

Montenegro: Technical Assistance Report-External Sector Statistics



MONTENEGRO

TECHNICAL ASSISTANCE REPORT—EXTERNAL SECTOR STATISTICS

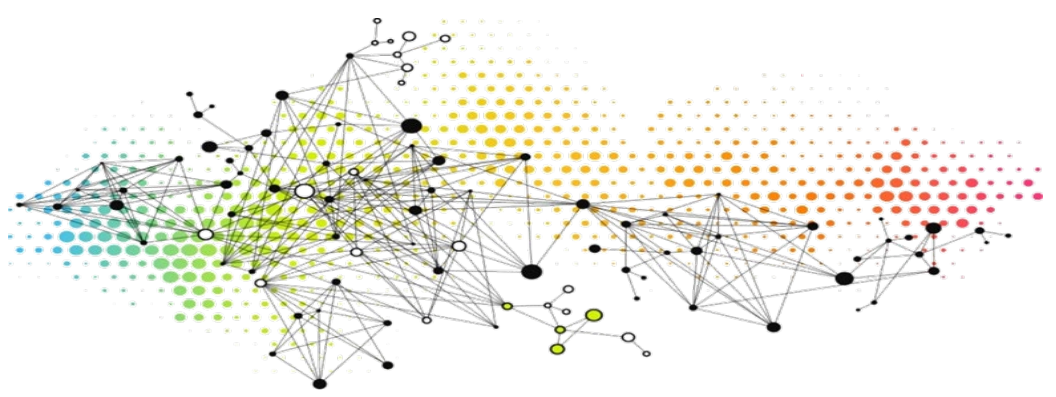
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REPORT ON EXTERNAL SECTOR STATISTICS TECHNICAL ASSISTANCE MISSION (APRIL 28–MAY 13, 2021)

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Glossary

BIS	Bank for International Settlements
<i>BPM6</i>	<i>Balance of Payments and International Investment Position Manual, sixth edition</i>
CBM	Central Bank of Montenegro
CG	Central Government
CPIS	Coordinated Portfolio Investment Survey
DI	Direct Investment
DIEs	Direct Investment Enterprises
ESS	External Sector Statistics
EU	European Union
FISIM	Financial Intermediary Services Indirectly Measured
IIP	International Investment Position
IMF	International Monetary Fund
ITRS	International Transactions Reporting System
LBS	Locational Banking Statistics
MFS	Monetary and Financial Statistics
MOF	Ministry of Finance
RDT	Reserves Data Template
STA	Statistics Department, IMF
TA	Technical Assistance

SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

1. The International Monetary Fund (IMF)'s Statistics Department (STA) conducted a technical assistance (TA) mission to the Central Bank of Montenegro (CBM) for the compilation of external sector statistics (ESS) during April 28–May 13, 2021. The mission was funded by Eurostat to meet the European Union (EU)'s *acquis*¹ from the ESS perspective. The mission focused on the compilation of quarterly international investment position (IIP),² and assisted the CBM in preparing the Reserves Data Template (RDT) as well as in recording of financial intermediary services indirectly measured (FISIM) in balance of payments statistics.
2. **The mission assessed that preliminary quarterly IIP data prepared by the CBM have sufficient quality.** The CBM implemented several recommendations of STA's previous TA missions and prepared preliminary quarterly IIP data for 2019 for review.³ The quarterly IIP data were in line with the annual IIP data that were already disseminated by the CBM. Some inconsistencies between quarterly balance of payments and IIP data identified by the mission were either addressed or explained.
3. **An important achievement of the CBM is the successful preparation of preliminary quarterly direct investment (DI) position data as an input to the quarterly IIP.** As per the previous mission's recommendation, the CBM focused on surveying largest direct investment enterprises (which constitute 85 percent of the DI liability position in Montenegro) on a quarterly basis and the remaining 15 percent was estimated. Improvements were also made in the quality of direct investment assets, as well as portfolio investment, financial derivatives, and other investment assets and liabilities.
4. **The mission recommended allocating an additional three staff members in total to the CBM's External Debt and IIP Division and Balance of Payments Division,⁴ given that the CBM cannot start disseminating quarterly IIP regularly due to a lack of human resources.** Even though the preliminary quarterly IIP data for 2019 are of sufficient quality, the CBM cannot continuously compile and disseminate the data with one quarter lag due to human resource constraints. Therefore, the mission considers that the allocation of additional staff to work on the balance of payments and the IIP is of vital importance.

¹ EU *acquis* is the term used to refer to the accumulated legislation, legal acts, and court decisions which constitute the body of EU Community law.

² The CBM has already met most of the EU requirements in ESS. The main outstanding issue is a production of international investment position (IIP) quarterly.

³ The CBM Staff also prepared and shared with the mission preliminary estimates of quarterly IIP data for 2020 which are yet to be finalized.

⁴ Recommended additional three staff members do not include a replenishment of retired staff.

5. **An outstanding deviation from the international methodology is the classification by the Ministry of Finance (MOF) of all Eurobonds issued by the government of Montenegro as external liabilities, including those held by residents in Montenegro.** The mission reiterated the need for removing the residents' holdings of the Eurobonds from external liabilities. This issue was also raised in previous TA missions, but the MOF has not yet implemented the correction possibly due to data limitations and cost constraints. Addressing this issue would not only improve the quality of the IIP but also reduce the government's external debt which is currently overstated and might be affecting the country ratings for Montenegro.

6. **The mission recommended preparing two separate RDTs for the CBM and the central government (CG).** The preliminary RDT for the CBM only included data on official reserve assets. The coverage should be expanded to include information on other foreign currency assets of the CBM including CBM's holdings of Eurobonds issues by the government as well as expected short-term payments related to the foreign currency liabilities of the CBM. The MOF should share the information with the CBM on other foreign currency assets of the CG (i.e., CG's demand deposits within the CBM), scheduled payments for Eurobonds and loans by the CG, as well as guarantees that the CG may have provided.

7. **The mission provided guidance on FISIM estimation methods.** The CBM implemented recommendations from the previous mission and prepared preliminary FISIM data which were further improved during the mission. FISIM data are now ready to be included in balance of payments.

Table 1. Montenegro: Priority Recommendations

Target Date	Priority Recommendations	Responsible Institutions
When resources are made available	<i>Start disseminating IIP quarterly.</i>	CBM
December 2021	<i>CBM to prepare the RDT for its own account (including Section I.B and Section II) for STA's review.</i>	CBM
September 2021	<i>Incorporate FISIM estimates in the balance of payments statistics including revisions to historical data to the extent possible.</i>	CBM

8. Further details on the recommendations can be found in the action plan under *Detailed Technical Assessment and Recommendations*. The mission expresses its gratitude to the staff of the CBM for their cooperation.

DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

A. Action Plan

Priority	Action/Milestone	Target Completion Date
Outcome: <i>A new data set has been compiled and made available internally and/or disseminated to the public.</i>		
H	<i>CBM to start disseminating IIP quarterly.</i>	When additional resources are made available
M	<i>CBM to start recording reinvested earnings.</i>	December 2021
H	<i>CBM to prepare the RDT for its own account (including Section I.B and Section II) for STA's review.</i>	December 2021
H	<i>CBM to approach the MOF to obtain information to prepare the RDT for the central government.</i>	September 2021
H	<i>CBM to adjust the interest rate to calculate interest from deposits (receipts) for import of FISIM.</i>	June 2021
H	<i>CBM to incorporate FISIM estimates in the balance of payments statistics including revisions to historical data to the extent possible.</i>	September 2021
Outcome: <i>Source data are adequate for the compilation of these macroeconomic statistics.</i>		
H	<i>CBM to approach the MOF to remove residents' holdings of Eurobonds issued by the government of Montenegro from its external debt. Start with holdings by the CBM and deposit-taking corporations followed by those held by other sectors.</i>	September 2021
M	<i>CBM to further improve the coverage of the direct investment enterprise survey for direct investment assets by guiding and training the reporting enterprises.</i>	June 2022
M	<i>CBM to check with custodian banks if they can provide aggregate data on the portfolio investment assets of households and non-financial corporations.</i>	September 2021

Priority	Action/Milestone	Target Completion Date
M	<i>CBM to continue checking their data by comparing with the CPIS mirror data for non-residents' holdings of equity and investment fund shares in Montenegro.</i>	Continuously
H	<i>CBM to approach banks to obtain the data on financial derivative transactions.</i>	September 2021
M	<i>CBM to continue to conduct the trade credit survey and include the results in the balance of payments and IIP after the review is completed.</i>	June 2022
M	<i>CBM to approach the Tax Office to obtain aggregated data for households' deposits and security holdings abroad.</i>	September 2021
Outcome: <i>Staff capacity increased.</i>		
H	<i>CBM to allocate three additional staff in total to External Debt and IIP Division and Balance of Payments Division to ensure quarterly compilation and dissemination of IIP data.</i>	As soon as possible
Priority Scale: H – High, M – Medium		

B. Introduction

9. **The Central Bank of Montenegro (CBM) started compiling international investment position (IIP).** As a result of the technical assistance (TA) mission from the IMF's Statistics Department (STA) conducted in December 2017, the CBM has been disseminating annual IIP since 2019 and improved the quality of the balance of payments statistics. The next step for the CBM is to start compiling IIP quarterly. Prior to the mission, the CBM provided preliminary quarterly IIP data for the mission's review. The mission commended CBM's successful preparation of the preliminary IIP data, particularly during the pandemic.⁵

10. **The mission also reviewed the draft Reserves Data Template (RDT) and financial services indirectly measured (FISIM) data compiled by the CBM.** The mission identified a few areas of improvement in the RDT for the CBM and highlighted the need for preparing a separate RDT for the central government. Monthly production of the RDT is a requirement to subscribe to the IMF's Special Data Dissemination Standard. The mission also provided guidance on the calculation of FISIM to assist the CBM in finalizing the data.

⁵ The EU has identified Montenegro as a candidate country for membership. The CBM has already met most of the European (EU) requirements (e.g., data on trade in services by partner country) in external sector statistics. Production of quarterly IIP is the main outstanding issue for Montenegro to meet the EU requirements in the area of external sector statistics.

C. IIP

11. **The mission assessed that preliminary quarterly IIP data prepared by the CBM have sufficient quality to be disseminated.** The CBM implemented several recommendations of STA's previous TA missions (see Annex I for the implementation status of recommendations provided by the 2020 mission) and prepared quarterly IIP data for 2019 for the mission's review.⁶ The quarterly data were in line with the annual IIP data that were already disseminated by the CBM. Some inconsistencies between the quarterly balance of payments and IIP data identified by the mission were either addressed or explained.

12. **The mission recommended allocating three additional staff in total to CBM's External Debt and IIP Division and Balance of Payments Division,⁷ given that lack of human resources is the obstacle for the CBM to start disseminating quarterly IIP on a regular basis.** Even though the quarterly IIP data prepared by the CBM are of sufficient quality, the CBM cannot continuously compile the data with one quarter lag due to human resource constraints.⁸ In addition, two experienced staff members who are responsible for the international transaction reporting system (ITRS) are retiring. To this end, mission considers that the allocation of additional staff to work on the balance of payments and the IIP is of vital importance.

Recommendations:

- *CBM to start disseminating quarterly IIP data (when additional resources are made available).*
- *CBM to allocate three additional staff in total to External Debt and IIP Division and Balance of Payments Division to ensure quarterly compilation and dissemination of IIP data (as soon as possible).*

Direct Investment

13. **An important achievement of the CBM towards the dissemination of quarterly IIP is the successful preparation of preliminary quarterly direct investment (DI) position data.** As per the previous mission's recommendation, the CBM focused on surveying largest direct investment enterprises (DIEs—around 50 DIEs that constitute 85 percent of the DI liability position in Montenegro) on a quarterly basis, and the remaining 15 percent was estimated. When reviewing the quarterly IIP data, the CBM identified some transactions that were not captured in the ITRS and made relevant adjustments to the balance of payments data. For example, a debt-equity swap that was not reported in the ITRS was captured through the inter-company debt survey. Going forward, the CBM plans to make necessary adjustments to the balance of

⁶ The CBM Staff also prepared and shared with the mission preliminary estimates of quarterly IIP data for 2020 which are yet to be finalized.

⁷ Recommended additional three staff members do not include a replenishment of retired staff.

⁸ Creation of the new IIP division and hiring of two new staff members are positive achievements; however, the staff capacity remains insufficient to regularly produce quarterly IIP data.

payments data cross checking the ITRS and the survey data (direct investment survey, inter-company debt survey) including revisions to the data for 2019 and 2020.

14. **The CBM plans to continue improving quarterly data on DI assets.** The main source data for DI assets have been the direct reporting by companies through the annual survey (Form DI-2) that covered around 30 large companies. The frequency of the annual survey was increased to quarterly; however, some companies did not provide comprehensive data yet. In addition, the survey does not cover the households that have businesses abroad. To supplement the missing data, CBM staff accumulated flow data from the ITRS to come up with positions for the direct investment assets and included them in the quarterly IIP statements. Considering the smaller size of direct investment assets, the current methodology used by the CBM is considered acceptable, but further improvements would be welcome. For example, in order to improve the coverage of the direct reporting by companies, the CBM staff is considering the possibility of conducting online training to guide the reporting enterprises. The mission encouraged the CBM staff to pursue these plans to guide and train the reporters.

15. **A few detected inconsistencies between the DI figures recorded in the balance of payments and the IIP were explained to the mission.** The CBM continuously cross-checks the balance of payments and the IIP data and a few inconsistencies detected by the mission were explained (e.g., effects of price changes).

16. **The CBM decided to start recording reinvested earnings in the balance of payments, which is currently not recorded due to concerns about the quality of the companies' financial reporting.** Large DIEs were reporting negative reinvested earnings in the direct investment survey and in the data submission to the Tax Office. However, in 2019, the figures turned positive which could be considered as a sign of improved data quality. The ongoing project that requires electronic reporting (fiscalization) to the Tax Office is also expected to contribute to improving the quality of the financial reports of DIEs.

Recommendations:

- *CBM to further improve the coverage of the direct investment enterprise survey for direct investment assets by guiding and training the reporting enterprises (June 2022).*
- *CBM to start recording reinvested earnings (by December 2021).*

Portfolio Investment

17. **Portfolio investment (PI) assets and liabilities of banks are sourced from the monetary and financial statistics (MFS) and are of good quality.** The CBM cross-checks this data with the data from the ITRS. The CBM's MFS Division started compiling data for leasing and factoring companies, including the breakdown for residents and non-residents. These data are also used as inputs into the portfolio and other investment assets and liabilities for the IIP. However, insurance companies (the largest sub-sector in other financial corporations) are not

supervised by the CBM, and yet no data are collected directly from them. The CBM's Balance of Payments, IIP, and MFS Divisions have plans to jointly start collecting information from insurance companies, possibly starting in 2022.

18. **The mission recommended that the CBM approach custodian banks to explore the possibility of sourcing portfolio investment assets for other sectors.** Currently, the CBM accumulates transaction data obtained from the ITRS (the accumulation starts with the data for 2006 when Montenegro became an independent state). To avoid accumulating errors from price and foreign exchange changes, it's important to obtain position data directly. Only a few banks in Montenegro provide custodian services, and it would be worthwhile for the CBM to request aggregated information on the portfolio investment assets that banks manage on behalf of their customers. This would also reduce the reliance on the ITRS, which is among the EU integration requirements.

19. **The mission reviewed CBM's data on equity and investment fund shares (liabilities) comparing them with mirror data obtained from the IMF's Coordinated Portfolio Investment Survey (CPIS) and confirmed that the CBM's data have better coverage since December 2019 (Table 2).** The mission advised the CBM to continue checking their data with the mirror data from the CPIS.

Table 2. Montenegro: Comparison of CBM Data with CPIS Mirror Data

Equity and Investment Fund Shares (million euros)				
	Dec. 2018	Jun. 2019	Dec. 2019	Jun. 2020
CBM Data (IIP)	41.12	46.00	43.96	44.25
CPIS (Mirror Data)	61.21	48.19	14.18	11.18
Difference	-20.09	-2.19	29.78	33.06

20. **The Ministry of Finance (MOF) classifies all Eurobonds issued by the government of Montenegro as external liabilities, including those held by the residents in Montenegro.** The mission reiterated the need for removing the residents' holdings of the Eurobonds from external liabilities. This issue was also raised in previous TA missions, but the MOF has not yet implemented the correction possibly due to data limitations and cost constraints.

21. **The mission recommended that the MOF deduct the residents' holdings from its external debt and PI liabilities starting with holdings by the CBM and other deposit-taking corporations.** The amount of holdings can be sourced from the CBM's balance sheet and the MFS. In the medium term, in order to exclude other sectors' (including households and nonfinancial corporations) holdings of Eurobonds, the MOF could get the information on the resident and non-resident breakdown of the Eurobond holders from the custodian in London. This would not only improve the quality of the IIP but also reduce the government's external debt which is currently overstated and might be affecting the country ratings for Montenegro.

Recommendations:

- *CBM to check with custodian banks if they can provide aggregate data on the portfolio investment assets of households and non-financial corporations (September 2021).*
- *CBM to continue checking their data comparing with the CPIS mirror data for non-residents' holdings of equity and investment fund shares in Montenegro (Continuously).*
- *CBM to approach the MOF to remove residents' holdings of Eurobonds issued by the government of Montenegro from its external debt. Start with holdings by the CBM and deposit-taking corporations followed by those held by other sectors (September 2021).*

Financial Derivatives

22. **Financial derivatives positions are correctly recorded in the annual and quarterly IIP statements; however, data recorded in the balance of payments need to be revised.** The financial derivatives positions in the IIP are sourced from the MFS. For the balance of payments, as per the recommendation of the previous mission, the CBM staff checked the information in the ITRS; however, the information on derivatives transactions was not identified. To this end, the CBM recorded the differences between the two positions in the balance of payments. The mission highlighted that this is not a correct approach as the difference largely includes price changes of financial derivative contracts which need to be recorded as revaluations (see paragraphs 6.59 and 9.30 of the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*). The CBM staff agreed to remove existing data recorded in the balance of payments and approach the commercial banks to acquire data on the financial derivative transactions. To enhance the understanding of recordings of financial derivatives, the mission delivered a presentation focusing on practical recording aspects of financial derivatives.

Recommendation:

- *CBM to approach banks to obtain the data on financial derivative transactions (September 2021).*

Other Investment

23. **Quarterly IIP data for currency and deposits and loans are sourced from the MFS and direct reporting from enterprises (Form RN-1).** The mission assessed that the coverage of these data is sufficient, comparing with the mirror data obtained from the BIS Locational Banking Statistics (LBS). As shown in Table 3 below, the coverage of the CBM data is higher than the mirror data from the BIS LBS, except for the data on deposit assets for other sectors. This is because households are not included in the direct reporting to the CBM.

Table 3. Montenegro: Comparison of Loan and Deposit Data of the BIS LBS and the CBM (Q3 2019)

Assets (million USD)	BIS/LBS	CBM
Banks	439.48	693.94
General government	0.00	
Other sectors	124.78	89.80
Non-bank financial corporations	0.92	
Non-financial corporations	17.43	
Households	105.51	
Unallocated	0.92	
Liabilities (million USD)		
Banks	100.93	996.03
General government	268.83	1,574.83
Other sectors	946.86	2,137.76
Non-bank financial corporations	50.46	
Non-financial corporations	153.22	
Households	20.19	
Unallocated	722.99	

24. **The mission recommended supplementing deposit assets data from the BIS LBS.** To supplement the missing data for households' deposit assets, the mission recommended adding the mirror data for households from the BIS LBS.

25. **The mission also recommended that the CBM request information from the Tax Office on household's assets abroad for IIP compilation.** Considering that Montenegro has been attracting wealthy new residents recently and that capturing the investments of households through the household survey is challenging, information from the Tax Office would be a good source of information if it becomes available.⁹

26. **The CBM introduced a survey for trade credit and advances and started checking the quality of the reported data.** The results of the survey can be incorporated in the balance of payments and the IIP after ensuring their quality.

Recommendations:

- *CBM to supplement deposit assets data for households using the mirror data from the BIS LBS (September 2021).*

⁹ Households may not be required to report their assets abroad to the Tax Office, but it may have other source of information (e.g., by information sharing agreements with tax authorities in other countries) that could be used to estimate households assets abroad. The CBM should explore the availability of only high-level aggregated data that can be used for compiling balance of payments and IIP for confidentiality reasons.

- *CBM to approach the Tax Office to obtain aggregated data for households' deposits and security holdings abroad (September 2021).*
- *CBM to continue to conduct the trade credit survey and include the results in the balance of payments and the IIP after the review of the results is completed (June 2022).*

Reserve Assets

27. **The CBM removed from its reserve assets the small holdings of Deutsche Marc and Austrian Schilling banknotes kept in its vault for many years.** As advised by the previous mission, the CBM and mission agreed that these holdings should not be included in reserve assets.

D. Reserves Data Template (RDT)

28. **The mission recommended preparing two separate RDTs for the CBM and for the Central Government (CG).** The mission provided guidance to fill out Sections I to IV of the RDT. Montenegro is a fully euroized economy without being a part of the Eurosystem, so assets denominated in euros are considered as foreign currency assets.

29. **The RDT for the CBM needs to cover more information.** The CBM populated the RDT with data on the Official Reserve Assets (Section I.A). The mission indicated that Section I.B of the RDT should also be populated for other foreign currency assets of the CBM including CBM's holdings of Eurobonds issued by the government of Montenegro. In addition, Section II of the RDT for the CBM should be filled out with data for expected short-term payments related to foreign currency liabilities of the CBM. These would include demand deposits received from commercial banks and the CG as well as the reserve requirements of the commercial banks.

30. **The MOF should share the information with the CBM to record Sections I-IV of the RDT for the CG.** The Section I.B should include CG's demand deposits with the CBM. Section II should include scheduled payments for Eurobonds and loans received by the CG. Section III should cover guarantees that the CG may have provided. The mission also provided guidance on the recording of gold swap contracts made by the MOF.

Recommendations:

- *CBM to prepare the RDT for its own account (including Section I.B and Section II) (December 2021) for the IMF's review.*
- *CBM to approach the MOF to obtain information to prepare the RDT for the central government (September 2021).*

E. FISIM

31. **CBM's FISIM estimates are now ready to be included in the balance of payments.**

The CBM implemented recommendations from the previous mission and prepared preliminary FISIM data. The CBM calculates the reference rate based on the weighted average of paid and received interest for all deposits and loan assets and liabilities of Montenegrin banks with non-resident banks using the data from the MFS.

32. **The CBM improved estimation methods for FISIM.** The CBM estimated exports of FISIM by Montenegrin banks using the calculated reference rate and information from the MFS. Imports of FISIM by Montenegrin enterprises and households are estimated using the reference rate and information on deposit assets from the BIS LBS and interest rates from the ECB. The CBM relies on data from direct reporting (form KZ-1) for loan liabilities. Given that the ITRS has coverage issues to capture interest receipts by Montenegrin enterprises and households from their deposits abroad, the CBM estimated them by applying an average deposit interest rate (up to two years for households) obtained from the ECB to the position of deposit assets held by Montenegrin enterprises and households. However, estimated imports of FISIM for the deposit assets became negative.

33. **The mission recommended adjusting the interest rate to apply to the position of deposit assets.** First, given that the deposits are held by both enterprises and households, the deposit rate should be an average of that for enterprises and that for households (the former is lower than the latter). Second, the average rate should be lowered by 50 percent assuming that half of the deposits are demand deposits that generate no interest. After these adjustments, estimated import of FISIM has become positive.

34. **The mission provided guidance on the formulae to calculate interest after FISIM for each component.** A summary of the calculation of FISIM is provided in Table 4. The CBM staff plans to include the FISIM estimates for the first time in the balance of payments starting with data for 2019.

Table 4. Montenegro: Calculation of FISIM

Export of FISIM = (a+b)		
a)	On loans	= (Actual interest revenues from loans provided to non-residents) - (Pure interest—interest at reference rate)
b)	On deposits	= (Pure interest—interest at reference rate) - (Actual interest payments for deposits received from non-residents)
Import of FISIM = (c+d)		
c)	On loans	= (Actual interest payments for loans received from non-resident banks) - (Pure interest—interest at reference rate)
d)	On deposits	= (Pure interest—interest at reference rate) - (Actual interest receipts from deposit with non-resident banks)

Recommendations:

- *CBM to adjust the interest rate to calculate interest receipts from deposits abroad for imports of FISIM (June 2021)*
- *CBM to incorporate FISIM estimates in the balance of payments statistics including revisions to historical data to the extent possible (September 2021).*

Annex I. Implementation Status of Recommendations Provided by the 2020 Mission

Priority	Action/Milestone	Target Completion Date	Implementation Status
Outcome: <i>A new data set has been compiled and made available internally and/or disseminated to the public.</i>			
H	<i>Complete reviewing the quality of reported quarterly direct investment position data focusing on largest DIES.</i>	<i>June 2020</i>	Implemented
H	<i>Compile quarterly IIP data and submit them to STA for review.</i>	<i>December 2020</i>	Implemented
M	<i>Start recording positions of financial derivatives in IIP. If the ITRS captures transaction data on financial derivatives, record them in balance of payments.</i>	<i>June 2020</i>	Implemented. Derivatives are now recorded in IIP. ITRS did not capture financial derivative transactions.
M	<i>Use the LBS data to supplement the data reported by Form RN-1 for other sectors' deposit positions in IIP.</i>	<i>June 2020</i>	To be implemented by September 2021
M	<i>Start recording data on trade credit and advances based on the survey results.</i>	<i>December 2021</i>	This survey is still pilot and not used as a source. The amount is expected to be small both in the balance of payments and the IIP.
M	<i>Compile a preliminary version of the currency composition table required by Appendix 9 of the BPM6 and submit them to STA.</i>	<i>December 2020</i>	Not Implemented
H	<i>Receive necessary information from the MOF to start drafting RDT for the CBM and the central government.</i>	<i>March 2020</i>	Not Implemented. MOF to provide the data.
H	<i>Submit draft RDTs to the IMF's Statistics Department for review.</i>	<i>June 2020</i>	Partially implemented
H	<i>Start recording payments under the Economic Citizenship Program in services, current/capital transfers, or direct/portfolio investment following the guidance provided by the mission.</i>	<i>March 2020</i>	Implemented

Priority	Action/Milestone	Target Completion Date	Implementation Status
M	<i>Start recording FISIM from the data for the first quarter of 2019 according to the methodology agreed during the mission.</i>	<i>June 2020</i>	Partially implemented (planned publication in September 2021)
Outcome: <i>Source data are adequate for the compilation of these macroeconomic statistics.</i>			
M	<i>Investigate potential direct investment in kind in the new enterprise that explores oil and natural gas in Montenegro.</i>	<i>December 2020</i>	Ongoing. Planned to be completed in December 2021
M	<i>Source the data for other financial corporations from the MFS and discontinue to estimate the position data by accumulating flow data from the ITRS.</i>	<i>December 2021</i>	Partially implemented. Data for leasing and factoring companies became available but those for insurance corporations are planned to be directly reported in 2022.
H	<i>Record equity liabilities of non-financial corporations using the data from the CPIS with adjustments based on the information from the ITRS.</i>	<i>June 2020</i>	Not Implemented. CBM data have better coverage than CPIS from December 2019. CBM staff will continue monitoring the CPIS mirror data.
H	<i>Revise the data on Eurobonds issued by the government to reflect residents' holdings. In case the data cannot be revised, explain it in the metadata.</i>	<i>December 2020</i>	Not Implemented. MOF to make the adjustments.
M	<i>Investigate the information that is available at the Montenegrin depository of securities, with a view to using it as a source to record portfolio investment liabilities.</i>	<i>December 2021</i>	Ongoing. Planned to be implemented in September 2022.
M	<i>Explore the possibility to expand the coverage of the direct investment or the loan asset and liability survey to collect information on portfolio investment positions.</i>	<i>December 2021</i>	Not a plan anymore. The CBM plans to develop the security by security database and source the information for portfolio investment from the database.
M	<i>Remove holdings of Deutsche Mark and Austrian Schilling banknotes from</i>	<i>March 2020</i>	Implemented

Priority	Action/Milestone	Target Completion Date	Implementation Status
	<i>reserve assets. They should not be included in the reporting to the IMF for the international liquidity and the survey for Currency Composition of Official Foreign Exchange Reserves.</i>		
H	<i>Continue to check the consistency between balance of payments and IIP data.</i>	<i>Ongoing basis</i>	Ongoing
M	<i>Remove from IIP and External Debt Statistics the large loans for which principal and interest have not been repaid. The amount should be recognized as other changes (when it becomes clear that the loans will no longer be repaid).</i>	<i>See left</i>	Implemented
H	<i>Execute the planned updates to an average daily spending of travelers and share of unregistered accommodations. Start recording travel services based on the updated information.</i>	<i>March 2020</i>	Implemented
Outcome: <i>Staff capacity increased.</i>			
H	<i>Allocate three additional staff to the Balance of Payments Division.</i>	<i>December 2020</i>	Partly implemented (allocated one additional staff members)
H	<i>Keep attending training courses for ESS.</i>	<i>Ongoing basis</i>	Ongoing
Priority Scale: H – High, M – Medium			