

Level 3 national report on quality of statistics underlying the MIP indicators

Statistical domain: Financial accounts statistics

Country: Italy

Institution: Banca d'Italia

Reference year: 2025

Date of update: 09/2025

Template for (1) national reports providing information on quality, sources and methods, together with information on the statistical processes used for the compilation of the statistics underlying the MIP indicators (financial accounts) and for (2) structural metadata as legal requirements in the revised ESA 2010 TP Regulation (EU) 2023/734 of the European Parliament and of the Council of 15 March 2023 amending Regulation (EU) No 549/2013

Reporting institution/Country: Banca d'Italia

A. INSTITUTIONAL ENVIRONMENT

A1. CoP1 Professional Independence/ PC1 Professional Independence

A.1.1. Legal basis

The independence of Banca d'Italia (BoI) in exercising its powers is guaranteed by the Italian law (Legge 28 dicembre 2005, n. 262) and by EU primary law. The independence of BoI, in its capacity as a member of the ESCB, is further emphasized in Article 130 of the EU Treaty and Article 7 of the Statute of the ESCB and of the ECB, which stipulate that “when exercising the powers and carrying out the tasks and duties conferred upon them..., neither the ECB nor a national central bank nor any member of their decision making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision making bodies of the ECB or of the national central banks in the performance of their tasks.”

A.1.2 Statistics work programme

The annual statistical work programme is compiled and approved internally. Ex-post, the outcome is part of a regular document on the activities of BoI reported to the Parliament ([Activity and Sustainability Report](#) of Bank of Italy). From a quarterly perspective, the activity relating quarterly financial accounts is consistent with the work programme determined by the Working Group on Financial accounts and government finance statistics (WG FGS), operating under a mandate from the ECB Statistics Committee (STC). This programme is reviewed and updated annually. The annual FA is consistent with the Eurostat-ESS Work Programme, the annual ESCB statistics work programme and the Medium-term work programme of the ESCB Statistics Committee-STC (see [Statistical programmes - European Statistical System \(ESS\) - Eurostat](#), <https://www.ecb.europa.eu/stats/pdf/stcworkprogramme2019.en.pdf>)

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

A.2.1 Allocation of responsibilities (SIMS 7.1)

Banca d'Italia (BoI) is responsible for the compilation of financial accounts (stocks, other change in volume and transactions) for the whole set of ESA2010 sectors (including government sector).

Available series on the BoI's website are aligned with ESA2010 Regulation (549/2013, tables 6, 7 and 27) and the ECB guideline 2013/24 “On the statistical reporting requirements of the European Central

Bank in the field of quarterly financial accounts” (amended by ECB Guideline 2021/20). The BoI, solely, is responsible for the publication. There are formalized working groups between BoI and NSI devoted to the consistency between national and financial accounts, to the compilation of annual balance sheets by institutional sectors, and to the compilation of General government statistics.

A.2.2 Legal basis (SIMS 7.1)

The annual financial accounts have to be compiled and transmitted to Eurostat by the Member States according to the Regulation 549/2013 of the European Parliament and of the Council. Moreover, the BoI, as part of the ESCB, is mandated 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/2013/24. The BoI, as member of the ESCB, is required to transmit quarterly financial account to the ECB (Guideline ECB/2013/24) and annual financial accounts (tables 6 and 7) to Eurostat according to the Regulation 549/2013.

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

A.3.1 Advance release calendar (SIMS 8.1 and SIMS 8.2)

A release calendar for the quarterly financial accounts is available on the BoI’s website ([Banca d’Italia - Statistics release schedule](#)). Following ECB guideline and consistent with the guideline requirements, selected time series are transmitted at ECB at t+85 days from the reference period (Supplementary quarterly financial accounts). The full set of statistics are transmitted at t+97 days from the reference period (Quarterly financial accounts national data transmission). Annual data are transmitted to Eurostat at t+4 months from the reference period and at t+9 months. Major revisions or methodological changes are reported in the publication on financial accounts ([Banca d’Italia - Financial accounts](#)).

A.3.2 Revision policy (SIMS 17.2)

Financial accounts statistics are periodically revised. Such adjustments, which may also be applied retroactively, are generally made for three main reasons.

First, revisions may arise from changes in the underlying primary statistics. These can result from updates in source data, changes in definitions, or reclassifications of economic entities.

Second, as new primary statistics become available over time, the incorporation of additional data or the replacement of earlier data can lead to revisions in the financial accounts. To ensure consistency across statistical domains, revisions of these two types are usually implemented as soon as the revised or new data are available, taking into account the revision policy.

Third, methodological changes in the financial accounts themselves — for example, the adoption of new statistical standards required by the manuals, such as ESA 2010 — may necessitate revisions. However, revisions of this kind occur far less frequently.

Revisions to Government data occur more frequently but any and all revisions are incorporated annually during the compilation phase of production. The nature and occurrence of routine revisions, along with any exceptional revisions (for example, as a result of methodological changes), are communicated to users normally with the publication of the data itself.

Regular routine revisions are based on the Harmonised European Revision Policy (HERP). The following criteria are applied:

- In January of year Y

Financial Accounts for the third quarter of year Y-1 is released. The first two quarters of the year Y-1 and the four quarters of year Y-2 are revised.

- In April of year Y

Financial accounts related to the last quarter of year Y-1 are released. The last quarter of the year Y-2 and the first three quarters of Y-1 are revised.

- In July of year Y

Financial Accounts for the first quarter of year Y are released. The quarters of years Y-1, Y-2, Y-3 and Y-4 are revised.

- In October of year Y

Quarterly financial accounts for the second quarter of the year Y are released. First quarter data of the year Y is revised as well as all quarters for years Y-1, Y-2, Y-3, and Y-4 .

The revisions are more extensive in the July production round than in the April round, owing to the availability of the complete set of accounts from the Central Balance Sheet Office and are first incorporated in the BoI's Annual Report. Explanations relating to significant revisions are usually communicated to users at the time of publication.

B. STATISTICAL PROCESSES

B.1 CoP7 Sound methodology/ PC7 Sound methodology

B.1.1 General remarks: (SIMS 3.3 and SIMS 3.4)

The Italian financial accounts are compiled in accordance with the methodology of the European system of national and regional accounts (ESA 2010). The methodology is furthermore described in various documents available on the website of the BoI, including a specific Manual on Financial Accounts ([manuale CF.pdf](#)). The first publication of annual data based on ESA 2010 took place in October 2014. A presentation of the methodology and changes introduced with the new standards is also available on the BoI's website ([Banca d'Italia - Balance of payments and Financial accounts](#)).

B.1.2 Residency and territory (SIMS 3.7)

The principles of residency and economic territory, as outlined and recommended by the BPM6 as well as ESA 2010 requirements, are applied throughout all stages of the statistical production process.

B.1.3 Institutional unit definition (SIMS 3.5)

The general concepts of the institutional unit as set out in ESA 2010 – the ability to compile a complete set of accounts, autonomy of decision-making, centre of economic interest – are broadly adhered to in the compilation of the financial accounts.

B.1.4 Sectorisation and sector delimitation (SIMS 3.5)

The classification of institutional units into their appropriate institutional sectors strictly follows the principles and recommendations laid out in the ESA 2010. There are no systematic deviations from these requirements in the compilation/production process. The detailed sectoral breakdown is the same for both annual and quarterly frequencies.

B.1.5 Instrument identification (SIMS 3.6)

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

Transactions are valued at the price at which they occur. The outstanding amounts of financial assets and liabilities are valued at current prices and shown for the same value under assets and liabilities. Outstanding deposits and loans are recorded at their nominal value. If the nominal value is denominated in a foreign currency, it is converted into the domestic currency on the basis of the rate of exchange on the date in question. Listed securities, i.e. bonds, listed shares and Investment funds, appear at their market value. Unlisted company shares are estimated on the basis of the stock market capitalization/own funds ratio observed for listed companies in the same sector, for the same branch of economic activity. "Other equity", including in particular shares in private limited companies, is valued on the basis of the book value (own funds). Other accounts other than trade credits (AF.89) are provided by the National Institute of Statistics. In some significant cases (e.g. bonds and quoted shares issuance) transactions are directly available. When flows are not separately available, they are derived from stocks, taking into account both prices and volume changes.

B.1.7 Time of recording (accrual accounting) (*SIMS 5*)

Unpaid interest income is recorded on an accrual basis, and included in the parent financial instrument.

B.1.8 Coverage gaps (*SIMS 3.3*)

Coverage gaps in the financial accounts are of minor importance. This might occur for instruments/sectors where primary sources are not available and at the same time the relevance of the data is marginal. For example, loans from households to households are not recorded. In Securities Holdings Statistics for the time being, resident's holdings (F511, F52 and F33) managed by non-resident custodians are not recorded. The most significant part of Other Financial Intermediaries population is supervised. As a consequence, information on their activity is mainly collected from supervisory reports on quarterly frequency. Supervision also allows for prompt coverage of new entrances and exits. Data on some smaller units not engaged in lending are obtained annually through the Italian Central Balance sheet office. This is also the case for non-supervised holding companies and SPEs. The same balance sheet source (CEBI-Cerved) is used for routinely cross-checking the overall coverage of the OFI population; no grossing-up is adopted.

B.1.9 Non-consolidation/Consolidation at sectoral level– As required under the ESA 2010 Transmission programme (Tables 6 and 7)

Both transactions and positions are compiled on a consolidated and a non-consolidated basis in the annual financial accounts (annual accounts are elaborated on a whom-to-whom basis). On a quarterly basis all instruments but debt securities and shares (including other equities) are only compiled on a non-consolidated basis Table 6 and 7 transmitted to Eurostat are fully consistent with Regulation 549/2013 both in terms of requested series (consolidated / non-consolidated) and their corresponding time span (from 1995 onwards).

B.1.10 – Specific issues for instruments covered by MIP indicators

The portion of loans not related to MFI and BoP statistics, to be consolidated within the Non-Financial Corporations sector, relies on estimates based on time series methods as balance sheet data for non-

financial corporations are available with an 18-month lag. This specific issue affects only the non-consolidated private sector debt indicator as mostly related to inter-company loans. Methods for computing liability in financial derivatives and unquoted shares are described in detail in the manual on financial accounts published at [manuale CF.pdf](#)). As a general rule, market value of financial derivatives is directly reported by banks for current data, whereas estimates based on rates and stock market prices have been used for ante-2008 backdata.

B.1.11 Other major deviations not listed above

None.

B.2 CoP8 Appropriate Statistical procedures/ PC8 Appropriate Statistical procedures (SIMS 10.6 and 18.5)

B.2.1 Data source map (SIMS 18.1)

The table in the Annex describes the main data sources used in the financial accounts compilation process. The bulk of data used are available on a quarterly basis and the compilation process relies on the so called building block approach. Government sector data comes from QFAGG and are left unchanged. Financial sector data arise mainly from MFI balance sheet statistics, investment funds statistics, insurance corporation statistics and financial vehicle corporations statistics and balance of payment statistics. The most relevant components of OFI are based on quarterly reports on leasing, factoring and consumer credit units and security dealers and brokers, and on quarterly supervisory reports on mutual funds.

B.2.2 Description of procedures and methods (SIMS 18.3)

In addition to the blocks reported in the table, it should be stressed that: on loans, quarterly timely and robust information is available from building blocks: mostly MFI and BoP (direct investment in other operation). For the portion of loans not related to financial intermediaries or BoP, mostly inter-company loans, use is made of individual balance sheet data, collected for all companies by the central balance sheet office (Cerved). These data are only available on an annual basis with an 18-month lag (see point related to the revision process). These annual estimates are then disaggregated from years to quarters and the missing year (provisional accounts) is estimated with time series methods.

For operation in F81 (trade credits) data are available in general from BoP, QFAGG on a quarterly basis. Similarly to inter-company loans, use is made of annual balance sheet data for non-financial corporation with the same disaggregation and projection methods. Priority is given to data coming from NFC balance sheet, with the aim to get an annual picture of this sector for total loans and total trade credit consistent with balance sheet figures.

For F89 instrument, data are provided by the National Statistical Institute. This instrument is not used to achieve vertical consistency.

A Manual on the methodology and data sources for the Italian financial accounts is available on the BoI's website: [manuale CF.pdf](#).

B.2.3 Estimation of missing data (SIMS 18.6)

In few cases where information is available on an annual basis only, quarterly figures are generally estimated via temporal disaggregation through the Chow-Lin method. Its extended version is used in order to copy with transmission lag.

B.2.4 Balancing procedure (SIMS 18.6)

Referring to horizontal balancing, for instruments ranging from F2 to F5 priority in terms of sources is given to the liability side, implying that these figures never depart from primary sources unless errors / inconsistencies are detected. As to the asset sides, compilers try to stick to data contained in building blocks. Households and non-financial corporations are mainly constructed by counterpart information in the case of F2 and F4. For holding of listed shares and debt securities, figures can depart from that of SHS to ensure that total issuance equal total holdings as priority is given to other primary sources (MFI, IC....). For unlisted shares and other equities, prominence is given to the liability side. On the holding sides, Households + non-financial corporations is considered as a residual sector to ensure horizontal consistency. The split between household and non-financial corporation is carried out with information from the central balance sheet office.

Financial accounts are cross-checked for *vertical discrepancies* with non-financial accounts, in line with the recommendations set up by the “report on developing a common approach to improve vertical consistency”¹, released by the relevant ESCB – ESS task forces (WG FGS, EG FA and TF ASA). This balancing procedure pertains to the asset side of unlisted shares and other equity instruments (F512 and F519). Manual adjustments are applied to non-financial corporations (S11), financial auxiliaries (S126), and captive financial institutions (S127), while household’s holdings are derived residually. When vertical reconciliation over multiple quarters is necessary, an automated procedure is employed on transactions. This method minimizes vertical discrepancies by calculating rebalancing items that align the revaluation of F512 and F519 with a target indicator (the Italian stock exchange growth rate index). The results are reviewed following an informed balancing approach and adjustments are included where deemed appropriate. Each quarter’s data is assessed for vertical discrepancies and decisions on revisions (subject to the revision policy) are made on a quarterly basis. The acceptable difference in net lending/net borrowing between financial and non-financial accounts (four-quarter sum or annual figure) is established at a maximum of 1 per cent of GDP. For further details see the Annex to this section.

B.2.5 Methods to align quarterly and annual data (SIMS 18.6)

The financial accounts database is organised on a quarterly basis; annual stocks coincide with the end of period figure of the 4th quarter, and annual flows correspond to the sum of the quarterly flows.

C. STATISTICAL OUTPUT

C.1 CoP11 Relevance/ PC11 Relevance (SIMS 12.)

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

¹ https://www.ecb.europa.eu/stats/pdf/Recommendations_on_Vertical_consistency.en.pdf.

In the EU, they 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: <https://www.esrb.europa.eu/pub/rd/html/index.en.html>).

For the euro area, financial accounts statistics support the Eurosystem in its tasks to define and implement the single monetary policy.

At national level, they are used for economic analysis and publication of the BoI (Economic bulletin, Financial stability report, Annual report), and made available to several authorities and institutions.

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

C.2.1. Accuracy and reliability (SIMS 13.1, 13.2, 13.3 and 17.2)

- The quarterly financial accounts benefit from numerous guarantees of consistency and quality (see also C.4.1): the produced series are validated together with, where necessary, the suppliers of source data. The validation tools check consistency the last vintage of data vis-à-vis the previous one for transaction, stocks and valuation. Additional checks are performed on annual figures, when official balance sheets and annual reports are available for several institutions.
- The “economic significance” of data underlying sensitive aggregate (such as indebtedness, household financial acquisition of assets for instance) are checked.
- NCB have also to transmit to the ECB metadata file displaying revisions from the previous vintage and to comment on these revisions. In terms of quantitative assessment of the reliability of financial accounts an exercise is carried out once a year by the ECB for the quarterly financial accounts quality reports.

C.2.2. Internal consistency (SIMS 15.4)

Quarterly financial accounts are compiled within a consistent framework. Non-negotiable instruments are generally built on a whom-to-whom basis. Thus, by construction there are no discrepancies between assets and liabilities. At the beginning of the compilation process, primary data are checked and notably the stock / flow consistency and eventually reconciliation is made by financial accounts compilers with primary statistics providers. At the end of the compilation process, quarterly financial accounts and annual financial accounts are fully internally consistent. Routine and internal checks are always launched before vertical adjustments are made (if needed). Overall, across various dataset transmitted or published, financial accounts are internally consistent as the various items (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 (SIMS 14.1)

Quarterly data publication at national level occurs at around 110 days after the end of the reference quarters [see publication calendar here: [Banca d'Italia - Statistics release schedule](#)]. A dedicated pdf publication related to financial accounts is available here: [Banca d'Italia - Financial accounts](#), with the same timeliness. Furthermore, data are published on BoI [Statistical database](#).

Annual data are transmitted to the NSI right before the Eurostat transmission (end September); currently, those data are not part of the NSI's own publications.

C.3.2 International requirements (SIMS 14.1)

Banca d'Italia sends data to the ECB, Eurostat, and the IMF following the internationally agreed deadlines / commitments / regulation and guideline.

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

C.4.1 External consistency (SIMS 15.3)

Consistency vis-à-vis the main building blocks is systematically checked at the end of the production round and assessed. Quarterly financial accounts are reconciled with basic information from BSI, IC, BoP, QFAGG, and SEC databases, identifying revaluations and other changes in volume, to ensure that they do not arise from reasons other than methodological. Data could depart from building blocks if there are methodological reasons or in case national compilers adjust the building block data (error correction, balancing, weak primary data). Data are fully consistent with MFI balance sheets statistics, IC, IF and SEC statistics.

With regard to consistency with external statistics (i.e., BOP/IIP), the methodology and most data sources are essentially the same. In line with international standards, differences are generally few and of limited magnitude. Nevertheless, these discrepancies are systematically monitored, and ongoing work aims to eliminate the remaining ones as far as possible.

Consistency with the non-financial sector accounts is determined, from year to year, largely by the extent of the net errors and omissions. The vertical discrepancy (B.9 – B.9F) for each institutional sector is assessed with respect to QSA and monitored for anomalous and systematic deviations.

Conceptually, the net lending/net borrowing of the non-financial sector accounts (B.9) should equal the net lending/net borrowing of the financial accounts (B.9F). In practice, however, discrepancies arise due to differences in data sources and compilation procedures. The BoI's reconciliation strategy is outlined in section B.2.4.

A quantitative and qualitative review of vertical consistency is provided by the ECB in the quality report required by Article 7 of the ECB Guideline on reporting requirements in the field of quarterly financial accounts, according to the basic principles of the ECB Statistics Quality Framework (SQF).

C.4.2 "Time" and back data consistency (SIMS 15.2)

Back data in ESA 2010 (and in previous base) are available from 1995. The production of back data was also taken to correct for some breaks in series, which were caused notably by the evolution of data collection system.

C.4.3 Consistency across frequencies (SIMS 15.2)

Consistency across quarters and annual is insured. The production process is based on quarterly inputs. For a given year, annual is the sum of the four quarters for transactions, valuations and other changes in volume and end-of-year stocks for annual accounts are equal to outstanding at the end of the fourth quarter. On the BoI's national website, the national publication / dissemination of annual and quarterly datasets for the same data vintage are always consistent.

C.5 CoP15 Accessibility and Clarity/ CoP15 Accessibility and Clarity

C.5.1 Data (SIMS 8.3 and 10)

The quarterly and annual data are regularly reported on the BoI's website, here: [Banca d'Italia - Statistics](#)

Links to international organisations' data repositories are listed below.

ECB [Homepage | ECB Data Portal](#)

Eurostat <http://ec.europa.eu/eurostat/data/database>

OECD http://stats.oecd.org/Index.aspx?DataSetCode=FIN_IND_FBS#

C.5.2 Metadata (SIMS 10.6)

Metadata on financial accounts, accounting for revisions, are available as part of quarterly publication in pdf and are found here: [Banca d'Italia - Financial Accounts](#).

Metadata are also available on the BoI's time series database: [Bank of Italy - Statistical Database](#).

Whenever extraordinary changes occur, specific notes are also published on the same website, under the section *Analysis and methodology*. The changes introduced in these sectors as part of the 2024 Benchmark Revision are explained in the note at the following link:

https://www.bancaditalia.it/statistiche/tematiche/conti-patrimoniali/conti-finanza/en-CF-benchmark-note-met-20241015.pdf?language_id=1

C.5.3 Contact (SIMS 1)

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Annex to B2.1 CoP8 Appropriate Statistical procedures : Data source map for financial accounts

Map of main data sources

Country:
Name of institution:
Year:

Italy
Banca d'Italia
2025

		Assets									Liabilities										
		S11	S12K	S124	S12O	S128	S129	S13	S14+ S15 HH+ NPISH	S2	S11	S12K	S124	S12O	S128	S129	S13	S14+ S15 HH+ NPISHs	S2		
		NFCs	MFI	IFs	OFIs	IC	PF	Gov		RoW	NFCs	MFI	IFs	OFIs	IC	PF	Gov		RoW		
F11	Monetary gold		MFI					0		BoP		0							MFI	CBSO	Central balance sheet office data
F12	SDRs		MFI					0		BoP		MFI					0		MFI	MFI	MFI balance sheet statistics
F21	Currency		MFI	0	0	IC	0	0	**	BoP		MFI					QFAGG		BoP	IF	Investment fund statistics
F22	Deposits, transferable		MFI	MFI	MFI	MFI	MFI	QFAGG	MFI	MFI	PD^	MFI					QFAGG		BoP	OFI	Other financial institution statistics
F29	Deposits, other		MFI	MFI	MFI	MFI	MFI	QFAGG	MFI	MFI	0	MFI					QFAGG		BoP	IC	Insurance corporations statistics
F3	Debt securities		SHS	MFI	IF	SHS	SHS	SHS	QFAGG	SHS*	CSEC	CSEC	0	CSEC	CSEC	CSEC	QFAGG	0	BoP	PF	Pension fund statistics
F4	Loans		CBSO	MFI	IF	OFI	IC	0	QFAGG	Na	MFI	MFI	MFI	MFI/OFI	MFI	MFI	QFAGG	MFI	BoP	QFAGG	Quarterly financial accounts for general government
F511	Listed shares		SHS	MFI	IF	SHS	SHS	SHS	QFAGG	SHS*	CSEC	MFI	IF	CSEC	CSEC	0	0	0	BoP	BoP	Balance of payments and international investment position.
F512	Unlisted shares		CBSO	MFI	IF	CBSO	IC	PF	QFAGG	e^^	CBSO	MFI	IF	CBSO	IC	0	QFAGG	0	BoP	CSEC	CSDB-Derived Securities issues statistics
F519	Other equity		CBSO	MFI	IF	CBSO	IC	PF	QFAGG	e^^	CBSO	MFI	0	CBSO	IC	0	QFAGG	0	BoP	SHS	Securities holdings statistics
F52	Investment fund shares/units		SHS	MFI	IF	SHS	IC	PF	QFAGG	SHS*		MFI	IF						BoP	PD^	"Poste Italiane"
F61	Non-life insurance techn. res.		IC/NSI	IC/NSI		IC/NSI	IC/NSI	IC/NSI	IC/NSI*	BoP					IC				BoP	0	Known to be zero (e.g. if concept does not exist)
F62	Life insurance and annuities								IC	BoP					IC				BoP	NSI	Istat, Italian Institute of Statistics
F63- F65	Pension entitlements		0	0		0	0	0	0	PF	0	0		0		PF	0	0	0	e^^	estimate (expl. in footnote ^^)
F66	Standardised guarantees		0	QFAGG	0	0	0	0	0	0					0		QFAGG		0	na	not available, estimation not meaningful
F7	Financial derivatives		MFI	MFI	MFI	MFI	IC	PF	QFAGG	MFI	MFI	MFI	MFI	IC	PF	QFAGG	MFI	BoP	BoP		
F81	Trade credits and advances		CBSO	0	0	0	0	NSI	CBSO*	BoP	CBSO	0	0	0	0	0	NSI	CBSO*	BoP	BoP	
F89	Other accounts excl. F81		NSI	NSI	0	NSI	NSI	NSI	NSI	BoP	NSI	NSI	0	NSI	NSI	NSI	NSI	NSI	BoP	BoP	

* Residual sector for respective instrument - i.e. the sector (assets or liabilities) where source is available, but most likely adapted to achieve horizontal consistency.

** Pure residual calculation as no source data for a meaningful plausibility check is available.

^^ Unlisted shares held by households are a residual estimate, based on CBSO data.

^ Deposits issued by "Poste Italiane": its division involved in financial activity is not a separate institutional unit, and is classified in S11, according to the main activity of the company.

Other explanations in particular concerning other sources and estimates:

counterpart information on RoW sector comes from Bop, except for S13 and S124.

Country: ITALY

1. Do you apply any balancing method during the compilation of your accounts to improve vertical consistency?

Do you apply manual ^[*] adjustments?	Yes. Reconciliation procedures affect only Financial accounts and, in particular, the assets and liabilities of unlisted shares and other equity (F512, F519) of non-financial corporations, households and some sub-sectors of financial corporations. Manual adjustments are performed when discrepancies are significant.
Do you apply automated adjustments? If so, could you give a brief explanation?	<p>Yes. Automated instead of manual adjustments are applied when more than four quarters are involved. In this case, an optimisation-based balancing routine is employed. The routine relies on the constrained minimisation of a quadratic loss function that accounts for:</p> <ol style="list-style-type: none"> 1. the vertical discrepancies of institutional sectors (non-financial corporation, financial corporation and household sectors); 2. the deviation of revaluations of unlisted shares and other equity from a target indicator (the Italian stock exchange growth rate index). <p>The procedure aims at computing balancing items that reduce the vertical discrepancies and, at the same time, are coherent with stock-flow relationships of the unlisted shares and other equity instruments.</p>

[*The decisions taken by the experts in manual balancing should be ‘informed’, meaning that all available information has been considered, assumptions and limitations have been clearly identified and results reflect the economic reality.]

2. To which sectors and/or transaction do you apply the largest adjustments?[*]

<p>Sectors: please provide a brief explanation which sectors are subject to the largest adjustments.</p> <p><i>[Please specify if the adjustment is done to the financial accounts or to the non-financial accounts, or both]</i></p>	<p>Adjustments are applied to financial accounts. The sectors involved are non financial corporations, households and some sub-sectors of financial corporations (i.e. in detail these are the other financial intermediaries (S.125), financial auxiliaries (S.126) and captive financial institutions (S.127)).</p>
<p>Transactions: please provide a brief explanation which transactions are subject to the largest adjustments.</p> <p><i>[Please specify the financial instrument and/or the non-financial accounts transaction]</i></p>	<p>Adjustments are mainly applied on the asset side of unlisted shares (F.512) and other equity (F.519), if coherent with stock-flow relationship of the unlisted shares and other equity instrument.</p>

[*You may indicate how the sectors and transactions subject to adjustments are selected (see Annex for an example (euro area)). It is suggested that at most the three sectors and transactions that are subject to the largest adjustments are indicated.]

3. Please indicate the balancing targets[*] for specific sectors that you use in your country.¹

	Target for individual quarters	Target for four-quarter sums and/or annual data
Non-financial corporations (S.11)	Less or equal to 1 per cent of GDP	Less or equal to 1 per cent of GDP
Financial corporations (S.12)	Less or equal to 1 per cent of GDP	Less or equal to 1 per cent of GDP
Households and NPISH (S.1M)	Less or equal to 1 per cent of GDP	Less or equal to 1 per cent of GDP
Rest of the world (S.2)	No adjustment	No adjustment

[* Please indicate the target as currently defined, e.g. in EUR (or national currency) or as a percentage of quarterly or annual GDP. Please indicate whether targets are for individual quarters and/or for four-quarters sums (see Annex for an example (euro area)).]

¹ For the government sector, the prevalence of sector specific guidance is acknowledged, and reference is made to the [Manual on quarterly financial accounts for general government](#) in its current edition (part 1.c, page 34).

4. Please specify whether you balance the accounts each quarter or less frequently (e.g. once a year). Please differentiate if there are different practices for annual and quarterly sector accounts.

Adjustments are applied every quarter. Following the Harmonised European Revision Policy, adjustments generally spans 15 to 18 quarters. Annual data are obtained as sum of quarters. The main adjustments/revisions occur in July (during the production of the first quarter of the year) because of the acquisition of annual statistics from the Central balance sheet office, and in October because of revisions in Bop statistics (i.e. for the acquisition of fiscal data).