

**- Measuring globalization through the financial account of the balance of payments**  
**Bruno Longet – Service de la Balance des paiements à la Banque de France**

The current economic and financial crisis reveals an in-depth economical competitiveness and balance of payments crisis. This crisis is characterized by external macroeconomic imbalances. Among the used indicators to measure it, there is the current account balance as well as the net international investment position, both measured in percentage of the GDP. Scoreboards recently implemented by several international financial institutions (IMF, European Commission) have just illustrated this point.

The balance of payments statistics, which measures transactions between resident and non-resident agents, both on real and financial factors, are one of the main sources and part of the national accounts (“rest of the world account”). The consistency between these two statistics and used concepts is crucial.

Basically, we will mainly focus on the financial part of the balance of payments, which offers a consistent macro economical framework, by notably collecting essential information on international financial relationships and movements.

After going through the main principles of the balance of payments and the net international investment position, we will bring to light the benefits of this statistic, which is now at the heart of macro economical information, to have a clear picture of the internationalization trends in economy.

However, the difficulties and challenges are multiple:

- Capturing heterogeneity and diversity in financial items and institutional sectors (banks, non banking financial agents, non financial companies, households),
- Measuring transactions which are becoming increasingly volatile,
- Being exactly aware of the complexity in international financial relationships in a context of globalization and delocalization: direct investments, complex financial operations, multinational firms, intra-group and interbanking transactions, valuation of operations...

This implies that the balance of payments statistician is permanently adapting methodology and tools: consistency of conceptual and methodological frameworks (SNA2008 and BPM6), new approach to measure direct investments, portfolio investments based on security-by-security information, implementation of new data collection on deposits and loans, financial derivatives...