

(A) INTRODUCTION

Balance of payments data is most important for national and international policy formulation. External aspects, such as payment imbalances and inward and outward foreign investment, play a leading role in economic and other policy decisions in the increasingly interdependent world economy. Such data is also used for analytical studies, that is, to determine the causes of payment imbalances and the need to implement adjustment measures; relationship between merchandise trade and direct investment; aspects of international trade services; international banking flows and stocks; asset securitisation and principal market developments; external debt problems, income payments and growth; and links between exchange rates and current and financial account flows. In addition, external data is utilised extensively, along with other variables, for balance of payments projections and their interrelationship with changes in countries' stocks of external assets and liabilities. Furthermore, balance of payments and international investment position data constitute an indispensable link in the compilation of data for various components of the national accounts (e.g. production accounts, income accounts, capital and financial accounts, and the related measurement of national wealth).

The purpose of the FinSurv Reporting System is to provide relevant, accurate and timeous information in the context of the move towards the total abolition of controls on cross-border transactions and payment flows.

(B) OBJECTIVE OF THE FINSURV REPORTING SYSTEM

To ensure accurate and comprehensive reporting of data on cross-border foreign exchange transactions for:

- (i) Compilation of balance of payments statistics by the SARB's Research Department.
- (ii) Compilation of foreign debt statistics and repayment profiles to support monetary policy decisions.
- (iii) Compilation of statistical information which will indicate to management the nature, volume and values of the various cross-border flows and provide them with the appropriate information for economic and financial management decisions as well as planning and policy formulation.
- (iv) Monitoring of export proceeds and import payments.
- (v) Provision of data to the SARS and the FIC.

(C) STRUCTURE AND SUBMISSION OF DATA

Files must be created on a daily basis in an XML format. XML allows for file layout and integrity checks to be performed before the file is submitted to the SARB. The SARB has created SARBDEX II that will be used to transmit these files via a secure internet connection or via SWIFTNet.

(i) **SARBDEX II application**

The SARBDEX II application will be provided by the SARB at zero cost to Reporting Entities. The application performs file layout and data content validation checks by calling schemas via the web.

The application also takes care of hashing and encryption for security reasons. Finally the application provides a log file of when the file was submitted, a reply received thereto as well as any errors in the file.

(ii) **SARBDEX II infrastructure**

The files are submitted via a secure line to the SARB using the web or SWIFTNet. At the SARB the files are decrypted using the Reporting Entity's password. A hash value is also created by the SARB and compared to the hash value supplied by the Reporting entity. If these two match a process kicks off that checks the file for errors. Only correct transactions will be stored on the SARB database.

(iii) **Security**

All messages are submitted via a 128-bit encrypted line. Three levels of security are available and one of the levels must be activated:

- (a) Password - a unique password.
- (b) Encrypted password - a unique and encrypted password using the Blowfish algorithm.
- (c) Encrypted hash value - the hash value of the message using the MD5 algorithm encrypted by the Blowfish algorithm.

(D) **WEBSITE**

A password controlled website exists which contains all data relevant to the FinSurv Reporting System. The site can be accessed by logging on to the SARB's main website (www.reservebank.co.za) and click on

“Regulation and Supervision, Financial Surveillance and Exchange controls, Online Services, FinSurv Reporting System”.

(E) **SARB CONTACT PERSONS**

Refer to the website.