

Changes in the definition of money and its counterparts (effective from March 2002)

The National Bank of Poland has harmonized the definition of money and its counterparts with the standards binding upon the Member States of the European System of Central Banks (ESCB). Also sectorization principles of the economic units have been adjusted. Thus, starting from the data as of end-March 2002 the consolidated balance sheet of the banking system (entitled "Money supply M3 and its counterparts") are presented in a new format. The following changes have been introduced:

- existing **monetary aggregate M2 has been replaced by M3** in compliance with the European Central Bank standards (at present the measure is compiled only for the banking system, while ultimately for all institutions included in the ECB "monetary financial institutions" sector); modified narrower measures M1 and M2 are published based on monthly balance sheet data;
- money supply **excludes instruments** (deposits and debt securities) **with initial maturity over 2 years**; deposits cover overnight deposits and deposits with agreed maturity up to 2 years, including blocked deposits;
- money supply **has been supplemented with deposits of local government and social security funds** - previously included in credit to general government, net;
- separate item "**Other components of M3**" covers debt securities up to 2 years issued by banks and held by non-banks (up till now excluded from M2), and repurchase agreements with non-banks;
- deposits and claims are presented in a new sectoral breakdown:
 - **households** - comprise existing sub-sector "individuals", farmers and private entrepreneurs with up to 9 employees, the latter two included hitherto to "corporate sector";
 - **non-monetary financial institutions** - non-bank financial institutions hitherto included to "corporate sector";
 - **non-financial corporations** - state-owned enterprises, private enterprises and cooperatives, hitherto included to "corporate sector";
 - **non-profit institutions** - hitherto included to "corporate sector", comprise e.g. charities, trade unions, scientific associations, political parties, churches, etc.;
 - **local government** - cover local public administration (till now referred to as "local government and extra-budgetary funds of local government"); transactions held with local governments used to be presented under "Credit to general government, net";
 - **social security funds** - cover Social Security Fund, Social Security Fund for Farmers and funds managed by these institutions as well as health care funds; up till now these entities used to be included in "extra-budgetary funds of central government" and "central government", respectively.
- **claims on "local government" and "extra-budgetary funds of local government" are included under the category "claims"**;
- **existing category "credit to general government, net"** (comprising claims less liabilities of "central government", "extra-budgetary funds of central government", "local government and extra-budgetary funds of local government") **are replaced with a narrower category "credit to central government, net"** (to include claims

less liabilities of "central government", "extra-budgetary funds of central government", except for health care funds and social security funds);

- "other items net" include liabilities (deposits, securities) with an initial maturity over 2 years.

Changes in the presentation format of the preliminary information:

Consolidated balance sheet (previous)	Money supply M3 and its counterparts (starting from end-March 2002)
<p>A. Money supply M2</p> <p>1. Currency in circulation</p> <p>2. Zloty deposits</p> <p>2.1. Individuals</p> <p>2.2. Corporate sector</p> <p>3. Foreign currency deposits</p> <p>3.1. Individuals</p> <p>3.2. Corporate sector (including non-bank financial institutions and non-profit institutions)</p> <p>B. Foreign assets, net</p> <p>C. Domestic assets, net</p> <p>1. Claims</p> <p>1.1. Individuals</p> <p>1.2. Corporate sector (including non-bank financial institutions and non-profit institutions)</p> <p>2. Credit to general government, net</p> <p>3. Other items, net</p>	<p>A. Money supply M3</p> <p>1. Currency in circulation</p> <p>2. Deposits and other liabilities*</p> <p>2.1. Households</p> <p>2.2. Non-monetary financial institutions</p> <p>2.3. Non-financial corporations</p> <p>2.4. Non-profit institutions serving households</p> <p>2.5. Local government</p> <p>2.6. Social security funds</p> <p>3. Other components of M3</p> <p>B. Foreign assets, net</p> <p>C. Domestic assets, net</p> <p>1. Claims</p> <p>1.1. Households</p> <p>1.2. Non-monetary financial institutions</p> <p>1.3. Non-financial corporations</p> <p>1.4. Non-profit institutions serving households</p> <p>1.5. Local government</p> <p>1.6. Social security funds</p> <p>2. Credit to central government, net</p> <p>3. Other items, net</p>

*Other liabilities consist of: banks' liabilities on loans security, credits and loans received.