

# The Cayman Islands' Balance of Payments Metadata

(based on IMF's GDDS Template)

<b>0. Prerequisites</b>	
<u>0.1 Legal environment</u>	<p><b>0.1.1 Responsibility for collecting, processing, and disseminating statistics</b></p> <p>The Economics and Statistics Office (ESO) functions under the authority of the Statistics Law (2016 Revision) – (“the Law”). The Economics and Statistics Office operates under the administration and control of the Director.</p> <p>Under the provisions of the Law, the Economics and Statistics Office is legally authorized to take any Census in the Cayman Islands and to collect, compile, analyze, abstract and publish statistical information relative to the commercial, industrial, social, economic and general activities and conditions of the people of the Cayman Islands.</p> <p><b>0.1.2 Data sharing and coordination among data producing agencies</b></p> <p>Economics and Statistics Office is also authorized to collaborate with all departments of Government in the collection, compilation and publication of statistical records of administration.</p> <p><b>0.1.3 Confidentiality of individual reporters' data</b></p> <p>Section 17 of the Law prohibits the disclosure of information relating to any individual or business in such a form that would allow any person to identify such information as relating to any identifiable individual or business. The law also sets out particular circumstances where exceptions are permitted (e.g. with written consent of the person or owner of the business).</p> <p>Persons employed in the execution of any duty under the Law shall, before entering on his duties, make and subscribe before a Justice of the Peace an oath or affirmation of secrecy.</p> <p><b>0.1.4 Ensuring statistical reporting</b></p> <p>The Economics and Statistics Office is authorized to require persons (households and entities) to supply particulars for a Census or other statistical collection in accordance with the Law.</p>
<b>1. Integrity</b>	
<u>1.1 Professionalism</u>	<p><b>1.1.1 Impartiality of statistics</b></p> <p>The Economics and Statistics Office acts independently with regards to the methods used in data estimation and follows the international recommended procedures and methodology.</p> <p>In addition to formal training, ESO staff receives ongoing training conducted</p>

	<p>by both internal and external experts (including regional and international institutions) in statistical methodology and compilation practices.</p> <p><b>1.1.2 Selection of sources, methodology, and modes of dissemination</b></p> <p>Section 8 of the Law shall cause the statistics and other particulars collected under the Law to be compiled, tabulated and shall cause such statistics to be published in such manner as determined by the Economics and Statistics Office in accordance with the publication and dissemination calendar.</p>
<p><u>1.2 Transparency</u></p>	<p><b>1.2.1 Disclosure of terms and conditions for statistical collection, processing, and dissemination</b></p> <p>The Statistics Law (2016 Revision) is a public document and can be accessed at:  <a href="http://www.eso.ky/UserFiles/page_docs/files/uploads/docum459.pdf">http://www.eso.ky/UserFiles/page_docs/files/uploads/docum459.pdf</a></p> <p><b>1.2.2 Internal governmental access to statistics prior to release</b></p> <p>The reports are sent to the Minister who has responsibility for the Economics and Statistics Office. The Minister then takes the report to Cabinet for notation after which the report is released to the general public.</p> <p><b>1.2.3 Attribution of statistical products</b></p> <p>No ministerial/Cabinet commentary is attached to the published data.</p> <p>The dissemination of the data by the Economics and Statistics Office is accompanied by a press release on its website.</p> <p>The Economics and Statistics Office makes all its statistical publications available on its website.</p> <p><b>1.2.4 Advance notice of major changes in methodology, source data, and statistical techniques.</b></p> <p>There is no advance notice with regards to any major changes in methodology. Information on the changes in methodology is provided in current publications.</p> <p>Revised data are presented in a subsequent report and the revision is marked as revised.</p>
<p><u>1.3 Ethical standards</u></p>	<p><b>1.3.1 Guidelines for staff behavior</b></p> <p>A professional culture is strongly embedded in the institution.</p> <p>Before taking up duties at the Economics and Statistics Office, all employees and short-term survey workers, in accordance with Section 9 of the Law, must take an oath or subscribe to an affirmation that they will conform to the requirements of the Law in executing their duties. They will not, without due</p>

	<p>authority, disclose or make known information that come to their knowledge by reason of their employment. Any violation is deemed an offence and is liable on summary conviction to a fine of five thousand dollars or to imprisonment for a term of one year or to both.</p> <p>This is primarily to impress upon employees the necessity of preserving the confidentiality of information.</p>
<p><b>2. Methodology</b></p>	
<p><u>2.1 Concepts and definitions</u></p>	<p><b>2.1.1 Concepts and definitions</b></p> <p>The BOP is a statistical statement which records the receipts and payments of residents' transactions with residents of the rest of the world over a period, usually a calendar year.</p> <p>The balance of payments of the Cayman Islands is compiled by the External Sector Statistics Unit (ESS) of the ESO on an annual basis. It largely refers to the framework, concepts, and definitions and classifications on recommendations and guidelines in the sixth edition of the IMF Balance of Payments Manual. <b>However, there are some deviations such as the treatment of the offshore sector.</b> Offshore activities such as those of the offshore units without physical presence in the Cayman Islands are not included in the Cayman Islands BOP statistics. The activities of the offshore units are primarily financial and the professional business services (mainly legal and accounting).</p> <p>The compilation of the BOP depends heavily on data collected from the Annual Balance of Payments Survey which is conducted annually (calendar year) by the ESS Unit. Currently the current, capital and financial accounts are produced.</p> <p>This survey also measures payments and receipts of goods and services, investment income and financial transactions related with claims on and liabilities to non-residents by residents of the Cayman Islands.</p> <p>Data on the financial sector is also obtained from the Cayman Islands Monetary Authority. However, the Financial Account transactions, obtained from this data set are derived from the difference between the closing and opening balances, and no adjustments are made of other changes.</p>
<p><u>2.2 Scope</u></p>	<p><b>2.2.1 Scope of the data</b></p> <p><b>Geographic coverage:</b> The Cayman Islands is made up of three (3) islands, i.e. Grand Cayman, Little Cayman and Cayman Brac, all of which are populated.</p> <p><b>Transactions coverage:</b> The Cayman Islands' BOP estimates endeavor to cover all resident transactions with non-residents (except the establishments registered in the Cayman Islands that do not have physical presence). In view of Section 7 of the Law, any company exempted under Section 164 of the Companies Law (2011 Revision), or any trust exempted under Section</p>

70(1) of the Trusts Law (2011 Revision) might be included in the BOP Survey but compliance is voluntary.

**The goods and services account** covers merchandise trade, travel, financial, insurance, business services (mainly legal and accounting), transportation, and other services. Merchandise trade encompasses general merchandise, and goods procured in ports by international carriers.

**Financial services** cover financial intermediary and auxiliary services, except insurance and pension fund services. It includes services such as credit card services, commissions and charges related to financial leasing, factoring, underwriting, and clearing of payments.

**Insurance services** covers the provision of various types of insurance such as freight insurance on goods, reinsurance, other forms of direct insurance (marine, general, fire and accident) and life insurance.

**Travel** covers the goods and services acquired for personal consumption from an economy by persons staying less than one year in the economy of which he/she is not a resident. This item includes travel for leisure, business, medical, and educational purposes.

**Transportation** covers those services that involve the carriage of passengers, movement of goods (freight), charter of carriers with crew, and other supporting services.

**Other services** include services relating to communication, construction, computer and information, personal, cultural and recreational activities, government, and royalties and license fees.

**The primary income account** covers the compensation of employees and investment income, such as profits, reinvested earnings on direct foreign investment, interest, dividends, and other income.

**The secondary income account** covers grants, workers' remittances, premiums and claims on life insurance.

**The Capital Account** refers to transfer of ownership of a fixed asset as a gift, debt forgiveness, a cash transfer as a gift for investment e.g. for acquisition of a non-produced fixed asset.

**The Financial Account** includes five large groups of financial resources namely: direct investment, portfolio investment, financial derivatives, and other investment and reserve assets. In the BOP report, the concept of "Net acquisition of financial assets (NAFA)" and "Net incurrence of liabilities (NIL)" in the case of transactions in financial assets and liabilities are used.

Some of the financial transactions by the financial establishments in the financial account are derived from the difference between the closing and opening balances, and no adjustments are made for other changes. In 2016, the BOP survey form was amended to capture the financial transactions. However, the financial transactions are derived from the data sets obtained

	<p>from the Monetary Authority, are derived from the stock data.</p> <p><b>Exceptions to coverage</b></p> <p>Due to administrative complications and measurement difficulties, the ESO does not collect data on the following:</p> <ul style="list-style-type: none"> <li>• Transactions of units registered in the Cayman Islands but without physical presence on the Islands. These units are also exempted from surveys as companies under the Companies Law. Trust companies registered under the Trusts Law are also exempted as legally mandated.</li> <li>• Transactions of Caymanian households such as investments abroad</li> <li>• Employee stock options</li> <li>• Transactions of holding companies</li> <li>• Illegal or informal activities.</li> <li>• Mutual funds</li> </ul>
<p><u>2.3</u> <u>Classification/sectorization</u></p>	<p><b>2.3.1 Classification/sectorization</b></p> <p>Classification system: Economic transactions are largely classified according to international standards and conventions described in the sixth edition of Balance of Payments Manual (BPM6).</p> <p>The standard presentation provides the following details with exports and imports under each category:</p> <ol style="list-style-type: none"> <li>1. Current account       <ol style="list-style-type: none"> <li>A. Goods and services           <ol style="list-style-type: none"> <li>1. Goods               <ol style="list-style-type: none"> <li>1.1 General merchandise</li> <li>1.2 Non-monetary gold</li> <li>2.1 Transportation</li> <li>2.2 Travel</li> <li>2.3 Financial services</li> <li>2.4 Insurance services</li> <li>2.5 Telecommunication, computer and information services</li> <li>2.6 Other business services (mainly legal and accounting)</li> <li>2.7 Government goods and services n.i.e</li> <li>2.8 Other services</li> </ol> </li> <li>B. Primary Income               <ol style="list-style-type: none"> <li>3. Compensation of employees</li> <li>4. Investment income</li> </ol> </li> <li>C. Secondary Income               <ol style="list-style-type: none"> <li>5. General government</li> <li>6. Worker's remittances</li> <li>7. Other current transfers</li> </ol> </li> </ol> </li> <li>2. Capital account</li> </ol> </li> </ol>

	<p>3. Financial account</p> <ul style="list-style-type: none"> <li>8. Direct investment</li> <li>9. Portfolio investment</li> <li>10. Other investment</li> <li>11. Financial derivatives</li> <li>12. Reserve assets</li> </ul>
<p><u>2.4 Basis for recording</u></p>	<p><b>2.4.1 Valuation</b></p> <p>The valuation generally used is the market price; however there are instances where the book value or the price agreed upon by the transactors is used.</p> <p>Where transfer pricing may occur, no adjustments are made for transfer pricing.</p> <p>Exports of goods are valued on an f.o.b. basis, while c.i.f. imports of goods are adjusted to f.o.b. by reducing the c.i.f. value for insurance and freight by 6.5 percent. These amounts are recorded as part of freight and insurance services.</p> <p>The BOP is compiled in Caymanian dollars (CI\$); transactions are converted from other currencies to CI using the average exchange rate for the reporting period.</p> <p>For the Financial Sector, (data provided by CIMA), transactions for the financial account are estimated from the difference between the closing and opening balances of the financial assets and liabilities. No adjustments are made for other changes.</p> <p><b>2.4.2 Recording basis</b></p> <p>As far as is feasible, the accrual basis is used.</p> <p>Data are compiled for the calendar year. No adjustments are made for establishments that compile accounts on a fiscal accounting year.</p>
<p><b>3. Accuracy and reliability</b></p>	
<p><u>3.1 Source data</u></p>	<p><b>3.1.1 Source data collection programs</b></p> <p>Primary data are obtained from a diverse range of data sources. The source data are under continuous review to ensure that the data collection system is comprehensive.</p> <p>The principal sources of data for estimating the BOP are;</p> <ul style="list-style-type: none"> <li>• The annual survey of business establishments (BOP survey)</li> <li>• Detailed financial statement of businesses as available</li> <li>• Household Budget and Expenditure Survey</li> <li>• Survey of Living Conditions</li> </ul>

- Labour Force Survey
- Government accounts
- Administrative records
- Merchandise trade data
- Cayman Islands Monetary Authority (CIMA) records and data
- Statutory Authorities' reports

The annual business survey is sent to all entities contained in the business register deemed to have transactions with non-residents, with the exception of the entities exempted by the Company Law, majority of which are entities without physical presence in the Cayman Islands.

### ***3.1.2 Source data definitions, scope, classifications, valuation, and time of recording***

#### **Goods:**

The primary source of data is the trade statistics compiled by the ESO from the Customs System. These data are supplemented with data on goods procured in ports by carriers from a survey of oil companies, the national airline, foreign airlines and agents of foreign airlines and shipping companies.

#### **Services:**

**Financial:** The data cover commissions and other financial services provided or received by the financial sector and are estimated from the data provided by CIMA, and supplemented by data obtained from the annual BOP survey.

**Insurance:** Data are obtained from annual the annual BOP survey of insurance companies, CIMA and available financial statements.

**Travel:** Travel credits are derived from expenditure surveys conducted by the Department of Tourism (DOT) when available. However, expenditure estimates from the ESO Economics section are used during the years where the DOT data are not available. Credits of student expenditure are obtained from the BOP survey of resident universities along with administrative data. Travel debits are compiled from data obtained from the Labour Force Survey, BOP survey and Immigration data base.

**Transportation:** Information on passenger services is obtained from surveys of national and foreign airlines, administrative data, and partner country data. Data for port services are provided by the Port Authorities.

**Government services:** administrative data and BOP survey.

**Other services:** annual BOP surveys, administrative data

**Primary income:** BOP survey, administrative records, and data provided CIMA.

	<p><b>Secondary income:</b> BOP survey, administrative records, and data provided by CIMA.</p> <p><b>Capital account-</b> Estimates are derived from the data provided by the Non-profit institutions and Labour force survey.</p> <p><b>Financial account:</b> BOP survey, administrative records, and data provided by CIMA.</p> <p><b>Reserve assets.</b> Data obtained from CIMA.</p> <p><b>3.1.3 Source data timeliness</b></p> <p>Annual surveys are sent three months following the end of the reference year and should be returned within six weeks. Between the due date and the commencement of the estimation of the BOP statistics, intensive follow up with respondents is undertaken.</p>
<p><u>3.3 Statistical techniques</u></p>	<p><b>3.3.1 Source data statistical techniques</b></p> <p>All data acquired via the annual BOP survey, regulatory authorities and administrative sources and other surveys are edited and verified for the validity of the data.</p> <p>Two main adjustments are made to the basic data sources:</p> <p>Goods: Adjustments are made to Customs-based trade data to arrive at an estimate of imports at f.o.b. The imports are adjusted for freight and insurance services, based on the Customs data base.</p> <p>Services and income: some adjustments are made for non-response.</p> <p>Financial Account: Flows are obtained from the BOP survey and from the in the positions data obtained from CIMA's data on the banking sector and insurance sector. Where positions data are used, no adjustments are made to exclude valuation or other changes.</p> <p><b>3.2.2 Other statistical procedures</b></p> <p>Adjustments for non-response are based on the employment data contained in the Business Register, comparable companies, previous survey returns and SNA survey returns.</p>
<p><b>4. Serviceability</b></p>	
<p><u>4.1 Periodicity and timeliness</u></p>	<p><b>4.1.1 Periodicity</b></p> <p>The BOP statistics are compiled and disseminated on an annual basis.</p>



	<p><b>4.1.2 Timeliness</b></p> <p>The BOP preliminary estimates for the last year are available 12 months after the reference year.</p>
<p><u>4.2 Consistency</u></p>	<p><b>4.2.1 Internal consistency</b></p> <p>Data on the BOP transactions are published in two publications:</p> <ul style="list-style-type: none"> <li>• The Cayman Islands' Balance of Payments and International Investment Position Report</li> <li>• The annual publication "Cayman Islands Compendium of Statistics."</li> </ul> <p><b>4.2.2 Temporal consistency</b></p> <p>The annual Balance of Payments (Current Account) in the "BPM6" framework is available from 2007 till 2016.</p> <p>Every effort is made to present data in a consistent manner.</p> <p>The Balance Of Payments (Current and Financial Accounts) for 2012 to 2016 are available on the website.</p>
<p><u>4.3 Revision</u></p>	<p>Revisions to the previous two years data are reflected at the next publication date of the Balance of Payments report.</p> <p>"Preliminary" is used to describe the first release of data which are subject to revision. Subsequent amendments to these data are shown as "Revised".</p> <p>Changes in the methodology used in the compilation of statistics are reported in the BOP publications.</p>
<p><b>5. Accessibility</b></p>	
<p><u>5.1 Data</u></p>	<p><b>5.1.1 Statistical presentation</b></p> <p>Data are disseminated in millions of Caymanian dollars showing the following: exports and imports of goods; receipts and payments for services; receipts and payments for primary and secondary incomes.</p> <p>Transactions on the Financial Accounts shows direct investment, portfolio investment, financial derivatives, other investment and reserve assets,</p> <p><b>5.1.2 Dissemination media and format</b></p> <p>The ESO website gives free access to the Balance of Payments reports on-line via <a href="https://www.eso.ky/balanceofpaymentsreport.html">https://www.eso.ky/balanceofpaymentsreport.html</a>.</p> <p>Hard copies may be requested via e-mail: <a href="mailto:infostats@gov.ky">infostats@gov.ky</a> Tel: 1 (345) 949-0940</p>

	<p><b>5.1.3 Advance release calendar</b></p> <p>Starting 2011, the Economics and Statistics Office has been gazetting and publishing a Statistical Publication Release Calendar annually at the beginning of the year. The release calendar covers all statistical reports compiled and published by the Economics and Statistics Office within the respective calendar year. This is in accordance with the Law.</p> <p>The calendar explicitly states the target date on or before which the report should be released. However, the release of any report is subject to notation by Cabinet.</p> <p><b>5.1.4 Simultaneous release</b></p> <p>The BOP report becomes a public document as soon as it is noted by Cabinet. Once noted, the report is published on ESO's website</p>
<p><u>5.2 Metadata</u></p>	<p><b>5.2.1 Dissemination of documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques</b></p> <p>The annual publication of the balance of payments includes an appendix on balance of payments definitions and a summary of compilation methods.</p>
<p><b>9. Plans</b></p>	
<p><u>9.1 Recent</u></p>	<p><b>Plans for improvement</b></p> <p><b>Recent improvements:</b></p> <ol style="list-style-type: none"> <li>1.Revision of the Statistics Law.</li> <li>2.The formulation of the National Statistical Coordination Committee (NSCC) with a mandate to coordinate the development of a national statistical system that supports better statistics for decision-making in the public and private sectors, and lead to the socio-economic development of all residents.</li> <li>3.Compilation of the International Investment Position (IIP)</li> <li>4.Redesign and upgrade of the Economics and Statistics Office's website to ensure a more user friendly experience and more efficient data management.</li> <li>5. Review of the questionnaires to capture other changes and financial transactions separately</li> </ol>

<p><u>9.2 General</u></p>	<p><b>Plans for improvement - Short-term</b>  ESO will transition fully to the Sixth Edition of The Balance of Payments Manual (BPM6) in regard to the compilation of external sector statistics.</p> <p><b>Plans for improvement - Medium-term</b>  Revision of series to capture additional data and improved methodology and classifications.</p>
<p><u>9.3 Financial</u></p>	<p><b>Plans for improvement - TA/financing needs - Medium-term</b>  Financial and technical assistance needed for all medium term improvements listed above.</p>