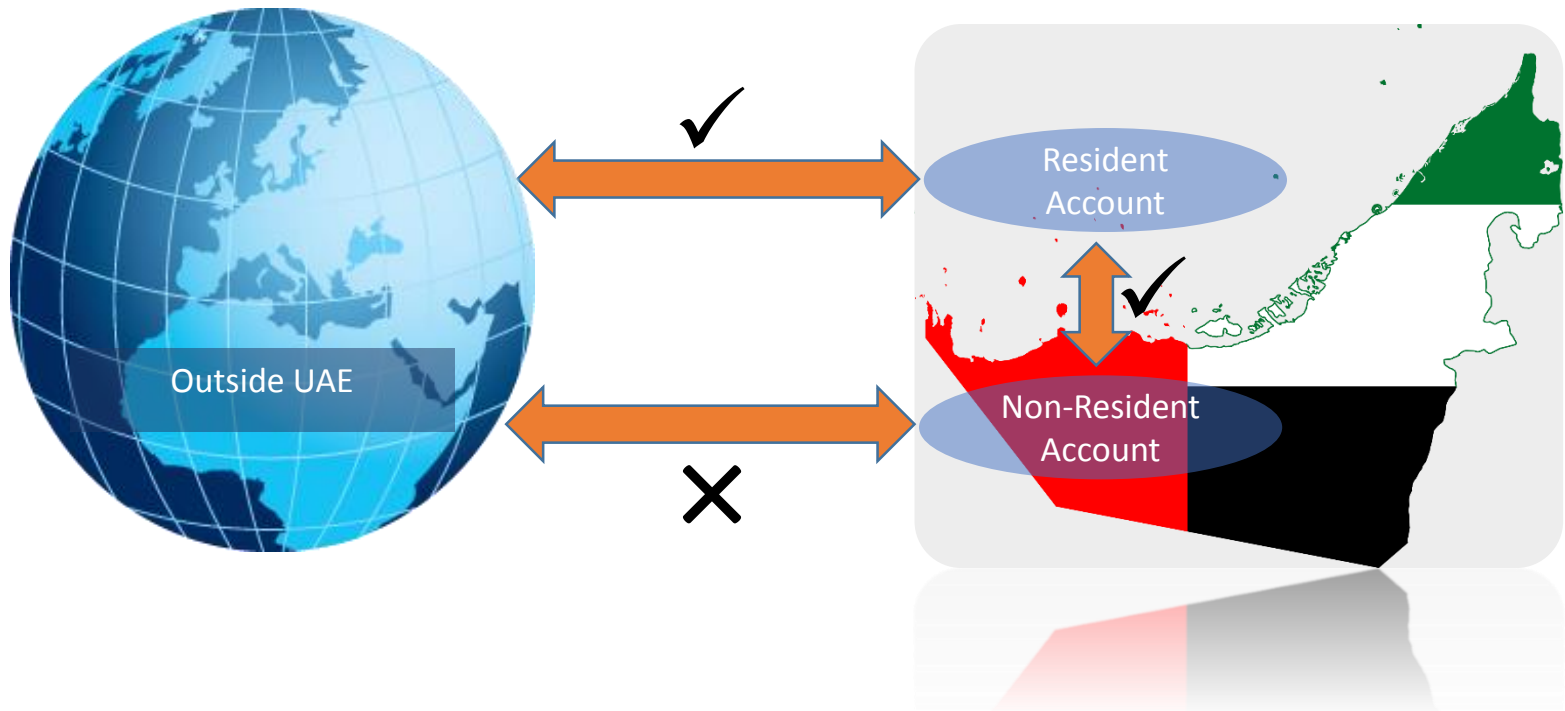
❖ ***SWIFT Scope Project***

SWIFT SCOPE solution helps CBUAE gain insights on the SWIFT international payments traffic for the UAE and enable CBUAE's reporting on the associated flows of this traffic.

**We aim to capture cross border
Transactions (inward and outward)**



How ?



What Needs To Be Done

- ❖ Banks will be required to register to the FIN Inform service
- ❖ Any UAE based banks having BIC code will be required to register to this service.

What is FINInform ?

FINInform

The simple solution to all your message duplication needs



*Ideal for intra
and inter-institutional
copying needs*

Benefits

- Simple
- Flexible
- Secure and reliable

FINInform is a value-added feature of FIN that automatically duplicates a predefined set of message types and forwards it to one or more selected destinations (for instance the head office of an institution, a regulator or an outsourcing agent), or optionally for authorisation and further processing.

The flexibility provided by FINInform makes it an ideal solution to cater for your intra or inter-institutional copying needs in multiple business contexts, such as risk management, outsourcing and resilience.

Key benefits

Simple

FINInform automatically generates one or more copies of a message based on the service parameters defined by the service administrator. Optionally, the delivery of original message to receiver can be a subject to authorisation/ approval of the copy destination. There is no action or internal development required from either the sender or the receiver and no operational impact on them. FINInform avoids the costs involved in developing and maintaining a proprietary copy solution.

Flexible

There are two copy modes available in FINInform: T-copy and Y-copy modes. The parameters defined by the service administrator consist of one or several message types, the copy destinations receiving the copy and the membership pattern applied to service participants. Four membership patterns can be defined:

- Sender: see example in T (graph 1) and Y (graph 2)
- Receiver: exists only in T-copy
- Sender and receiver: See FINCopy factsheet for example in T and Y-copy
- Sender or receiver: exists only in T-copy (graph 3). Y-copy can be applied only to sent traffic.

The service administrator can request specific filtering on the content of messages - such as the currency and value date - to further refine the message copy selection.

The service administrator may also request that only specific fields of the message be copied to the copy destination. This partial copying ensures the confidentiality of sensitive information and improves performance by keeping copied information to a minimum.

Secure and reliable

FINInform is based on standard SWIFTNet FIN security features. SWIFT ensures that the copy is sent to the copy destination at the same time as the original message is sent to the addressee in T-copy mode.

Example: SWIFT MT103

```
{2:
{3:
{4:
:20:
:23B:
:26T:TTS
:32A:
:33B:AED228250,17
:36:3,675
:50K:/
:57A:
:59:
:70:TECHNICAL TRADE-RELATED AND OTHER B
BUSINESS SERVICES
SETTLED USD SALES HOTEL BOOKING
:71A:OUR
:77B: AE//TTS/TECHNICAL, TRADE-
//RELATED AND OTHER BUSINESS SERVIC
//ES
-}
```

----- Message Trailer -----

P. Code

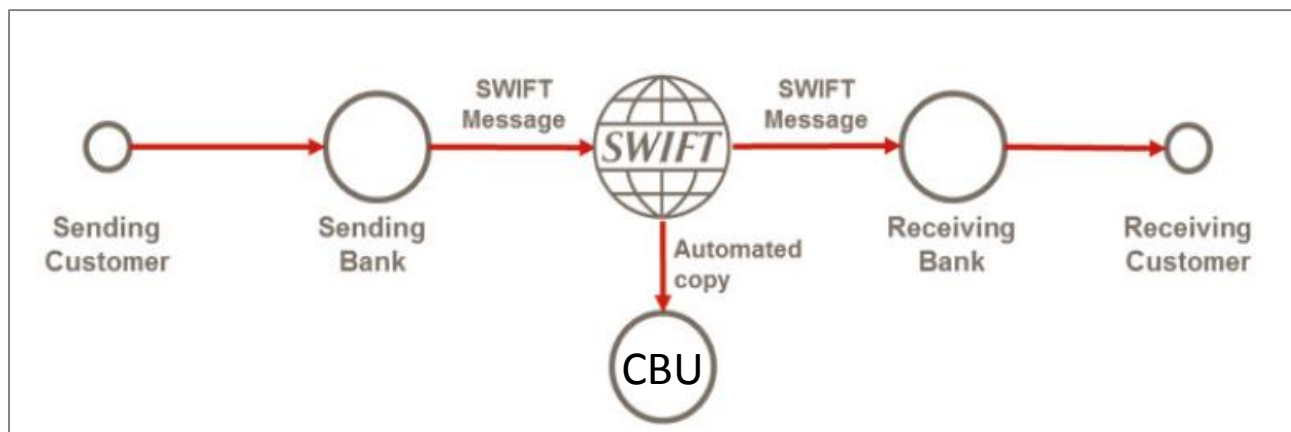
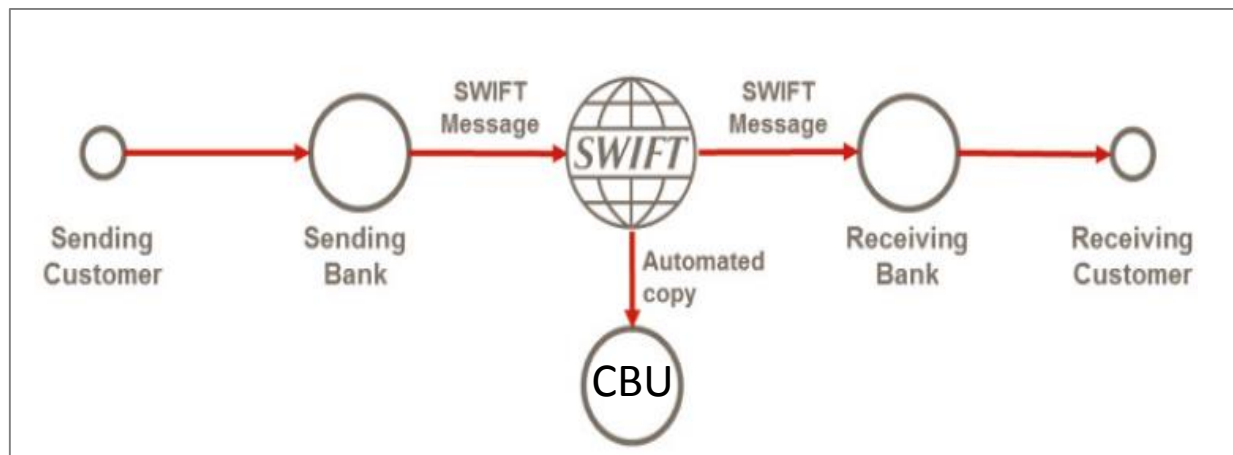
What Have Been Done

- ❖ Notice No. CBUAE/BSD/2018/759 (for Banks)
 - ❖ Workshop on May 28, 2018 @ 11:00 am
- ❖ Notice No. CBUAE/BSD/2018/760 (for Exchange Houses)
 - ❖ Workshop on May 29, 2018 @ 11:00 am
- ❖ Notice No. 191/2018 (**for Correspondent Banks**)
- ❖ Registration in FINInform: on July 24, 2018 (done)
- ❖ Notice No. CBUAE/BSD/N/2018/2101
 - ❖ Workshop on August 15, 2018 @ 10:00 am
- ❖ Implementation started effective on 1 September 2018

The SWIFT SCOPE: Mechanism of the Data Flow

❖ *Balance of Payment Data: The SWIFT SCOPE*

**Solution Design -
Inward Messages to UAE**



**Solution Design -
Outward Messages from
UAE**

Copy of each cross border SWIFT message must include:

❖ *Balance of Payment Data: The SWIFT SCOPE*

Data Copy Automation Process

The solution is composed of the following three main pillars:

✓ **Data Capture:**

The required data for Balance Of Payment statistics is captured from SWIFT messages, the fields are –

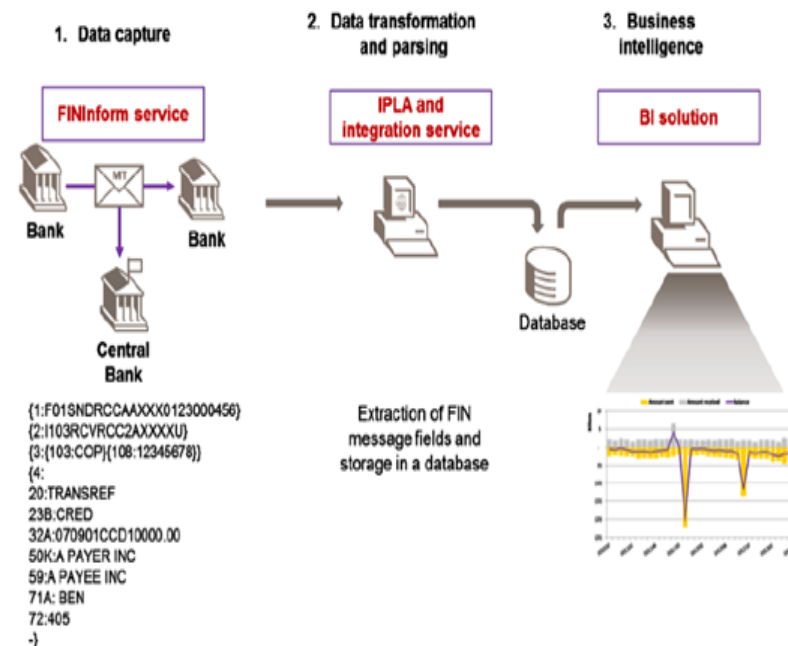
1. Origin / Destination
2. Currency
3. Amount
4. Amount in Local Currency
5. Payment Purpose Code

✓ **Data Transformation :**

The data captured from SWIFT messages are transformed as per the Balance of Payment template and stored in Local database for analysis and further usage.

✓ **Data Visualisation:**

SWIFT's Business Intelligence solution uses the transformed data and provide graphical reports, highlighting different statistics.



How it works?

❖ ***Balance of Payments Data: The SWIFT SCOPE Project***

- ☐ The system will record each financial transaction (in/out).
- ☐ The obtained information will be classified as the following:
 - ✓ Origin / Destination
 - ✓ Currency
 - ✓ Amount
 - ✓ Amount in Local Currency
 - ✓ Payment Purpose Code
- ☐ The data will be used for the Balance of Payment compilation following BoP Guidelines published on the CBUAE website, including:
 - ✓ BoP – Purpose of Payments Codes Table
 - ✓ Technical Notes on Transaction Codes for BoP
 - ✓ Explanatory Notes on Transaction Codes for BoP

Classification	Code	Purpose
I. Goods-Services-Income-Transfers Receipts & Payments		
Import-Export	GDE	Goods sold (Exports in fob value)
	GDI	Goods bought (Imports in cif value)
Transport & Travel	STS	Sea transport
	ATS	Air transport
	OTS	Other modes of transport (including Postal and courier services)
	STR	Travel
Services with abroad	GMS	Processing repair and maintenance services on goods
	SCO	Construction
	INS	Insurance services
	FIS	Financial services
	IPC	Charges for the use of intellectual property royalties
	TCS	Telecommunication services
	ITS	Computer services
	IFS	Information services
	RDS	Research and development services
	PMS	Professional and management consulting services
	TTS	Technical, trade-related and other business services
	PRS	Personal, cultural, audiovisual and recreational services
Interest & Profits with abroad	IGD	Dividends intragroup
	IID	Interest on debt intragroup
	PIP	Profits on Islamic products
	PRR	Profits or rents on real estate
	DOE	Dividends on equity not intragroup
	ISH	Income on investment funds shares
	ISL	Interest on securities more than a year
	ISS	Interest on securities less than a year
	IOL	Income on loans
	IOD	Income on deposits
Government	GOS	Government goods and services embassies etc
	GRI	Government related income taxes, tariffs, capital transfers, etc.
Personal	CHC	Charitable Contributions (Charity and Aid)
	FAM	Family Support (Workers' remittances)
	SAL	Salary (Compensation of employees)
	PPA	Purchase of real estate abroad from residents
	PPL	Purchase of real estate in the UAE from non-residents
II. Assets		
FDI flows - Acquisition and liquidation by residents of equity & securities abroad (above 10% share)	CEA	Equity and investment fund shares for the establishment of new company from residents abroad, equity of merger or acquisition of companies abroad from residents and participation to capital increase of related companies abroad
	DSF	Debt instruments intragroup foreign securities
	REL	Reverse equity share in the UAE
	RDL	Reverse debt instruments in the UAE
Portfolio investment flows - Acquisition and liquidation by residents of equity & securities abroad (below 10% share)	FSA	Equity other than investment fund shares in not related companies abroad
	FIA	Investment fund shares foreign
	DSA	Purchases and sales of foreign debt securities in not related companies - Less than a year
	DLA	Purchases and sales of foreign debt securities in not related companies - More than a year
	FDA	Financial derivatives foreign
Lending-repayments and transfers by residents of loans & deposits abroad	DLF	Debt instruments intragroup loans, deposits foreign (above 10% share)
	AFA	Receipts or payments from personal residents bank account or deposits abroad
	SLA	Loans – Drawings or Repayments on loans extended to nonresidents - Short-term
	LLA	Loans – Drawings or Repayments on loans extended to nonresidents - Long-term
	LEA	Leasing abroad
	RFS	Repos on foreign securities
	TCR	Trade credits and advances receivable
III. Liabilities		

Mapping from the aggregated SWIFT Messages to BOP Template

❖ *Balance of Payments Data: The SWIFT SCOPE Project*

❖ *A mapping Example*

Services (NET)

Credits

Travel

Transport

Ports

Air

Postal & others

Government Services

Other services

Construction

Intellectual property

Information-Computer-Telecommunication

Information

Computer

Telecommunication

Other⁶

Processing repairs and maintenance services on goods

Financial Services

Research and development services

Professional and management consulting services

technical, trade-related and other business services

Personal, cultural, audiovisual and recreational services

Insurance services

STR	Incoming	
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STS	Incoming	
ATS	Incoming	
OTS	Incoming	
GOS	Incoming	

SCO	Incoming	
IPC	Incoming	

IFS	Incoming	
ITS	Incoming	
TCS	Incoming	

GMS	Incoming	
FIS	Incoming	
RDS	Incoming	
PMS	Incoming	
TTS	Incoming	
PRS	Incoming	
INS	Incoming	

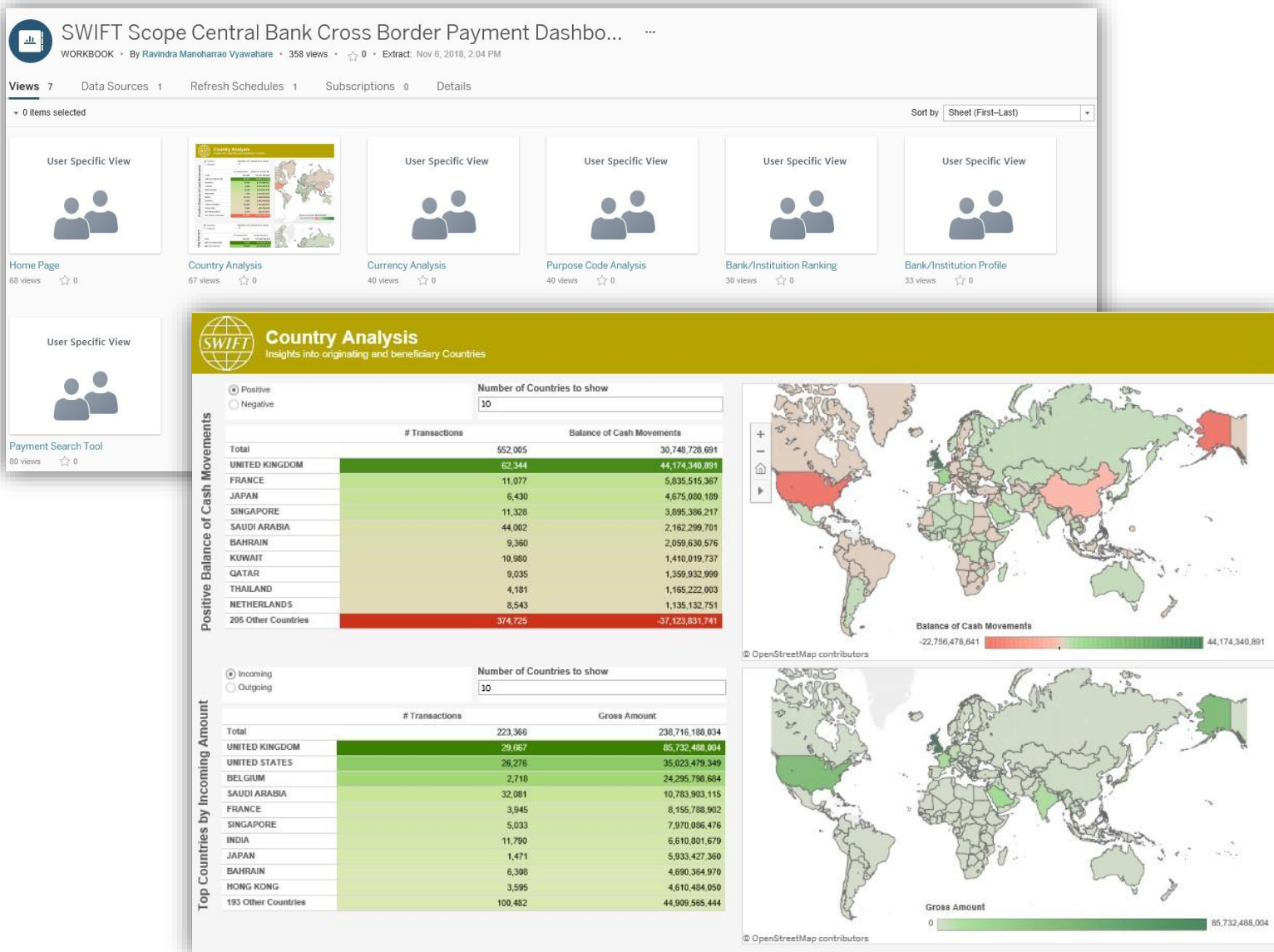
Advantages of using SWIFT Scope

❖ *Balance of Payments Data: The SWIFT SCOPE Project*

❖ *Expected Outcome:*

- ❑ Improve data accuracy and timeliness.
- ❑ Reduce costs generated by the surveys.
- ❑ Reduce data biases stemming from surveys, as reliable results from survey require awareness and cooperation which may not be readily available in many societies. The results of the surveys are less reliable in countries where there is no integrated tax system related to taxes on income and profits
- ❑ Track capital and financial flows for a better understanding of non-oil growth drivers and consequently, activate optimal policies response proactively.
- ❑ The project will benefit the CBUAE and the six local centers in UAE by getting TiS Statistics and BoP Statistics in general (second phase)

CBUAE - SWIFT Scope DASHBOARD



Thank you