



TECHNICAL ASSISTANCE REPORT

CAYMAN ISLANDS

Report on External Sector Statistics Mission
(September 30–October 11, 2024)

JANUARY 2025

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Summary of Mission Outcomes and Priority Recommendations

- 1. A technical assistance (TA) mission on external sector statistics (ESS) was provided to the Economics and Statistics Office (ESO) and Cayman Islands Monetary Authority (CIMA) during September 30–October 11, 2024.** This was a follow-up mission conducted as part of the Caribbean Regional Technical Assistance Centre (CARTAC) work program. The focus of the mission was to assist in improving the coverage and the classification of the data on special purpose entities (SPEs), including strengthening the cooperation between the ESO and CIMA on provision of data on entities under its supervision. The mission also assessed the data collected from non-SPE companies through redesigned survey forms and provided guidance on addressing inconsistencies in compiled data.
- 2. Further efforts are needed for expanding the coverage of financial and nonfinancial SPEs in ESS.** CIMA continues to provide the ESO comprehensive data only on banks and insurance companies with and without physical presence and therefore the two agencies have made little progress in expanding the balance of payments (BOP) and international investment position (IIP) coverage to investment funds. However, the coordinated portfolio investment survey (CPIS) coverage increased from about 8,000 investment funds at the end of 2022 to about 20,000 at the end of 2023 which corresponds to about 70 percent of investment funds registered in the Cayman Islands. It resulted in an increase in total portfolio investment assets reported on the CPIS from USD 2.3 trillion for 2019 to USD 5.7 trillion for 2023.
- 3. No progress has been made in CIMA’s plans for launching the coordinated direct investment survey (CDIS) for the financial sector, including investment funds.** It was planned to send the draft CDIS report form and guidance note for approval by the Cabinet by the end of 2023; however, due to unforeseen staff turnover this activity has been postponed to 2025. Also, CIMA has not launch the collection of data on financial derivatives from banks yet.
- 4. The residence concept for SPEs without physical presence registered in the Cayman Islands is partially in line with the BOP methodology.** According to the *Guidance Note for the Completion of the Quarterly Prudential Report (QPR)*, offshore banks are considered residents of the country where they are licensed and deemed to be legally domiciled, regardless of whether they have a physical presence. This definition is in line with the framework of the *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)*. Regarding nonfinancial businesses, only those that have a physical presence and engage, or intend to engage, in significant economic activity within the Cayman Islands for one year or more are currently included in the official ESS compilation. Consequently, nonfinancial SPEs that are legally incorporated in the Cayman Islands but do not have physical presence are currently excluded from the official published ESS.
- 5. Little progress has been achieved on extending the ESS coverage to exempt companies operating in Special Economic Zones (SEZ).** The ESO sent a report form combining both national accounts and ESS needs to the Cayman Enterprise City (CEC) for collecting data from SEZ companies; however, the companies that operate in the SEZ do not fall under the *Statistics Act* and can not be mandated to provide data under the act, thus the exercise did not produce any results. During the mission, a meeting was held with the Department for International Tax Cooperation (DITC) for exploring the available data on SEZ companies. It

was identified that about 100 SEZ companies are reporting to the DITC under different reporting frameworks. The ESO will initiate the signing of a memorandum of understanding (MOU) with the DITC for getting access to the available financial statements of SEZ companies.

6. The ESO started the test compilation of BOP and IIP for financial SPEs (banks and insurance companies) without physical presence using the IMF’s reporting template for SPEs. The financial entities without physical presence registered in the Cayman Islands meet the definition of SPEs. Based on data reported by CIMA, the ESO compiled BOP and IIP for financial entities without physical presence and incorporated them in the IMF reporting template for SPEs. Subject to CIMA’s approval, the SPEs report will be submitted to the IMF’s Statistics Department (STA) for dissemination.

7. The survey population for the BOP survey (BOPS) has been revised and reduced. Until 2023, about 800 nonfinancial entities with physical presence were covered by the BOPS. Among them were multiple small companies with very limited inputs to cross-border activity (e.g., bars, restaurants, inland transportation, recreational service providers, and others). The ESO conducted a revision of the survey population before launching the 2023 BOPS that resulted in a reduction of the survey population to 476 nonfinancial entities by excluding the dormant companies or those with little or no impact on cross-border activity.

8. Some inconsistencies have been identified in the compiled BOP/IIP data. Among them is the method applied for the estimation of export of financial intermediaion services indirectly measured (FISIM) developed by the compilers of the national accounts, and its recoding in the BOP.

9. The frequency of compiled ESS data should be increased. Currently, only annual BOP and IIP are compiled and disseminated. CIMA confirmed that the QPR for banks is available quarterly and committed to exploring the possibility of increasing the frequency of data for insurance companies (e.g., quarterly or semiannually). The mission reiterated that the ESO should initiate the pilot collection of quarterly data from reporters with significant contributions to ESS representing each branch of activity.

10. To support progress in the above areas, the mission recommended a detailed action plan, with the following priority recommendations carrying particular weight to make headway in improving Cayman Islands’ ESS (Table 1).

TABLE 1. Cayman Islands: Priority Recommendations

| Target Date | Priority Recommendation | Responsible Institutions |
|----------------------|---|--------------------------|
| December 2024 | Submit to STA the SPEs report for 2020–2022 with further regular submission. | ESO |
| March 2025 | Sign a MOU with DITC for getting access to the available financial statements of SEZ entities. | ESO |
| June 2025 | Together with the compilers of the national accounts, review the method applied for estimating export of FISIM. | ESO |

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Acronyms and Abbreviations

| | |
|-------------|---|
| ATM | Automated Teller Machine |
| BOP | Balance of Payments |
| BOPS | Balance of Payments Survey |
| <i>BPM6</i> | <i>Balance of Payments and International Investment Position Manual</i> , sixth edition |
| CARTAC | Caribbean Regional Technical Assistance Centre |
| CBCD | Customs and Border Control Department |
| CDDB | Customs Declarations Database |
| CDIS | Coordinated Direct Investment Survey |
| CEC | Cayman Enterprise City |
| CIF | Cost, insurance, and freight |
| CIMA | Cayman Islands Monetary Authority |
| CPI | Consumer Price Index |
| CPIS | Coordinated Portfolio Investment Survey |
| DITC | Department for International Tax Cooperation |
| DLP | Department of Labour and Pensions |
| DOT | Department of Tourism |
| ESO | Economics and Statistics Office |
| ESS | External Sector Statistics |
| FAR | Fund Annual Returns |
| FISIM | Financial intermediaion services indirectly measured |
| FOB | Free on board |
| IIP | International Investment Position |
| IMF | International Monetary Fund |
| MOU | Memorandum of Understanding |
| MSP | Money Servis Provider |
| PSPB | Public Service Pensions Board |
| REEFS | Regulatory Enhanced Electronic Forms Submission |

| | |
|--------|---------------------------------|
| QPR | Quarterly Prudential Report |
| SEZ | Special Economic Zone |
| SPE | Special Purpose Entity |
| STA | IMF's Statistics Department |
| SWP | Strategic Wealth Preservation |
| TA | Technical Assistance |
| U.S.A. | United States of America |
| VASP | Virtual Assets Service Provider |
| WPM | Wheaton Precious Metals |

Section I. Detailed Technical Assessment and Recommendations

A. ACTION PLAN

11. The mission acknowledges progress in ESS compilation (see Appendix I for an assessment of the implementation of the previous mission’s action plan). Recommendations from previous missions that were not implemented are covered in the current action plan. Actions are prioritized as priority recommendation (PR), high (H), medium (M), low (L).

| Priority | Action/Milestone | Target Completion Date |
|---|--|------------------------|
| <i>Outcome: Legal and institutional environment are adequate for the compilation and dissemination of statistics.</i> | | |
| PR | ESO: Sign a MOU with DITC for getting access to the available financial statements of SEZ entities. | March 2025 |
| H | ESO: Amend the MOU with the Customs and Border Control Department (CBCD) for getting access to additional fields from the CBCD’s database. | March 2025 |
| <i>Outcome: Data are compiled using the concepts and definitions, coverage, institutional sector classification of the latest manual.</i> | | |
| PR | ESO: Together with the compilers of the national accounts, review the method applied for estimating export of FISIM. | June 2025 |
| H | ESO: Finalize the compilation of BOP and IIP for financial SPEs without physical presence. | October 2024 |
| H | ESO: Include in BOP and IIP claims to nonresident reinsurers for the unpaid claims and unearned premiums (insurance technical reserves). | November 2024 |
| H | ESO: Introduce in the compiled BOP and IIP for 2022 and backward the following changes: <ul style="list-style-type: none"> (i) Remove data recorded under “Goods sold under merchanting” and include them only under “Net exports of goods under merchanting.” (ii) Revise the data on insurance of imported goods for splitting the insurance services and current transfers components. (iii) Replace the actual interest received/paid registered in BOP by pure interest. (iv) Include the fees for the storage of precious metals in explicit financial services. | November 2024 |
| H | ESO: Adjust the estimation of fuel bought by the domestic airline abroad. | March 2025 |
| H | ESO: Reclassify withholding taxes from other business services to secondary income, other current transfers. | March 2025 |

| Priority | Action/Milestone | Target Completion Date |
|--|--|--|
| H | ESO: Estimate premium supplements applying the method recommended by the mission. | March 2025 |
| H | ESO: Implement the new estimation model for export and import of travel services recommended by the mission. | March 2025 |
| H | ESO and CIMA: Verify the residence principle applied in insurance companies' reporting, and, if needed, undertake the steps for bringing it in line with the <i>BPM6</i> requirements. | March 2025 |
| H | ESO: Adjust the compilation of data on personal transfers following the method recommended by the mission. | June 2025 |
| <i>Outcome: Source data are adequate for the compilation of balance of payments and international investment position (IIP) statistics.</i> | | |
| H | ESO: Adjust the report form for the Strategic Wealth Preservation (SWP) for adding additional questions on purchase and storage fees of precious metals abroad. | November 2024 |
| H | CIMA: Share the draft reporting form for collecting data from virtual assets service providers (VASP) on their balance sheet and income statements with the ESO for comments for the BOP/IIP purposes. | January 2025 |
| H | CIMA: Provide data to the ESO on shareholding of banks and insurance companies based on information from the Banking Supervision and Pension Supervision Divisions. | January 2025 |
| H | CIMA: Launch the survey for collection of data on financial derivatives from banks through the form approved by the mission. | January 2025 |
| H | ESO: Survey the additional universities incorporated in Cayman Islands by using the report form customized for surveying St. Matthew's University. | April 2025 |
| M | CIMA: Request from banks and money service providers (MSP) the explanations to the transaction codes included in the estimation of personal transfers. | May 2025 |
| M | CIMA: Investigate the possibility of collecting data from banks (monthly or quarterly) on payments by category. | May 2025 |
| M | ESO: Request from CIMA data on payments by credit/debit cards for their use in the estimation of travel services and other services components. | September 2025 |
| M | CIMA: Consider adding to the CDIS survey form for investment funds, as memorandum items, questions on liabilities in other instruments (e.g., currency and deposits, loans, etc.). | December 2025 |
| M | CIMA: Submit for approval to the Cabinet the CDIS report form and the CDIS Guidance. | December 2025 |
| M | CIMA: Launch the CDIS reporting for banking, insurance, and investment funds. | December 2025 (Subject to the Cabinet's approval) |

| Priority | Action/Milestone | Target Completion Date |
|--|--|------------------------|
| M | ESO: Adjust the BOPS form for collecting data on debt liabilities between affiliates by country. | December 2025 |
| <i>Outcome: Improved periodicity, timeliness, and consistency of data.</i> | | |
| H | ESO and CIMA: Continue the investigation for possible causes of discrepancies between the CPIS data and data in banks balances sheets. | November 2024 |
| H | ESO: Apply in IIP the short-term adjustments for portfolio investment assets, as recommended by the mission, to reduce the inconsistencies with the CPIS data. | November 2024 |
| H | ESO: Prepare the list of targeted entities for quarterly reporting that would include the biggest companies from each branch of activity. | January 2025 |
| M | CIMA: Explore the possibility of increasing the frequency of data for insurance companies to quarterly (or, as an interim option, to semiannually). | February 2025 |
| H | ESO: Launch the pilot quarterly BOPS for the biggest entities within each branch of activity. | April 2025 |
| H | CIMA: Start providing the ESO with data on assets and liabilities with nonresidents of investment funds broken down by investment fund with physical presence and without physical presence. | December 2025 |
| H | ESO: Expand the coverage of BOP and IIP to investment funds. | December 2025 |
| M | CIMA: Submit to the ESO the quarterly QPR for banks starting with data for Q1 2025. | May 2025 |
| M | ESO: Start compiling quarterly BOP and IIP on a pilot basis for onshore nonfinancial sector. | June 2025 |
| <i>Outcome: Data access to the public has improved through better formatting/framework presentations and/or assistance to users.</i> | | |
| PR | ESO: Submit to STA the SPEs report for 2020–2022 with further regular submission. | December 2024 |

B. COMPILATION OF BOP AND IIP DATA

12. The ESO compiles and disseminates BOP and IIP statistics on an annual basis. It includes only data on entities with a physical presence. The mission reviewed the compilation practices and trends in compiled data. The report discusses only components where issues have been identified.

13. The data on imports of general merchandise are compiled using the customs declarations database (CDDB) provided by the Customs and Border Control Department (CBCD). The CBCD follows the general trade system.¹ The ESO applies the following adjustments to bring imports data to a BOP basis:

- (i) Imported goods are recalculated from cost, insurance and freight (c.i.f.) to free on board (f.o.b.) valuation applying the following coefficients: 14–15 percent for freight and 1–2 percent for insurance, depending on the means of transport.
- (ii) Data on goods procured in ports by carriers are added to the customs data based on information from Cayman Airways on purchase of fuel abroad. The Cayman Airways reports only annual data. Quarterly data are estimated as follows: (i) the average fuel per passenger is calculated by dividing the annual purchase of fuel by average number of passengers transported; (ii) the average fuel per passenger is multiplied by the average number of passengers per quarter. The mission recommended to estimate the average fuel per flight and to multiply it by the number of inbound flights per quarter.
- (iii) Goods purchased online (e-commerce) and imported through the postal office are added to the customs data. They are estimated based on data on import duties collected on such goods (20 percent of the cost of the goods). E-commerce goods delivered by other carriers (e.g., DHL, FedEx, and other) are included in CDDB as they are declared by the respective carriers.

14. Merchanting is an important component in trade data in the Cayman Islands BOP. The main contributor to merchanting transactions is the activities of Wheaton Precious Metals (WPM)²— a company specialized in precious metals streaming. The company purchases precious metals on a by-product basis at an agreed spot price. The WPM makes an up-front payment (so-called mineral stream interest) that can vary from 25 percent to 100 percent of the total agreed amount, depending on the agreement with mines. The up-front payment is amortized during the life of the contract. The minerals are purchased in concentrate form (physical metal) or in the form of metal credit. The WPM records all its cross-border transactions and positions using an updated comprehensive report form which is submitted to the ESO. The concentrated metal is sold to bullion banks without entering the territory of the Cayman Islands which meets the definition of merchanting. However, for confidentiality reasons, in the compiled BOP only the net export of such metal is recorded under “Goods sold under merchanting” with zero entries under “Goods acquired under merchanting (negative credits).” The mission recommended to record data only under “Net exports of goods under merchanting” and remove them from “Goods sold under merchanting.”

¹ Under the general trade system, imports include goods that enter the main territory as well as those that enter special economic zones (SEZs) and customs warehouses.

² WPM is one of the largest precious metals streaming companies in the world. The company has entered into agreements to purchase all or a portion of the precious metals or cobalt production from worldwide high-quality mines for an upfront payment and an additional payment upon delivery of the metal. Other than the initial upfront cash payment, WPM typically does not contribute to future capital expenditures or exploration costs invested by the mine.

15. Another component identified in the goods account is nonmonetary gold. The import/export of nonmonetary gold is conducted by the Strategic Wealth Preservation (SWP)³—a company specializing in trade and storage of precious metals headquartered in the Cayman Islands. The SWP owns storage facilities in the Cayman Islands and specializes in the acquisition and sale, as well as in storage of precious metals for individuals, companies, and other entities. The SWP purchases precious metals and either keeps them as its own assets or sells them to clients. If the precious metals are to be resold abroad, they are not brought to the Cayman Islands but are stored in facilities abroad; consequently, they are not included in CDDB. Imported precious metals, which are brought in Cayman Islands for storage, are either owned by the SWP or are owned by clients (e.g., storage for precious metals held within self-directed Individual Retirement Accounts for American citizens). The SWP reported to the ESO its cross-border activity in 2024 for 2023, using the updated customized report form which did not include questions on purchase and sale of gold stored abroad. The compilers will adjust the report form and will request the data from the SWP to cross-check with data included in CDDB. The CDDB data should be supplemented with the SWP data on gold stored abroad.

16. Export of travel services has been estimated by the Cayman Islands Department of Tourism (DOT) based on an expenditure survey of departing travelers and on data from the Ministry of Border Control, Labor, and Culture on the number of travelers by category. The latest expenditure survey was conducted in 2019. For 2020–2022, the BOP data were estimated as follows: (i) for stay over visitors, the aggregated average visitors' expenditures from the 2019 survey were multiplied by total number of visitors and by average duration of stay; (ii) for cruisers, the expenditures (by category) from the 2019 survey were multiplied by the total number of visitor arrivals by cruises. For both cases, expenditures were updated applying the changes in the Cayman Islands consumer price index (CPI) of the respective year compared to the CPI for 2019.

17. The estimation of travel services needs enhancement. For improving the accuracy and coverage of the BOP estimates of export of travel services, compilers should request access to all fields in the database of the CBCD that combines data from the entry documents for residents and nonresidents (e.g., passports, identity cards) and data from the travel survey form completed by arriving nonresidents. For this purpose, a MOU should be signed between the ESO and CBCD. In a meeting with the DOT representative, it was agreed that the BOP compilers will be provided with data on average length of stay by purpose of visit and average hotel rates by category of hotel/lodging. The new estimation method for export of travel should be using the average number of visitors by purpose multiplied by average duration of stay by purpose and by average expenditures by category of lodging. This will constitute an enhancement of expenditure estimates related to accommodation.

18. The DOT plans to reinstate the expenditure survey of departing travelers starting January 2025. It will be conducted daily during 2025 at the airport and cruise port terminals with the objective to collect about 6,000 completed forms, including about 2,000 from cruisers. The BOP compilers will be consulted on the design of the survey form to assure that it covers questions needed for the BOP estimates.

19. Imports of travel services are estimated based on the number of returning residents and their estimated expenses abroad. As the main destination of the Cayman Islands residents is the

³ SWP is an international precious metals dealer and secure storage provider headquartered in the Cayman Islands. The company owns and operates a large, Class III Underwriters Laboratories rated vault in Grand Cayman and offers other strategic locations as part of its global storage network. It specializes in the acquisition, secure storage and liquidation of precious metals for individuals, companies, trusts and wealth management professionals on behalf of their clients.

United States, an adjustment to base year data (2015) is made considering the changes in the U.S. CPI. To improve the coverage of import of travel services (and some other services), compilers should consider using data on payments by credit/debit cards. For this purpose, aggregated data from banks should be requested from CIMA differentiated by two criteria (i) transactions using credit/debit cards issued by foreign banks and those issued by domestic banks, and (ii) transactions where the card was presented (card presented) and those where the card was not presented (card not presented). Data on payments by credit/debit cards issued by foreign banks (card-presented transactions) could be used in estimating/cross-checking the estimates of the export of travel services while data on payments abroad by credit/debit cards issued by resident banks (card not presented transactions) should be split between payments for goods (e-commerce digitally ordered) and payments for services (travel, recreational, etc.—transactions not digitally ordered). Appendix II presents the breakdown of data on credit and debit cards and their use in BOP compilation.

20. The ESO estimates the export and import of education and medical services; however, some of these services are misclassified under personal, cultural, and recreational services.

Exports of education services includes education expenses by foreign students at St. Matthew's University.⁴ The survey form was updated based on comments provided by the St. Matthew's University on the types of its activities, ownership, tuition fee, etc. The ESO received data for 2023 based on the updated report form; however, it needs follow up, as not all data have been reported. Also, there are two other universities in the Cayman Islands; the mission recommended to survey them using the same form.

21. Import of education services is estimated based on the number of residents studying abroad under government programs and the estimated average education cost. The average education cost is estimated for three countries—the United States, the United Kingdom, and Canada—using the tuition fees at the universities for which the Cayman Islands Government provides the scholarship. The estimates of expenditures by residents studying abroad under individual programs are not covered. Compilers should investigate with the Department of Labor and Pensions (DLP) and DOT the possibility of gathering information on the number of returning/visiting students studying abroad.

22. Financial services are compiled based on data from CIMA and BOPS. Export of FISIM is estimated by the national accounts compilers together with the domestic component of such services. Many financial institutions in the Cayman Islands are captive banks that transfer money between members at very low, non-market rates; therefore, the interbank rates are deemed understated. Consequently, it was decided to use as a reference rate an implicit rate estimated as an average between the results of dividing the actual interest received on loans and paid on deposits to/from nonresidents by the average total position on loans and deposits. Compilers should request from CIMA the positions on loans and deposits to/from nonresidents and use it in the estimation of the average implicit rate. Also, together with the national accounts compilers, further analysis should be conducted for assessing the methodological soundness of this approach.

23. According to the *BPM6*, financial services also cover fees for the storage of precious metals. Thus, paragraph 10.118 of *BPM6* states: "Financial services cover financial intermediary and auxiliary services, except insurance and pension fund services... Also included are financial advisory services, custody of financial assets or bullion..." Further, the clarification note *Statistical Treatment of*

⁴ St. Matthew's University is a private, for-profit offshore medical school located in Grand Cayman. It has a School of Medicine and a School of Veterinary Medicine, which confer M.D. and D.V.M. degrees, respectively. St. Matthew's University is owned by R3 Education, Inc.

Precious Metals Accounts approved by the IMF's Committee on Balance of Payments Statistics (BOPCOM) states that for allocated precious metals accounts, certificate fees and fees for storage should be recorded as financial services. Based on the above, the storage fee charged by the SWP for the storage of gold owned by nonresidents or paid to nonresident bullion banks for the storage of gold it owns, should be classified as explicit financial services (credit and debit, respectively). Such data are provided by the SWP in the reporting form.

24. Insurance services constitute an important component of the services account. Data are supplied by CIMA and cover insurance and reinsurance by resident insurance companies. Data are supplemented by estimates on insurance of imported goods and by those collected through the BOPS. The insurance services on imported goods should be revised to incorporate a split between the insurance services and current transfers components.

25. Significant amounts are registered under personal, cultural, and recreational services and under other business services. The first component includes, among others, data reported by companies through BOPS on payments for online training attended by their staff and by medical facilities on cost of treatment provided to residents by visiting doctors. In the report form for medical facilities, additional questions should be added to separate payments for treatment provided by visiting doctors from payments for the treatment abroad of resident patients. The latter should be recorded under travel services. Regarding other business services, the mission recommended to check if reporters (e.g., legal and accounting firms) are correctly applying the residence concept to SPEs without physical presence registered in the Cayman Islands. During the mission, the ESO requested from one of the biggest legal firms to revise the data for separately identifying transactions with SPEs without physical presence; however, no answer has been received. The ESO will request this breakdown from all BOPS reporters. There are instances where the withholding taxes were classified as other business services; they should be reclassified to secondary income, other current transfers.

26. Primary income is compiled based on data from BOPS and from CIMA on income received/paid by banks and insurance companies. Data reported by CIMA are aggregated and do not specify the shareholders' ratio, therefore all data on dividends and reinvested earnings are included under direct investment. Further, data for insurance companies on investment income received do not specify if it is earned on insurance technical reserves or on investment of insurance companies' own funds. CIMA confirmed that it is not feasible to separately identify income on insurance technical reserves, consequently it is recommended to estimate it applying the ratio of position of technical reserves to total assets at the end of the period. The total investment income received/paid by insurance companies should be included under respective investment income, the estimated income on insurance technical reserves (premium supplements) should be used in the calculation of insurance services and also registered in secondary income, other current transfers, net non-life insurance premiums, credit. Data on FISIM are estimated as described above and are registered under financial services; however, under interest on other investment is registered actual interest received/paid instead of pure interest.

27. Remittances data (personal transfers and compensation of employees) cover data reported in BOPS and those reported by CIMA. CIMA provides data on inflows and outflows of remittances by individuals/households through two quarterly reports: "Retail Exposure" and "Remittances Report by Number of Transactions, Country, and Value." The first report includes remittances by individuals/households through banks broken down by country while the second report comprises remittances through MSP also broken down by country. Further investigation revealed that one of the banks categorizes cross-border payments by purpose of payments, applying around 100 codes listed in

the International Bank Transfers Categories. However, CIMA was not able to provide details regarding which specific codes were categorized as personal transfers. It is also unclear which codes of the purpose of transactions are used by other banks as well as by MSP. Data on payments broken down by category could be a useful source for different BOP components, including personal transfers, services, secondary income, and capital transfers; therefore CIMA should investigate further the possibility of obtaining the required details on applications of codes. Also, the ESO should discuss with CIMA the possibility of collecting data from banks (monthly or quarterly) on payments by category.

28. No data on crypto assets are currently available and thus not included in ESS. CIMA's Virtual Assets Provider and FinTech Division has the mandate to register the VASPs; after the registration the VASPs will be licensed. It also started the work on drafting the regulation and the forms for balance sheet and income statements. CIMA should share the draft reporting form with the ESO for comments for the BOP/IIP purposes.

29. Direct investment includes the available data from CIMA on companies with physical presence and from BOPS. The reported QPR data on share capital for banks and insurance companies are not broken down by the ownership threshold (10 percent and more, and less than 10 percent) therefore the whole amount is included under direct investment. CIMA committed to exploring the possibility of requesting data specified by the ownership threshold. In addition, BOP compilers will request from the Banking Supervision and Pension Supervision Departments information on shareholders on banks and insurance companies.

30. CIMA plans to launch the CDIS survey using as a reporting template the survey form presented in the CDIS Guide. For liabilities of investment funds, CIMA only collects data on direct investment instruments (for banks and insurance companies, all liabilities are reported in QPR). The mission reiterated the recommendation to consider adding to the CDIS survey form, as memorandum items, questions on liabilities in other instruments of investment funds (e.g., currency and deposits, loans, etc.). This will assure a comprehensive coverage of investment funds in ESS.

31. The ESO made good progress on improving the coverage of pension funds in ESS. In the Cayman Islands, there is one public sector pension fund, seven private pension funds, and a few single-employer pension funds. The investment requirements for private pension funds is that about 30 percent of their assets should be invested domestically, but this threshold is not always met as there are not enough opportunities for domestic investment. The assets of the public sector pension fund are invested in full in assets abroad and the Public Service Pension Board (PSPB) reports comprehensive data through BOPS. Following the 2023 mission, the DLP provided to the ESO financial and income statements for six out of seven private pension funds that hold about 95 percent of total assets of private pension funds. This assures a good coverage of cross-border positions of pension funds in ESS.

32. No progress has been made in the collection of data on financial derivatives. This category would be fed mainly from CIMA reporting for banks; however, only data on assets were reported. It was decided to omit data for financial derivatives for banks in BOP/IIP until data on both assets and liabilities are available. CIMA plans to launch a separate reporting by banks on transactions and positions in financial derivatives.⁵ A draft report form was prepared by CIMA and was reviewed by the mission. Recommendations were provided on its adjustments for capturing transactions, positions, and price changes on financial derivatives by type. It also includes the breakdowns in the Guidance Note F.1 *More Disaggregated Institutional Sector and Financial Instrument Breakdowns* approved by BOPCOM within

⁵ Insurance companies do not invest in financial derivatives as it would require a separate licensing.

the revision of the *BPM6* (Appendix III). CIMA plans to launch the collection of data on financial derivatives through the designed form by the end of 2024.

33. Data on portfolio investment assets are compiled based on CIMA QPR reports. As for other BOP/IIP components, only banks and insurance companies with physical presence and their positions with nonresident companies are included in ESS. A comparison of data on portfolio investment assets in IIP and those reported in the coordinated portfolio investment survey (CPIS) revealed significant discrepancies. The detailed analysis of the discrepancies as well as the adjustments to be executed in IIP are described later in this report, in the section on IMF Data Reporting Initiatives.

34. Data on insurance, pension, and standardized guarantee schemes are compiled based on the QPR report for insurance companies. The review of the mapping of data from the QPR to BOP/IIP components revealed that unearned premiums and unpaid claims under the ceded risk to reinsurers are omitted from the assets on insurance, pension, and standardized guarantee schemes.

35. Other accounts receivable/payable registered significant amounts. They cover data reported in BOPS by companies. In addition, under this component is included the difference between portfolio investment assets reported in CPIS and total assets as reported by banks in their balance sheets. This practice does not have any methodological basis and is meant for reducing errors and omissions. The mission recommended to investigate with CIMA the possible causes of such discrepancies and to conduct a proper attribution of data to the relevant BOP components.

Recommendations:

- ESO: introduce in the compiled BOP and IIP for 2022 and possible backward the following changes:
 - (i) Remove data recorded under “Goods sold under merchanting” and include them only under “Net exports of goods under merchanting”.
 - (ii) Revise the data on insurance of imported goods for splitting the insurance services and current transfers components.
 - (iii) Replace the actual interest received/paid registered in BOP by pure interest.
 - (iv) Include the fees for the storage of precious metals in explicit financial services.
- ESO: Adjust the estimation of fuel bought by the domestic airline abroad.
- ESO: Reclassify withholding taxes from other business services to secondary income, other current transfers.
- ESO: Adjust the report form for SWP for adding additional questions on storage of precious metals abroad.
- ESO: Request from CIMA data on payments by credit/debit cards for their use in the estimation of travel services and other services components.
- ESO: Implement the new estimation model for export and import of travel services recommended by the mission.
- ESO: Sign a MOU with the CBCD for getting access to additional fields from the CBCD’s database.
- ESO: Survey the two universities incorporated in the Cayman Islands by using the report form customized for surveying the St. Matthew’s University.

- ESO: Together with the national accounts compilers, review the method applied for estimating export of FISIM.
- ESO: Include in explicit financial services the fees for the storage of precious metals.
- ESO: Estimate premium supplements applying the method recommended by the mission.
- ESO: Include in BOP and IIP claims to nonresident reinsurers for the unpaid claims and unearned premiums (insurance technical reserves).
- CIMA: Share the draft reporting form of collecting data from VASP on their balance sheet and income statements with the ESO for comments for the BOP/IIP purposes.
- CIMA: Provide data on shareholding of banks and insurance companies based on information from the Banking Supervision and Pension Supervision Departments.
- CIMA: Request from banks and MSP the explanations to the transaction codes included in the estimation of personal transfers.
- CIMA: Investigate the possibility of collecting data from banks (monthly or quarterly) on payments by category.
- CIMA: Consider adding to the CDIS survey form for investment funds, as memorandum items, questions on liabilities in other instruments (e.g., currency and deposits, loans, etc.).
- CIMA: Launch the the survey for collection of data on financial derivatives from banks through the form approved by the mission.

C. COVERAGE OF OFFSHORE ENTITIES IN ESS

36. A significant number of SPEs are domiciled in the Cayman Islands. This includes about 33,000 financial corporations (banks, insurance companies, investment funds, trusts) regulated by CIMA, 300 exempt companies registered in SEZs, and more than 300 exempt nonfinancial non-SEZ companies. The majority of these exempt companies do not have physical presence in the Cayman Islands.

37. The residence concept for SPEs without physical presence registered in the Cayman Islands is partially in line with the BOP methodology.⁶ According to the *Guidance Note for the Completion of the Quarterly Prudential Report* used in the compilation of ESS, offshore banks are considered residents of the country where they are licensed and deemed to be legally domiciled, regardless of whether they have a physical presence. This definition is in line with the *BPM6* framework. For insurance companies, there is no specific document that would provide definition/guidance on the residence principle to be applied in reporting. The submission of documents to CIMA by insurance companies, including mandatory financial returns such as QPR and applications for licenses is executed through the Regulatory Enhanced Electronic Forms Submission (REEFS). The instructions for filling in the data are accessed on the REEFS portal to which the ESO does not have access; consequently, the mission was not able to verify the residence concept recommended for the reporting. The ESO will continue the discussion with CIMA for getting the rights to access the REEFS reporting portal or to obtain the guidance applied in REEFS. Concerning the nonfinancial businesses, only those that have a physical presence and are engaged, or intend to engage, in significant economic activity within the

⁶ According to *BPM6*, all SPEs, with or without physical presence in the territory, that are incorporated in the economy, should be treated as residents of the territory of incorporation.

Cayman Islands for one year or more are included in the ESS compilation. Consequently, nonfinancial SPEs that are legally incorporated in the Cayman Islands but do not have physical presence are not currently accounted for in ESS.

38. CIMA is one of the main data providers for ESS compilation covering all financial entities with and without physical presence. CIMA provides the ESO with aggregated data on banks and insurance companies by financial instrument, broken down also by those with and those without physical presence; however the ESO includes only data for entities with physical presence in the BOP and IIP. For investment funds, only data on their assets in the form of securities are reported by CIMA in the CPIS (in 2022, securities constituted about 20 percent of total investment funds' assets) and no data are provided yet to the ESO for their inclusion in BOP and IIP. As described further in the report, CIMA plans to launch the CDIS survey for the financial sector, including investment funds, that will allow them to fill the gap in the coverage of liabilities in the form of equities and debt instruments for investment funds.

39. The BOP and IIP coverage should be expanded to investment funds. For this, CIMA should start providing the ESO with detailed data on investment funds' assets and liabilities with nonresidents by instrument based on the Fund Annual Returns (FAR). Data currently collected by CIMA through FARs include a few items fitted into BOP/IIP compilation such as country of nonresident investors and net assets value of nonresident investors. Regarding the financial indicators, an additional breakdown would be needed to identify positions with nonresidents for investment funds with physical presence and without physical presence (the split between with physical and without physical presence is needed for consistency with data reported by banks and insurance companies). If such a breakdown is not envisaged to be available by 2025, CIMA should consider adding to the CDIS survey form, as memorandum items, questions on liabilities in other instruments of investment funds (e.g., currency and deposits, loans, etc.), as discussed in paragraph 30.

40. The exempt companies registered in SEZs do not report data to the ESO. The ESO's attempts to establish a collection of data from such companies was unsuccessful. Following a meeting of the ESO with the CEC, a report form combining both national accounts and ESS needs was sent to the CEC for use in data collection from the SEZ companies; however, the companies that operate in the SEZ do not fall under the *Statistics Act* and can not be mandated to provide data under the act, and, therefore, the exercise did not produce any results. During the mission, a meeting was held with the DITC to explore the available data on SEZ companies. The DITC informed that reports are provided by about 100 SEZ companies under different reporting frameworks. It was agreed that the ESO will cooperate with the DITC legal unit to draft an MOU to be signed by both parties that would provide the ESO with access to the financial statements of SEZ available at the DITC.

41. During the previous mission, the Department of Commerce and Investment informed that there are about 300 nonfinancial non-SEZ entities without physical presence registered in the Cayman Islands. Those entities are also omitted from ESS. The ESO will investigate the possibility of including them in ESS at a later stage.

Recommendations:

- CIMA: Start providing the ESO with data on assets and liabilities with nonresidents of investment funds broken down by investment fund with physical presence and without physical presence.
- ESO: Expand the coverage of BOP and IIP to investment funds.

- ESO and CIMA: Verify the residence principle applied in insurance companies' reporting, and, if needed, undertake the steps for bringing it in line with the *BPM6* requirements.

D. PARTICIPATION IN IMF DATA REPORTING INITIATIVES

CPIS Reporting and Consistency with IIP

42. CIMA is the institution in charge of the production and dissemination of the CPIS. Until 2023, mainly banks and insurance companies were included in the CPIS. In February 2020, the Private Funds Law⁷ was adopted by the Cabinet, mandating the private investment funds to report data to CIMA. The data collection from the private investment funds started in 2021 with data for 2020; however, CIMA found the quality of reported data unsatisfactory. After enhancing the implementation of the reporting requirements, data for 2022 collected in 2023 were assessed as adequate and were included in the CPIS report. The CPIS coverage increased from about 8,000 investment funds at the end of 2022 to about 20,000 at the end of 2023 which is about 70 percent of investment funds registered in the Cayman Islands. It resulted in an increase in total portfolio investment assets from USD 2,559 billion for end-June 2023 to USD 5,690 billion for end-December 2023.

43. IIP data on portfolio investment assets are compiled based on CIMA's QPR reports and include only data for banks and insurance companies. A comparison of the CPIS and IIP data for end-2022 showed significant discrepancies (USD 2,887 billion in CPIS versus USD 64.5 billion in IIP). About 95 percent of discrepancies come from data for other financial corporations. The identified main causes of discrepancies are presented in Table 2.

⁷ See the [Private Funds Law, 2020](#).

TABLE 2. Cayman Islands: Causes of Discrepancies Between CPIS and IIP for 2022

| IIP | CPIS |
|--|---|
| Banks | |
| Includes only data by banks with physical presence and their positions with nonresident companies. | Covers positions between resident banks (with and without physical presence) and nonresident companies. |
| Includes portions of Cayman-to-Cayman positions. | Excludes data between resident companies. |
| Insurance companies | |
| Includes only data by insurance companies with physical presence and their positions with nonresident companies. | Covers positions between resident insurance companies (with and without physical presence) with nonresident companies. |
| Includes portions of Cayman-to-Cayman positions. | Excludes data between resident companies. |
| Includes USD 2,449 million—a downward adjustment made by ESO to Class D reported data to offset a USD 8 billion (25 percent) increase in debt securities (CIMA was not able to explain). | |
| Other financial corporations | |
| No data on other financial corporations are included. | Includes data for other financial corporations—money market funds (USD 714 million) and other financial corporations (USD 2,766,915 million). |

44. IIP data need adjustments for eliminating/reducing the discrepancies with the CPIS. The required adjustments can be divided into two categories—those that could be addressed in the short term and those to be targeted in the medium term.

The corrections to be introduced are:

Before the release of BOP/IIP for 2023 (see Table 3 below):

- Remove positions between residents (Cayman-to-Cayman);
- Discontinue the random adjustment to Class D Insurer data.

By the end of 2025:

- Include in BOP and IIP data on investment funds (see para 39).

In medium term:

- Consider including in BOP and IIP data on banks and insurance companies without physical presence. This would be done when the compilation of the consolidated BOP and IIP covering both insurance companies with and without physical presence is approved.

TABLE 3. Cayman Islands: Adjustments to IIP Data on Portfolio Investment Assets to be Done in Short Term (USD million)

| | Total | Equity | Debt |
|---|---------------|--------------|---------------|
| Total | | | |
| (1) CPIS (CIMA) = 7 + 15 | 119,441 | 11,113 | 108,328 |
| (2) IIP: portfolio investment, assets = 10 + 16 | 63,286 | 1,510 | 61,776 |
| (3) Discrepancies = 1 - 2 | 56,155 | 9,603 | 46,552 |
| (4) Cayman-to-Cayman data in IIP = 12 + 18 | 935 | 76 | 858 |
| (5) Other causes (random adjustment to Class D insurer data) = 19 | -2,449 | 0 | -2,449 |
| (6) Corrected IIP data = 14 + 20 | 64,800 | 1,433 | 63,367 |
| Of which: | | | |
| Banks | | | |
| (7) CPIS (CIMA) = 8 + 9 | 67,961 | 3,358 | 64,603 |
| (8) CPIS physical presence* | 49,407 | 905 | 48,502 |
| (9) CPIS without physical presence* | 18,554 | 2,453 | 16,101 |
| (10) IIP: portfolio investment, assets = 8 + 12 + 13 | 49,643 | 963 | 48,680 |
| (11) Discrepancies = 7 - 10 | 18,318 | 2,395 | 15,923 |
| (12) Cayman-to-Cayman data in IIP | 236 | 58 | 178 |
| (13) Other causes | | | |
| (14) Corrected IIP data = 10 - 12 = 8 | 49,407 | 905 | 48,502 |
| Insurance companies | | | |
| (15) CPIS (CIMA) | 51,480 | 7,755 | 43,725 |
| (16) IIP: portfolio investment, assets | 13,643 | 547 | 13,096 |
| (17) Discrepancies = 15 - 16 | 37,837 | 7,208 | 30,629 |
| (18) Cayman-to-Cayman data in IIP | 699 | 18 | 680 |
| (19) Other causes (random adjustment to Class D Insurer data) | -2,449 | 0 | -2,449 |
| (20) Corrected IIP data = 16 - 18 - 19 | 15,393 | 529 | 14,865 |

*Does not include Cayman-to-Cayman position.

CDIS Reporting

45. Currently, the CDIS data are not compiled, but there are ongoing efforts to initiate the participation. CIMA intends to launch the CDIS survey for the financial sector (banks, insurance companies and investment funds) using the CDIS reporting template. It was expected that the draft CDIS report form and guidance note would be sent to the Cabinet for approval by the end of 2023; however,

due to unforeseen staff turnover this activity has been postponed to 2025. Currently for investment funds only data on portfolio investment assets are available through the CPIS collection and no data are available on their liabilities, or regarding any direct investment positions. The mission reiterated the recommendation to include in the CDIS reporting template also questions on investment funds' liabilities in the form of other financial instruments.

46. The ESO initiated the work on compiling the CDIS data for the nonfinancial sector. It will be done within the collection of BOP/IIP data through the BOPS. Key nonfinancial direct investment enterprises that respond to the BOPS are precious metals streaming companies, traders in precious metals, hotels, communication, education, transport, and other. The surveys require information on the ownership percentage of shareholders' equity by country of residence. The BOPS collects data on debt assets and liabilities with affiliated entities by instrument; however, they are not broken down by country. For CDIS purposes, the ESO should adjust the survey forms requesting the reporting of country breakdown of debt liabilities between affiliates.

IMF Survey on Resident SPEs

47. The ESO initiated the work for filling in the SPEs data template for participation in the IMF's survey on resident SPEs. For this purpose, the BOP and IIP have been compiled covering data for banks and insurance companies without physical presence—they meet the definition of SPEs presented in the *Special Purpose Entities: Guidelines for a Data Template*.⁸ The SPEs definition consider as one of the criteria the number of employees. Because no information is available on the number of employees of entities with physical presence, the ESO assumed that they have more than five employees and, consequently, only entities without physical presence meet the definition of SPEs. Further, the SPEs data were included in the template for SPEs reporting where it is required also to include the consolidated BOP/IIP data (covering data for resident entities with physical presence, so-called onshore entities, and without physical presence). The ESO compiled, on a pilot basis, the consolidated BOP and IIP that included data for both entities with and without physical presence, however the dissemination of those data has not been approved by the Cabinet. Therefore, the template for SPEs reporting includes BOP/IIP data only for onshore entities and, for each relevant indicator, data on SPEs.

48. The mission reviewed the compiled SPEs data template and found it adequate. Its limitations have been recognized—the partial application of the *BPM6* residence concept to the SPEs without physical presence and the inclusion of BOP/IIP of data covering only onshore entities. Considering the importance of disseminating data on SPEs, the mission recommended to fine tune the SPEs data template with the view of its submission to STA for dissemination. CIMA's approval is needed for the dissemination of financial SPEs data. While submitting to STA, a disclosure should be included stating the methodological inconsistencies and coverage limitations, as this way of presenting SPEs data will lead to difficulties in properly understanding the data.

Recommendations:

- ESO and CIMA: Continue the investigation of possible causes of discrepancies between the CPIS data and data in banks' balance sheets.
- ESO: Apply in IIP the short-term adjustments for portfolio investment assets, as recommended by the mission, to reduce the inconsistencies with the CPIS data.

⁸ <https://www.imf.org/en/Publications/TNM/Issues/2022/10/03/Special-Purpose-Entities-Guidelines-for-a-Data-Template-529451>.

- CIMA: Submit for approval to the Cabinet the CDIS report form and the *CDIS Guidance*.
- CIMA: Subject to the Cabinet's approval, launch the CDIS reporting for banking, insurance, and investment funds.
- ESO: Adjust the BOPS form for collecting data on debt liabilities between affiliates by country.
- ESO: Submit to STA the SPEs report for 2020-2022 with further regular submission.

E. OTHER ISSUES

49. The survey population for the BOPS has been revised and reduced. Until 2023, about 800 nonfinancial entities with physical presence had been covered by the BOPS that included multiple small companies with very limited inputs to cross-border activity (e.g., bars, restaurants, inland transportations, recreational service providers, and others). The ESO conducted a revision of the survey population before launching the 2023 BOPS, excluding reporters that have not reported cross-border transactions for three years and more as well as some of the small companies with little or no impact on cross-border activity. As a result, the survey population has been reduced to 476 nonfinancial entities, which significantly decreased the data collection burden and increased compilers' availability for conducting the validation and analysis of the reported data. During the assessment of reported data by the mission, additional entities have been identified that will be excluded from the BOPS in the next data collection round.

50. The ESO should initiate the compilation of BOP and IIP on a quarterly basis. The mission reiterated that the ESO should start the preparation for increasing the frequency of ESS by building a reduced list of reporters to be targeted for a quarterly survey that would include companies from each branch of activity with significant contributions to ESS. An extended list of the quarterly survey population would be applied for the annual BOP reporting. The quarterly survey should be launched as a pilot project at the beginning of 2025 so as to facilitate collection of quarterly data for four quarters. CIMA's full engagement would be crucial for reporting quarterly data for the financial sector. CIMA confirmed that the QPR for banks is available quarterly and committed to exploring the possibility of increasing the frequency of data for insurance companies (e.g., quarterly or semiannually).

51. The dissemination of BOP and IIP statistics does not meet the international dissemination standards which is six to nine months after the end of the reported year. Because the release of any statistics requires the Cabinet's notification, the ESO publishes these statistics only in December.

Recommendations:

- ESO: Prepare the list of targeted entities for quarterly reporting that would include the biggest companies from each branch of activity.
- ESO: Launch the pilot quarterly BOPS for the biggest entities within each branch of activity.
- ESO: Start compiling quarterly BOP and IIP on a pilot basis for the onshore non-financial sector.
- ESO: Submit to STA the BOP and IIP on a regular basis.
- CIMA: Submit to the ESO quarterly QPR for banks starting with data for Q1 2025.
- CIMA: Explore the possibility of increasing the frequency of data for insurance companies to quarterly (or, as an interim option, to semiannually).

F. OFFICIALS MET DURING THE MISSION

| Name | Position / Institution |
|-----------------------|--|
| Adolphus Laidlow | ESO |
| Ron Farier | ESO |
| Jermaine Ricketts | ESO |
| Selburn Christian | ESO |
| Yoshneck Mutomba | CIMA |
| Jackie Powell-Marsden | CIMA |
| Jerome Bailey | CIMA |
| David Forbes | CIMA |
| Ricardo Smith | Department of Tourism |
| Peter Stafford | Cayman Islands Tax Information Authority |
| Erika Bodden | Customs and Border Control |
| Luke LaPointe | Assistant Controller |

Appendices

APPENDIX I. PROGRESS MADE ON THE ACTION PLAN OF THE PREVIOUS MISSION

| Priority | Action/Milestone | Target Completion Date | Current Situation |
|--|--|--|---------------------|
| Outcome: Source data are adequate for the compilation of ESS. | | | |
| PR | ESO: Launch the collection of ESS data from the PSPB. | October 2023 | Completed |
| PR | ESO: Adjust the survey forms for ESS data collection based on changes recommended by the mission, and in consultation with the main reporters. | March 2024 | Partially completed |
| PR | ESO: Launch the collection of data through the adjusted survey forms. | April 2024 | Partially completed |
| H | ESO: Revise the compiled balance of payments and IIP for 2019–2021 by addressing inconsistencies identified during the mission. | November 2023 | Completed |
| H | ESO: Revise data on merchanting and nonmonetary gold based on updated reports from relevant entities. | November 2023 | Partially completed |
| H | ESO: Expand the coverage of ESS to include all private pension funds based on data from the Department of Labour and Pensions (DLP). | January 2024 | Completed |
| H | CIMA: Address the gaps in reported data for ESS's purpose by: <ul style="list-style-type: none"> (i) Reporting data on banks' liabilities in financial derivatives. (ii) Reporting data on banks' transactions in financial derivatives. (iii) Collecting data on all financial assets and liabilities of investment funds. | March 2024 <i>(subject to cabinet's approval)</i> | Not implemented |
| H | ESO: Continue the efforts for engaging CEC and CITIA in facilitating the data collection from SEZ entities. | June 2024 | In progress |
| M | ESO: Fine tune the consolidated balance of payments and IIP estimates covering data for financial SPEs with and without physical presence. | December 2023 | Not implemented |

| Priority | Action/Milestone | Target Completion Date | Current Situation |
|--|---|---|--|
| Outcome: Methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices. | | | |
| H | ESO/CIMA: Conduct a study on the feasibility of the strict application of the residence concept in the collection of the Cayman Islands' ESS data. | December 2023 | In progress |
| M | CIMA: Estimate financial account transactions for the financial sector with basic price and exchange rate adjustments (in close coordination with ESO). | June 2024 | Not implemented |
| M | ESO/CIMA: Based on the results of the study, adjust the report forms for separately identifying transactions and positions with SPEs without physical presence. | September 2024 | In progress |
| Outcome: A new data set has been compiled and disseminated internally and/or to the public. | | | |
| H | CIMA: Submit for approval to the cabinet the CDIS report form and the CDIS Guidance. | December 2023 | Not implemented, postponed to 2025 |
| M | ESO: Fill in the SPEs data template based on the revised balance of payments and IIP data for 2022. | January 2024 | Completed |
| M | ESO: Submit to IMF's Statistics Department (STA) the SPEs data template for 2022. | January 2024 | In progress (awaiting CIMA's approval) |
| M | CIMA: Submit to STA the CDIS metadata questionnaire. | March 2024 (subject to cabinet's approval) | Not implemented, postponed to 2025 |
| M | CIMA: Subject to the Cabinet's approval, launch the CDIS reporting for banking, insurance, and investment funds. | June 2024 | Not implemented, postponed to 2025 |
| M | CIMA: Compile preliminary CDIS estimates for banking, insurance, and investment funds. | August 2024 | Not implemented, postponed to 2025 |
| M | ESO: Initiate the preparation for the launch of the CDIS reporting for nonfinancial sector. | October 2024 | In progress |
| M | CIMA/ESO: Analyze the CDIS bilateral asymmetries with main counterparts to identify areas for improvement. | December 2024 | Not implemented, postponed to 2025 |
| Outcome: Improved periodicity, timeliness, and consistency of data. | | | |
| H | ESO: Prepare the list of targeted entities for quarterly reporting that would include the biggest companies from each branch of activity. | December 2023 | In progress |

| Priority | Action/Milestone | Target Completion Date | Current Situation |
|---|--|------------------------|-------------------|
| H | ESO: Launch the quarterly balance of payments survey on a trial basis from the defined biggest entities from each branch of activity. | March 2024 | In progress |
| M | ESO: Start compiling quarterly balance of payments and IIP on a pilot basis for onshore non-financial sector. | April 2024 | In progress |
| <i>Outcome: Data access to the public has improved through better formatting/framework presentations and/or assistance to users.</i> | | | |
| M | ESO: Submit to STA the balance of payments and IIP on a regular basis. | Ongoing | Completed |
| <i>Outcome: Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination.</i> | | | |
| M | ESO: Nominate staff responsible for compiling the balance of payments to courses on ESS organized by the International Monetary Fund (IMF) or other international organizations, and to take the ESS online courses. | Ongoing | Completed |

APPENDIX II. BREAKDOWN OF DATA ON PAYMENTS BY CREDIT AND DEBIT CARDS

| Type of Transaction by Credit/Debit Cards | Use in BOP Compilation |
|--|--|
| Foreign issued cards used at a domestic automated teller machine (ATM) | Travel services, export |
| Foreign issued cards used at a domestic point of sale | Travel services, export |
| Foreign issued cards used at a domestic e-commerce merchant | Transactions should be grouped by purpose of payment (e.g., payment for goods, payment for audio/video service, payment for tickets (air, train, etc.), payment for hotel/accommodation, payment for gambling, etc.). The registration in BOP will be according to the purpose of the payment. |
| Domestically issued cards used at an ATM abroad | Travel services, import |
| Domestically issued cards used at a point of sale abroad | Travel services, import |
| Domestically issued cards used at an e-commerce merchant abroad | Transactions should be grouped by purpose of payment (e.g., payment for goods, payment for audio/video service, payment for tickets (air, train, etc.), payment for hotel/accommodation, payment for gambling, etc.). The registration in BOP will be according to the purpose of the payment. |

APPENDIX III. SAMPLE REPORT FORM ON FINANCIAL DERIVATIVES

| Part A. Options (Report in thousands of USD) | | | | | | | | | |
|---|--------------|----------|--|----------|--|--|---|--------------|--|
| Risk Category | Transactions | | | | | | Changes in Value of Option Contracts During the Reporting Period (Other than Changes from Transactions) | | Outstanding Positions (Market Value) at End-Quarter |
| | Premiums | | Cash Settlements (No Delivery of Underlying Item) | | Value of Derivative Contract When Underlying Item is Delivered (i.e., Difference Between Strike Price and Market Price/Value) | | Increase (+) | Decrease (-) | |
| | Receipts | Payments | Receipts | Payments | Decrease in asset positions with delivery of underlying item | Decrease in liability positions with delivery of underlying item | | | |
| A | B | C | D | E | F | G | H | I | J |
| Bought options (total) | | | | | | | | | |
| Foreign exchange | | | | | | | | | |
| Single currency interest rate | | | | | | | | | |
| Equity | | | | | | | | | |
| Commodity | | | | | | | | | |
| Credit * | | | | | | | | | |
| Other | | | | | | | | | |
| Written options (total) | | | | | | | | | |
| Foreign exchange | | | | | | | | | |
| Single currency interest rate | | | | | | | | | |
| Equity | | | | | | | | | |
| Commodity | | | | | | | | | |
| Credit | | | | | | | | | |
| Other | | | | | | | | | |

* Includes credit default swaps

| Part B. Futures and Forwards (Report in thousands of USD) | | | | | | | |
|---|--|----------|--|--|---|--------------|---|
| Risk Category | Transactions | | | | Changes in Value of Futures and Forwards Contracts During the Reporting Period ** (Other than Changes from Transactions) | | Outstanding Positions (Market Value) at End-Quarter |
| | Cash Settlements (No Delivery of Underlying Item) | | Value of Derivative Contract When Underlying Item is Delivered (i.e., Difference Between Strike Price and Market Price/Value) | | Increase (+) | Decrease (-) | |
| | Receipts | Payments | Decrease in asset positions with delivery of underlying item | Decrease in liability positions with delivery of underlying item | | | |
| A | B | C | D | E | F | G | H |
| Assets positions (total) | | | | | | | |
| Foreign exchange | | | | | | | |
| Single currency interest rate | | | | | | | |
| Equity | | | | | | | |
| Commodity | | | | | | | |
| Credit | | | | | | | |
| Other | | | | | | | |
| Liability positions (total) | | | | | | | |
| Foreign exchange | | | | | | | |
| Single currency interest rate | | | | | | | |
| Equity | | | | | | | |
| Commodity | | | | | | | |
| Credit * | | | | | | | |
| Other | | | | | | | |
| * Includes credit default swaps | | | | | | | |
| ** If asset/liability positions switch, both a decrease in assets/liabilities and an increase in liabilities/assets should be recorded. | | | | | | | |

| Part C. Swaps (Report in thousands of USD) | | | | | | | |
|---|--|----------|--|---|---|--------------|--|
| Risk Category | Transactions | | | | Changes in Value of Swap Contracts During the Reporting Period ** (Other than Changes from Transactions) | | Outstanding Positions (Market Value) at End-Quarter |
| | Cash Settlements (No Delivery of Underlying Item) | | Value of Derivative Contract When Underlying Item is Delivered (i.e., Difference Between Strike Price and Market Price/Value) | | Increase (+) | Decrease (-) | |
| | Receipts | Payments | Decrease in asset positions with delivery of underlying item | Decrease in liability positions with delivery of underlying item | | | |
| A | B | C | D | E | F | G | H |
| Assets positions (total) | | | | | | | |
| Foreign exchange | | | | | | | |
| Single currency interest rate | | | | | | | |
| Equity | | | | | | | |
| Commodity | | | | | | | |
| Credit | | | | | | | |
| Other | | | | | | | |
| Liability positions (total) | | | | | | | |
| Foreign exchange | | | | | | | |
| Single currency interest rate | | | | | | | |
| Equity | | | | | | | |
| Commodity | | | | | | | |
| Credit * | | | | | | | |
| Other | | | | | | | |
| * Includes credit default swaps | | | | | | | |
| ** If asset/liability positions switch, both a decrease in assets/liabilities and an increase in liabilities/assets should be recorded. | | | | | | | |

| Part D. Financial Derivatives Positions with Nonresidents: Notional Value of Foreign-Currency and Foreign Currency-Linked Contracts * (Report in thousands of USD) | |
|--|--|
| Instrument | Outstanding Position at End-Quarter |
| A | B |
| <i>To receive foreign currency:</i> | |
| Forwards | |
| USD | |
| EUR | |
| GBP | |
| JPY | |
| RMB | |
| AUD | |
| CAD | |
| Other | |
| Options | |
| USD | |
| EUR | |
| GBP | |
| JPY | |
| RMB | |
| AUD | |
| CAD | |
| Other | |
| <i>To pay foreign currency:</i> | |
| Forwards | |
| USD | |
| EUR | |
| GBP | |
| JPY | |
| RMB | |
| AUD | |
| CAD | |
| Other | |
| Options | |
| USD | |
| EUR | |
| GBP | |
| JPY | |
| RMB | |
| AUD | |
| CAD | |
| Other | |
| * The composition of currency should be adjusted to reflect the economic characteristics of the Cayman Islands. | |