Foundations of International Flow-of-Funds Accounts

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Abstract

The current version of the balance of payments statistics (BPM6) consists of the goods and services account, the primary income account, the secondary income account, the capital account, and the financial account. The accounts are to be compiled on a horizontal double-entry bookkeeping basis; it ensures the consistency of recording for each transaction category by counterparties. The nature of horizontal double entry allows the bilateral international transactions to be presented in a from-whom-to-whom matrix format; several international organizations publish such statistics. This paper is an attempt to tentatively make an international flow of funds accounts using the available data. The from-whom-to-whom matrix consists of 242 economic regions, and covers the goods and services account, the primary account, and FDI and portfolio investment portion of the financial account of the balance of payments statistics. The enhancement of balance of payments statistics in the from-whom-to-whom format and accompanying analytical tools will surely promote the better understanding of the flow of funds at the global perspective.

Keywords: Balance of Payments; From Whom To Whom; Structural Analysis: Matrix Triangulation; Dispersion Indices.