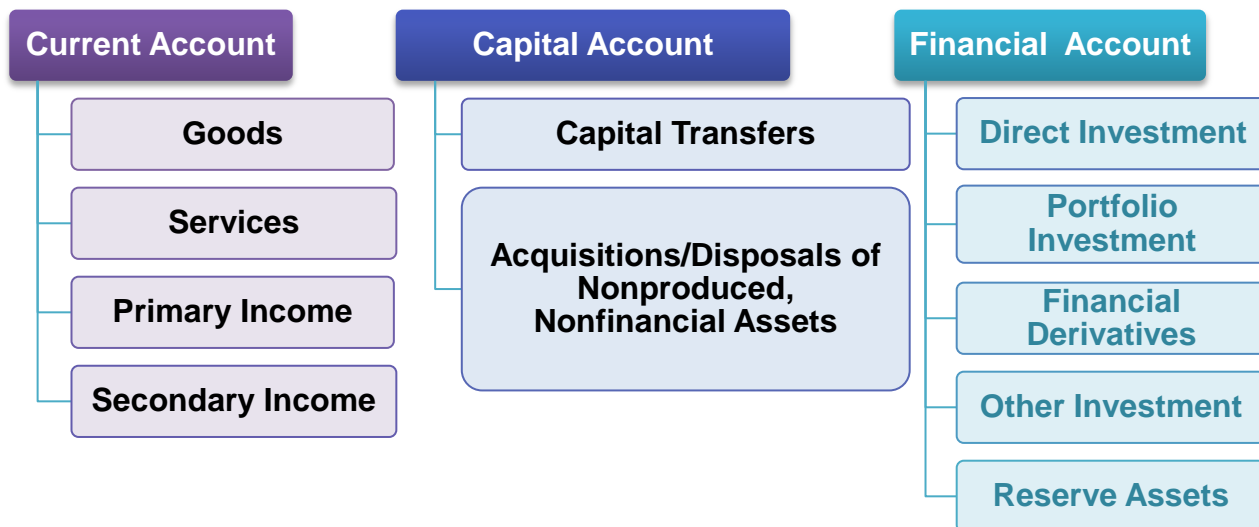




BALANCE OF PAYMENTS at a glance...

Balance of Payments (BOP) measures the international economic transactions between Malaysia and the Rest of the World



WHAT IS FINANCIAL ACCOUNT?

Transactions that involve financial assets and liabilities that take place between residents and non-residents



RESIDENT

Any individual, enterprise or other organisation ordinarily domiciled in Malaysia for a period of at least one year where its centre of predominant economic interest is in Malaysia.



NON-RESIDENT

Any individual, enterprise or other organisation ordinarily domiciled in a country other than Malaysia.

Classification of Financial Account

1

DIRECT INVESTMENT

2

PORTFOLIO INVESTMENT

3

FINANCIAL DERIVATIVES

4

OTHER INVESTMENT

5

RESERVE ASSETS





Classification of Financial Account

1 DIRECT INVESTMENT

✓ Cross-border investment with the minimum of **10% equity ownership and long term intention of investment.**

COMPONENTS

- Equity & Investment Fund shares
- Debt Instruments
- **Examples:** Loans and Trade Credits

2 PORTFOLIO INVESTMENT

✓ Cross-border transactions that involve **debt or equity securities** with **short term intention of investment.**

- Income from Portfolio Investment – Reinvested earnings, dividends and interest

COMPONENTS

- Equity Securities
- Debt Securities
- **Examples:** Bonds & notes, Money market instruments

3 FINANCIAL DERIVATIVES

✓ Financial instruments that are linked to a specific financial instrument or indicator or commodity, and through which specific financial risks can be traded in financial markets in their own right.

✓ **Examples:** Warrants, futures, forward contracts and swaps

OTHER INVESTMENT

4

✓ Transactions not included under direct investment, portfolio investment, financial derivatives, and reserve assets with **less than 10% equity ownership** and **short term intention of investment.**

COMPONENTS

- Other Equity
- Currency and Deposits
- Insurance/Pension
- Trade Credits
- Loans
- Others

RESERVE ASSETS

5

✓ Comprise of:

- ❖ **SDR** – interest-bearing assets created by the IMF to meet global needs, as and when it arises
- ❖ **IMF Reserve Position** – Malaysia's quota in the IMF less the Fund's holdings of Malaysian currency
- ❖ **IMF Resources** – IMF maintains a large pool of resources from which to help finance temporary imbalances in the reserve position of its members
- ❖ **Gold & Foreign Exchange** – Gold Holdings refer to monetary gold held by BNM, while Foreign exchange reserves are held mainly in the denomination of the major currencies which are used for the settlement of trade

REFERENCES/ MANUAL:

- Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)
- BPM6 Compilation Guide

INFO : Financial Account, Q2 2019

