

# Business Surveys in the Financial Sector. ECFIN/2001/6, Final Report

**Report**

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# **Feasibility of EU Business Survey in the Financial Services Sector**

ECFIN/2003/A3-01

## **Final Report**

Study contracted by European Commission, DG ECFIN

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## Abbreviations

BTS: Business Tendency Survey(s)

BCS: Business and Consumer Surveys

FSS: Financial Services Sector

EFSS: European Financial Services Sector

## **1 Introduction**

Business tendency surveys (BTS) are already conducted in manufacturing, construction and parts of the service sector in the EU-countries, co-ordinated and supported by the DG ECFIN of the European Commission. The service sector is an increasing part of total economy and the demand for an expansion of the BTS to the other parts of this sector is increasing. Until now, the financial services sector (FSS) is not integrated in the joint harmonised EU programme of Business and Consumer Surveys. The broad set of quantitative data available for banks and insurance is mostly covering items of the balance sheet or monetary indicators and therefore not helpful for short-term economic analysis of cyclical evolution in this sector. Only few data is available on the development of the value added and no information exists about the expectations in this sector. This gap could be filled by a BTS.

In this study we evaluate the feasibility of a qualitative survey in the FSS in the European Union. But before entering the discussion of feasibility, we give some insight into the economic importance and cyclical behaviour of the financial services sector to supply evidence for affirmative arguments for the desirability of a qualitative survey. Chapter 2 describes economic importance and cyclical behaviour not only for total EU but also for the individual countries.

To support the assessment of the technical feasibility we conducted two ad-hoc surveys. One ad-hoc survey was addressed to financial intermediaries in the EU-25 area plus Switzerland and focussed on the availability of information for selected indicators and on the preferences of financial intermediaries concerning survey modes, languages and results from a periodical qualitative survey. The first survey was addressed to all survey institutions contracted by the European Commission who conduct harmonised Business Tendency Surveys. The survey institutions have been asked about their interest of conducting a BTS in the FSS and their preferences concerning modes, languages and results.

The assessment of the feasibility in chapter 3 is divided in different subchapters, the discussed problem of some of them are similar to the traditional BTS: Indicators, mode of survey, language, response rate and weighting. They are adapted to the particular situation of the FSS.

While the present scope and infrastructure of business tendency surveys (BTS) is mainly national, the business in the Financial Services Sector is increasingly multinational or global, Therefore we discuss the feasibility of a European scope of a BTS. It raises new questions especially with respect to sampling method, confidentiality, publication of results and costs.

The assessment ends with a summary over all discussed aspects and is the basis for the methodological guide in chapter 4.

These findings for a feasibility of a EU-wide business survey in the financial sector are not only relevant for the sector itself, but might also be of interest for other sectors with high concentration and/or multinational or global business activities (i.e. Transport, storage and communication).

## 2 *The European Financial Services Sector*

Business Tendency Surveys are conducted to gather current information on business cycle movements mainly measured by growth rates of value added and to signal changes in the labour market. Any BTS is costly not only for the survey institution but also for the participating firm. An expansion to the Financial Services Sector should therefore provide additional business cycle information. Before starting with the assessment of the technical feasibility of a BTS in the European Financial Services Sector, we therefore first give in this Chapter some insight into the importance of the Financial Services Sector in the European Economy, measured by value added. Moreover we check if there are different cyclical movements between the GDP and the value added of this sector.

### 2.1 Importance

A few measures to show the importance of the financial sector within the economy are presented in Table 1 and 2. These measures are based on nominal value added of the financial sector (NACE Ref. 1, Sector J) and on nominal value added of all sectors. The first measure presented in column (a) of Table 1 shows the share of the financial sector within each country, calculated by averages of value added of the years 1998 to 2001. The second measure in column (b) shows for each country the correlation of the financial sector with the whole economy, calculated by correlations of the year-to-year growth rates of value added from 1993 to 2001. Additional measures are the share of the financial sectors of the individual countries compared to the aggregate financial sector of the EU-15 area (column c) and of the Euro area (column d).

Measured by the average of the years 1998-2001 the share of the financial sector is 5.1% for both, the EU-15 area and the Euro area. The FSS is therefore an important part of the economy. In the period from 1993 to 2001 the financial sector of the Euro area is not correlated (0.03) with the whole economy of the Euro area while for the EU-15 area there is a rather small positive correlation of 0.2. This indicates that the business cycles of the FSS and the whole economy had only small or no co-movement within the period of observation.

The financial sector of the Euro area has a share of 77% of the same sector in the EU-15 area, with a correlation of 76%. Therefore the Euro area is a rather good estimator of the EU-15 area. Figure 1 contains the growth rates of the financial sector and the whole economy (GDP). The time series indicate a similar movement of the growth rates of the financial sectors in the Euro area and the EU-15 area, but also the loose connection to the respective GDP growth rates.

The statistics in Table 1 and 2 show a lot of heterogeneity in the European Financial Sector. The share of the financial sector within the national economy in Table 1 (column a) ranges from 1.4% in Portugal to a very high share of 26.3% in Luxemburg. Despite of this high share, the correlation (column b) between the financial sector of Luxemburg and the whole economy is 0.1 only. The closest connection between the financial sector and the whole economy is in Italy (correlation 0.84), Hungary (0.91) and Norway (0.85); considering the relatively small share of the FSS in total economy these results seems to be accidental. In Denmark (-0.23) and Poland (-0.36) there is a noteworthy negative connection.

The financial sectors of the four biggest countries, Germany, France, Italy and United Kingdom sum up together to 72% of the financial sector of the EU-15 area (column c). The share of Germany, France and Italy within the Euro area financial sector is 69% (column d).

**Table 1 Importance of Value Added of the Financial Sector**

		Share from all sectors, average 1998-2001 (a)	Correlation with all sectors, 1993-2001 (b)	Share within Financial Sector	
				of EU-15 (c)	of Euro area (d)
EU-15		5.1%	0.20		
Euro area		5.1%	0.03	77.0%	
DE, FR, IT, UK		5.0%	0.36	72.0%	
DE, FR, IT		4.9%	0.05	53.2%	69.0%
Austria	AT	5.6%	0.62	2.7%	3.6%
Belgium	BE	6.2%	0.24	3.5%	4.6%
Germany	DE	4.5%	0.49	21.3%	27.7%
Greece	GR	5.5%	0.36	1.6%	2.0%
Spain	ES	5.3%	0.68	7.5%	9.7%
France	FR	4.7%	0.26	15.7%	20.3%
Finland	FI	3.6%	0.28	1.1%	1.4%
Ireland	IE	.	.	.	.
Italy	IT	6.0%	0.84	16.2%	21.0%
Luxemburg	LU	26.3%	0.10	1.2%	1.6%
Netherlands	NL	6.2%	0.78	5.8%	7.5%
Portugal	PT	1.4%	0.25	0.4%	0.5%
Denmark	DK	5.1%	-0.23	2.0%	
United Kingdom	UK	5.4%	0.65	18.9%	
Sweden	SE	3.6%	0.40	2.1%	
Cyprus	CY	6.8%	0.23		
Czech Republic	CZ	3.3%	-0.08		
Estonia	EE	3.7%	0.63		
Hungary	HU	3.8%	0.91		
Lithuania	LT	2.2%	-0.13		
Latvia	LV	4.3%	0.81		
Malta	MT	3.5%	.		
Poland	PL	2.0%	-0.36		
Slovenia	SI	4.4%	0.67		
Slovakia	SK	3.8%	0.64		
Switzerland	CH	13.8%	0.28		
Norway	NO	3.7%	0.85		

Source: Eurostat, nominal value added of financial sector and all sectors

Notes: Missing data for financial sector of Ireland, therefore IE not included in EU-15 and Euro area

## 2.2 Growth and Co-movement

In Table 2 the growth rate of nominal value added of the financial sector and the growth contribution of the financial sector to the whole economy are presented. The growth rates and also growth contribution differs considerably between countries.

**Figure 1 Growth Rates of Value Added, EU-15 and Euro Area**

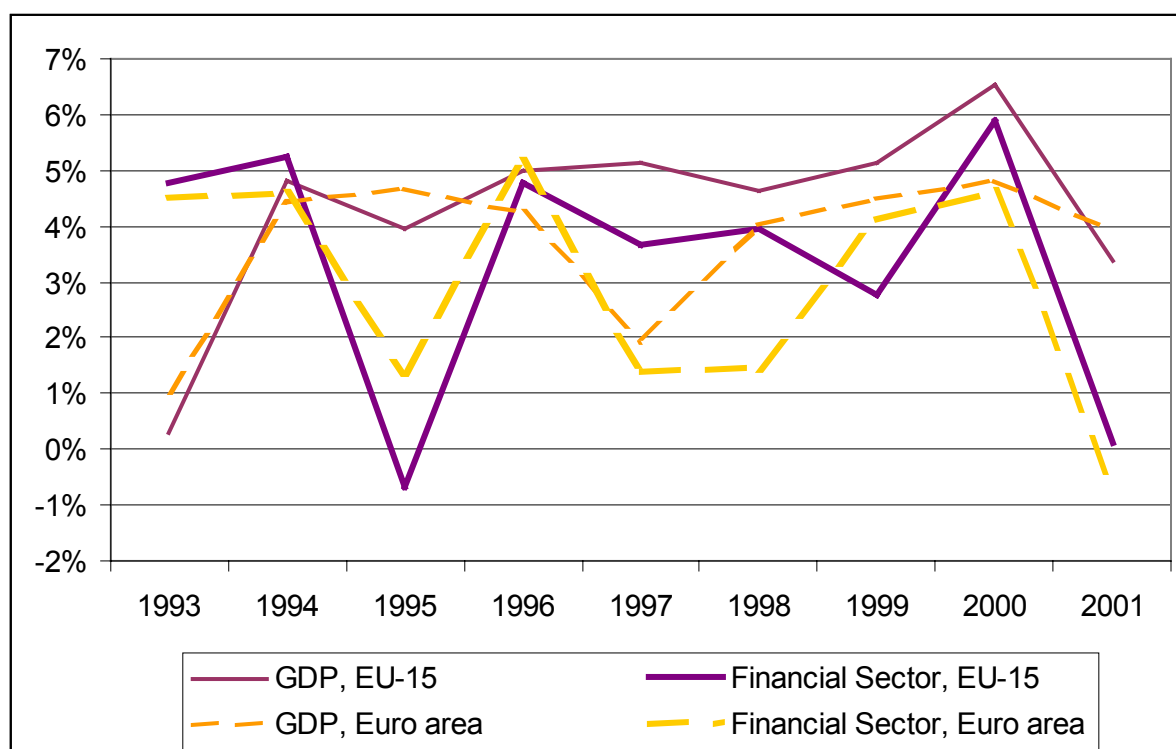


Table 3 shows the connection between the financial markets in the EU-15 area plus Norway and Switzerland, measured by the correlation of the growth rates of value added from 1993 to 2001. The low coherence between the individual countries and the EU is remarkable, only for France and United Kingdom the coefficient is higher than 0.6. For most other countries the connection is very loose or even non-existing. Moreover, there are virtually no significant co-movements between the different countries.

We have already seen that the share of the big countries within the financial sector of the EU-15 area or the Euro area is relatively high. Looking at the co-movement of these aggregates it is very impressive to see the high importance of the big countries. The correlation coefficients between the growth rates in the financial sectors in Table 3 show that the aggregate financial sector of Germany, France, Italy and United Kingdom is highly correlated (0.98) with the financial sector of the EU-15 area. The aggregate of Germany, France and Italy correlates highly (0.97) with the financial sector of the Euro area.

The co-movement of these aggregates in the financial sector is visually represented in Figure 2, where the growth rates of the financial sectors for the EU-15 area and the Euro area are plotted together with the respective growth rates for the two groups of big countries.



**Table 2 Growth Contribution of the Financial Sector**

		Growth rate of Financial Sector, 1993-2001 (a1)	Standard deviation (a2)	Growth Contribution, 1993-2001 (b1)	Standard deviation (b2)
EU-15		3.4%	2.3%	0.18%	0.12%
Euro area		3.0%	2.1%	0.16%	0.11%
DE, FR, IT, UK		2.7%	3.5%	0.14%	0.19%
DE, FR, IT		1.8%	3.6%	0.09%	0.19%
Austria	AT	2.2%	5.0%	0.14%	0.31%
Belgium	BE	2.8%	5.1%	0.18%	0.32%
Germany	DE	0.3%	7.2%	0.03%	0.35%
Greece	GR	9.8%	13.8%	0.42%	0.59%
Spain	ES	5.2%	8.1%	0.27%	0.42%
France	FR	3.3%	7.8%	0.16%	0.38%
Finland	FI	7.5%	13.4%	0.25%	0.44%
Ireland	IE	.	.	.	.
Italy	IT	2.7%	8.4%	0.15%	0.50%
Luxemburg	LU	16.6%	20.6%	3.24%	3.23%
Netherlands	NL	9.3%	5.5%	0.52%	0.28%
Portugal	PT	6.9%	11.5%	0.08%	0.13%
Denmark	DK	6.0%	6.5%	0.29%	0.32%
United Kingdom	UK	5.7%	8.8%	0.32%	0.55%
Sweden	SE	1.5%	11.5%	0.04%	0.45%
Cyprus	CY	11.5%	8.8%	0.67%	0.54%
Czech Republic	CZ	5.2%	30.2%	0.00%	1.06%
Estonia	EE	22.4%	16.4%	0.81%	0.58%
Hungary	HU	16.8%	39.6%	0.68%	1.73%
Lithuania	LT	12.5%	22.0%	0.39%	1.06%
Latvia	LV	36.8%	62.2%	1.35%	2.33%
Malta	MT	.	.	.	.
Poland	PL	27.5%	12.6%	0.40%	0.18%
Slovenia	SI	13.1%	19.5%	0.47%	0.69%
Slovakia	SK	8.5%	23.1%	0.32%	1.06%
Switzerland	CH	4.5%	9.1%	0.50%	1.17%
Norway	NO	2.7%	3.8%	0.11%	0.16%

Source: Eurostat, nominal value added of financial sector and all sectors

Notes: Missing data for financial sector of Ireland, therefore IE not included in EU-15 and Euro area

The high importance of the big countries holds not only for the financial sector but also for the whole economy. The correlation coefficients between the growth rates of nominal value added of the whole economy (GDP) are presented in Table 4. The aggregate total value added of Germany, France, Italy and United Kingdom is highly correlated (0.94) with the value added of the EU-15 area. The aggregate of Germany, France and Italy correlates highly (0.94) with total value added of the Euro area. The co-movement between the

aggregates of countries considered is only slightly higher in the financial sector than in the whole economy.

**Table 3 Correlation of Financial Sectors in EU-15 + NO + CH**

	EU-15	Euro area	DE-FR-IT-UK	DE-FR-IT	AT	BE	DE	GR	ES	FR	FI	IE	IT	LU	NL	PT	DK	GB	SE	CH	NO	
EU-15	1.00	0.76	0.98	0.80	-0.07	0.24	0.24	-0.14	-0.52	0.67	0.06	.	0.35	0.25	-0.42	0.27	0.49	0.62	0.19	0.56	0.34	
Euro area	0.76	1.00	0.74	0.97	0.21	0.45	0.43	-0.02	-0.72	0.88	0.01	.	0.18	0.47	-0.12	-0.26	0.10	-0.03	0.48	0.29	0.53	
DE-FR-IT-UK	0.98	0.74	1.00	0.82	-0.09	0.33	0.38	-0.19	-0.63	0.62	-0.11	.	0.26	0.28	-0.45	0.29	0.48	0.63	0.07	0.54	0.27	
DE-FR-IT	0.80	0.97	0.82	1.00	0.16	0.52	0.57	-0.13	-0.84	0.82	-0.13	.	0.11	0.45	-0.18	-0.16	0.14	0.09	0.36	0.36	0.44	
AT	-0.07	0.21	-0.09	0.16	1.00	0.35	0.34	-0.49	-0.32	-0.04	0.24	.	-0.10	-0.36	0.64	-0.57	0.23	-0.43	0.19	-0.04	-0.23	
BE	0.24	0.45	0.33	0.52	0.35	1.00	0.75	0.11	-0.76	0.08	-0.39	.	-0.20	0.40	-0.05	-0.06	0.26	-0.11	-0.17	0.07	-0.36	
DE	0.24	0.43	0.38	0.57	0.34	0.75	1.00	-0.43	-0.92	0.27	-0.39	.	-0.62	0.31	0.29	-0.14	0.24	-0.08	-0.13	0.05	-0.32	
GR	-0.14	-0.02	-0.19	-0.13	-0.49	0.11	-0.43	1.00	0.34	-0.08	-0.11	.	0.40	0.48	-0.58	0.11	-0.36	-0.16	0.01	-0.16	0.19	
ES	-0.52	-0.72	-0.63	-0.84	-0.32	-0.76	-0.92	0.34	1.00	-0.50	0.37	.	0.30	-0.35	-0.07	0.14	-0.21	0.00	-0.06	-0.23	0.01	
FR	0.67	0.88	0.62	0.82	-0.04	0.08	0.27	-0.08	-0.50	1.00	0.17	.	0.01	0.53	-0.03	-0.28	-0.03	-0.03	0.57	0.18	0.66	
FI	0.06	0.01	-0.11	-0.13	0.24	-0.39	-0.39	-0.11	0.37	0.17	1.00	.	0.12	-0.27	0.32	-0.20	0.01	-0.04	0.60	0.27	0.06	
IE	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
IT	0.35	0.18	0.26	0.11	-0.10	-0.20	-0.62	0.40	0.30	0.01	0.12	.	1.00	-0.24	-0.62	0.19	-0.05	0.27	0.38	0.50	0.50	
LU	0.25	0.47	0.28	0.45	-0.36	0.40	0.31	0.48	-0.35	0.53	-0.27	.	-0.24	1.00	-0.32	-0.20	0.01	-0.11	-0.10	-0.39	0.12	
NL	-0.42	-0.12	-0.45	-0.18	0.64	-0.05	0.29	-0.58	-0.07	-0.03	0.32	.	-0.62	-0.32	1.00	-0.45	-0.05	-0.56	0.26	-0.20	-0.22	
PT	0.27	-0.26	0.29	-0.16	-0.57	-0.06	-0.14	0.11	0.14	-0.28	-0.20	.	0.19	-0.20	-0.45	1.00	0.27	0.76	-0.29	0.55	-0.14	
DK	0.49	0.10	0.48	0.14	0.23	0.26	0.24	-0.36	-0.21	-0.03	0.01	.	-0.05	0.01	-0.05	0.27	1.00	0.62	-0.52	0.04	-0.48	
GB	0.62	-0.03	0.63	0.09	-0.43	-0.11	-0.08	-0.16	0.00	-0.03	-0.04	.	0.27	-0.11	-0.56	0.76	0.62	1.00	-0.37	0.49	-0.13	
SE	0.19	0.48	0.07	0.36	0.19	-0.17	-0.13	0.01	-0.06	0.57	0.60	.	0.22	-0.10	0.26	-0.29	-0.52	-0.37	1.00	0.46	0.65	
CH	0.56	0.29	0.54	0.36	-0.04	0.07	0.05	-0.16	-0.23	0.18	0.27	.	0.38	-0.39	-0.20	0.55	0.04	0.49	0.46	1.00	0.21	
NO	0.34	0.53	0.27	0.44	-0.23	-0.36	-0.32	0.19	0.01	0.66	0.06	.	0.50	0.12	-0.22	-0.14	-0.48	-0.13	0.65	0.21	1.00	

Source: Eurostat, nominal value added of financial sector and all sectors

Note: correlations are measured by growth rates of value added from 1993-2001

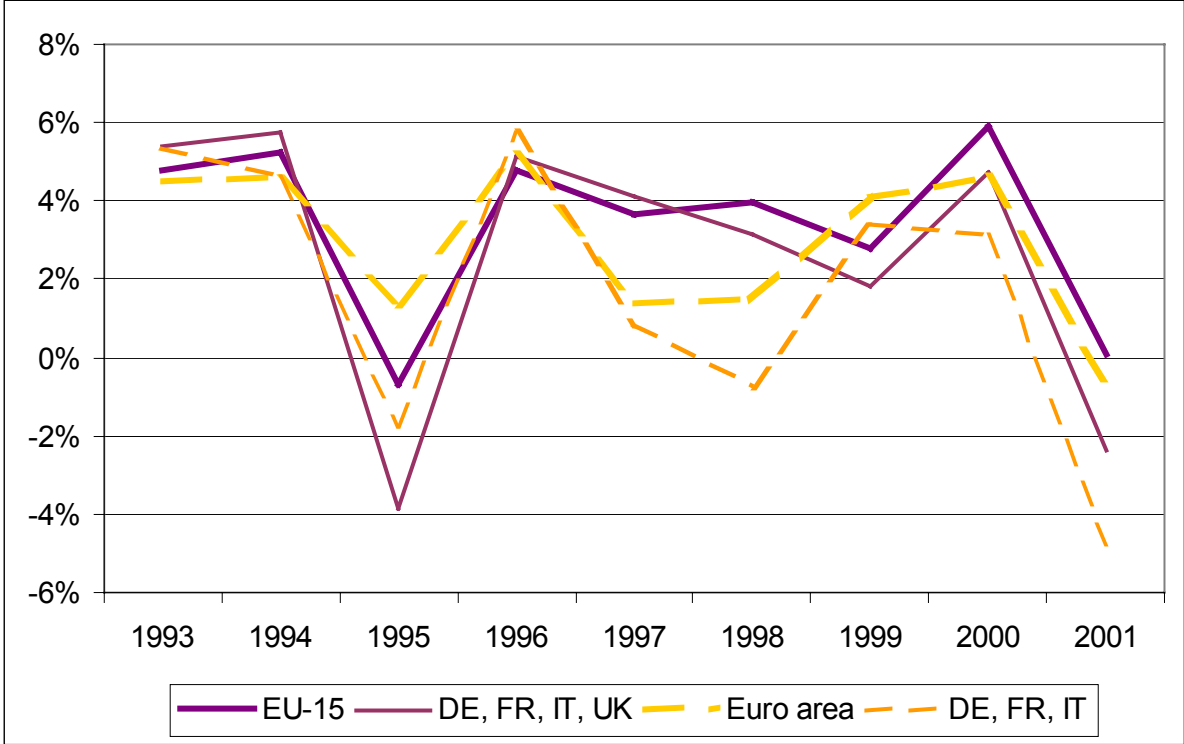
**Table 4 Correlation of GDP in EU-15 + NO + CH**

	EU-15	Euro area	DE-FR-IT-UK	DE-FR-IT	AT	BE	DE	GR	ES	FR	FI	IE	IT	LU	NL	PT	DK	GB	SE	CH	NO
EU-15	1.00	0.69	0.94	0.56	-0.41	-0.18	-0.56	0.30	0.78	-0.19	0.65	0.71	0.73	-0.09	-0.28	0.80	0.19	0.62	0.91	0.30	0.60
Euro area	0.69	1.00	0.42	0.94	0.12	0.16	-0.03	0.05	0.76	0.37	0.69	0.13	0.47	-0.23	0.22	0.74	0.51	-0.13	0.76	0.14	0.33
DE-FR-IT-UK	0.94	0.42	1.00	0.34	-0.55	-0.30	-0.69	0.29	0.61	-0.35	0.46	0.77	0.74	0.01	-0.47	0.61	-0.02	0.82	0.78	0.35	0.56
DE-FR-IT	0.56	0.94	0.34	1.00	0.22	0.17	0.04	-0.01	0.59	0.45	0.54	-0.09	0.47	-0.22	0.15	0.53	0.54	-0.25	0.71	0.08	0.20
AT	-0.41	0.12	-0.55	0.22	1.00	0.87	0.95	-0.57	-0.44	0.88	-0.05	-0.80	-0.72	0.56	0.83	-0.42	0.60	-0.74	-0.26	0.32	-0.13
BE	-0.18	0.16	-0.30	0.17	0.87	1.00	0.88	-0.42	-0.41	0.70	0.26	-0.52	-0.71	0.62	0.78	-0.29	0.75	-0.45	-0.13	0.44	-0.05
DE	-0.56	-0.03	-0.69	0.04	0.95	0.88	1.00	-0.53	-0.58	0.74	0.00	-0.81	-0.85	0.45	0.80	-0.48	0.58	-0.76	-0.42	0.17	-0.32
GR	0.30	0.05	0.29	-0.01	-0.57	-0.42	-0.53	1.00	0.32	-0.70	0.16	0.66	0.52	-0.54	-0.57	0.38	0.07	0.36	0.41	-0.56	0.45
ES	0.78	0.76	0.61	0.59	-0.44	-0.41	-0.58	0.32	1.00	-0.13	0.50	0.60	0.75	-0.44	-0.16	0.94	-0.06	0.28	0.73	-0.02	0.44
FR	-0.19	0.37	-0.35	0.45	0.88	0.70	0.74	-0.70	-0.13	1.00	-0.04	-0.74	-0.47	0.49	0.82	-0.22	0.41	-0.69	-0.14	0.47	-0.15
FI	0.65	0.69	0.46	0.54	-0.05	0.26	0.00	0.16	0.50	-0.04	1.00	0.34	0.25	-0.24	0.11	0.70	0.60	0.16	0.65	0.10	0.22
IE	0.71	0.13	0.77	-0.09	-0.80	-0.52	-0.81	0.66	0.60	-0.74	0.34	1.00	0.64	-0.24	-0.56	0.65	-0.24	0.85	0.54	-0.03	0.56
IT	0.73	0.47	0.74	0.47	-0.72	-0.71	-0.85	0.52	0.75	-0.47	0.25	0.64	1.00	-0.56	-0.70	0.65	-0.20	0.51	0.74	-0.21	0.37
LU	-0.09	-0.23	0.01	-0.22	0.56	0.62	0.45	-0.54	-0.44	0.49	-0.24	-0.24	-0.56	1.00	0.46	-0.44	0.14	0.07	-0.21	0.76	0.14
NL	-0.28	0.22	-0.47	0.15	0.83	0.78	0.80	-0.57	-0.16	0.82	0.11	-0.56	-0.70	0.46	1.00	-0.16	0.42	-0.63	-0.31	0.47	-0.02
PT	0.80	0.74	0.61	0.53	-0.42	-0.29	-0.48	0.38	0.94	-0.22	0.70	0.65	0.65	-0.44	-0.16	1.00	0.10	0.31	0.78	-0.10	0.39
DK	0.19	0.51	-0.02	0.54	0.60	0.75	0.58	0.07	-0.06	0.41	0.60	-0.24	-0.20	0.14	0.42	0.10	1.00	-0.34	0.40	0.11	0.24
GB	0.62	-0.13	0.82	-0.25	-0.74	-0.45	-0.76	0.36	0.28	-0.69	0.16	0.85	0.51	0.07	-0.63	0.31	-0.34	1.00	0.39	0.24	0.42
SE	0.91	0.76	0.78	0.71	-0.26	-0.13	-0.42	0.41	0.73	-0.14	0.65	0.54	0.74	-0.21	-0.31	0.78	0.40	0.39	1.00	0.04	0.58
CH	0.30	0.14	0.35	0.08	0.32	0.44	0.17	-0.56	-0.02	0.47	0.10	-0.03	-0.21	0.76	0.47	-0.10	0.11	0.24	0.04	1.00	0.33
NO	0.60	0.33	0.56	0.20	-0.13	-0.05	-0.32	0.45	0.44	-0.15	0.22	0.56	0.37	0.14	-0.02	0.39	0.24	0.42	0.58	0.33	1.00

Source: Eurostat, nominal value added of financial sector and all sectors

Note: correlations are measured by growth rates of value added from 1993-2001

**Figure 2** Growth Rates of Value Added in the Financial Sector  
EU-15 and Euro Area and Groups of big Countries



### **3 Assessment of Technical Feasibility**

#### **3.1 Introduction**

The main purpose of this study is an assessment of the technical feasibility of implementing a EU-wide business survey in the financial services sector. This assessment includes detailed reasoning and precise conclusions on issues related to:

- Indicators
- Modes of survey
- Languages
- Interest for results
- Options of conducting surveys
- Sampling method
- Weighting system
- Periodicity
- Timeliness
- Confidentiality

#### **3.2 Ad-hoc Surveys**

For some of the issues listed above, several versions have to be evaluated and it is a priori not known what are the preferences of potential participants of a BTS in the financial sector. However, the preferences of the financial intermediaries, i.e. the ability to meet the needs of the potential respondents is expected to have an impact on the acceptance of such a survey.

The institutions already contracted by the European Commission to conduct harmonised business surveys are serious candidates to conduct a qualitative survey in the financial sector. The preferences of these institutions with respect to a survey in the financial sector are not known a priori. However, the preferences of the survey institutions are expected to have an impact on the interest in and the acceptance of such a survey.

To support the assessment of the technical feasibility we conducted two ad-hoc surveys. The first survey was addressed to all survey institutions who conduct harmonised Business Tendency Surveys contracted by the European Commission. The respective “Questionnaire for Survey Institutions” is available in the Appendix. It has been distributed in the EU workshop on recent developments in business and consumer surveys in November 2003 or has been sent by e-mail to contact persons. This survey has been answered by 14 institutions.

The second ad-hoc survey was addressed to financial intermediaries in the EU-25 area plus Norway and Switzerland. This survey is called “Questionnaire for Data Availability” and is also placed in the Appendix. The sample has been selected out of the database BankScope. A short description of BankScope and the structure of the frame list of this ad hoc survey is available in the Appendix. The sample size resulted out of two selection criterion. With one criterion it was intended to allow for publication of results for individual countries. Therefore up to 50 companies had been selected per country. With the other criterion applied, it was intended to allow for publication of results for different banking groups (i.e. Commercial Bank, Savings Bank, Investment Bank). Therefore up to 50 companies had been selected per banking group for each of the following countries: Germany, United Kingdom, France, Italy and Switzerland. With these two criterion an aggregate sample of about 2200 companies had been selected. In early June 2004 a paper questionnaire has been sent out by postal mail to about 2200 companies. Because of incorrect addresses, about 10% of the envelopes had been returned by national postal mail services. This is a rather high share of incorrect addresses and leaves doubts about the reliability of the data set. The response of 73 answers by paper questionnaire was unsatisfactory.

Out of the companies who did not respond to the paper questionnaire, 200 valid e-mail addresses had been searched in the internet. These companies had been addressed by e-mail in September 2004. The e-mails included individualized links<sup>1</sup> to an online questionnaire. Again, the response has been rather low, only 13 additional companies responded by the online questionnaire.

Together with results from telephone interviews there is a sample called “Total” of 89 responses to the “Questionnaire for Data Availability”. Since the response of this ad-hoc survey is low, we cannot present results on country level or for different banking groups as had been intended with the selection of the sample. However, the responses available allow to create two sub-samples. One sub-sample is called “Domestic” and is created out of 63 companies with business activity in a region or a country of domicile only. Another sub-sample called “Europe” has been created out of 26 companies with business activity in the Euro area, EU-15 area or EU-25 area.

Table 5 shows an overview on the sample design and the questions used in the two ad-hoc surveys.

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<sup>1</sup> The links contained a password specified as a 32-digit hash-value.

**Table 5 Ad-hoc surveys**

	Questionnaire for Data Availability (addressed to financial intermediaries)	Questionnaire for Survey Institutions (addressed to survey institutions)
Sample	<ul style="list-style-type: none"> <li>➤ Sent to 2200 companies in EU-25, Norway and Switzerland</li> <li>➤ Recall for 200 companies by e-mail</li> <li>➤ 89 responses               <ul style="list-style-type: none"> <li>➤ No country results</li> <li>➤ Sub-sample "Domestic", 63 responses</li> <li>➤ Sub-sample "Europe", 26 responses</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Distributed in BCS workshop in November 2003</li> <li>➤ Recall by e-mail to a few institutions</li> <li>➤ 14 responses</li> </ul>
Questions	<ul style="list-style-type: none"> <li>➤ Availability of information               <ul style="list-style-type: none"> <li>➤ Indicators</li> <li>➤ Periodicity (monthly, quarterly)</li> <li>➤ Geographical areas</li> </ul> </li> <li>➤ Mode of survey</li> <li>➤ Language               <ul style="list-style-type: none"> <li>➤ For questionnaires</li> <li>➤ For results</li> </ul> </li> <li>➤ Interest for results               <ul style="list-style-type: none"> <li>➤ Geographical areas</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Interest for conducting BTS               <ul style="list-style-type: none"> <li>➤ Different options of conducting a survey</li> <li>➤ Different grant options (cost coverage)</li> </ul> </li> <li>➤ Mode of survey</li> <li>➤ Language               <ul style="list-style-type: none"> <li>➤ For questionnaires</li> <li>➤ For results</li> </ul> </li> <li>➤ Interest for results               <ul style="list-style-type: none"> <li>➤ Geographical areas</li> </ul> </li> </ul>

The results of these two ad-hoc surveys are integrated in the assessment of the respective topics in chapters 3.3 to 3.7.

### 3.3 Indicators

The list of indicators to be considered in a BTS in the financial services sector mostly corresponds to the recommendation of the study „Business Surveys in the Financial Sector“, ECFIN/2001/6 with respect to the questionnaire for the financial services sector.

The list of indicators is thoroughly discussed in ECFIN/2002/6. The usefulness of the questions has been proved by the pilot study for a business survey in the financial sector, conducted within the framework of the study ECFIN/2001/6 and by the use of similar questions within the regular surveys conducted by KOF in the Swiss banking and insurance sector. The questions of the joint harmonised EU programme for the services sector are also applicable to the financial services sector. In addition to the monthly questions of the harmonised programme, three quarterly questions were suggested, which focus on the development of income, costs and profitability.

### 3.3.1 Questionnaire evaluated in a former study

#### Monthly

- We assess our business situation as: good / satisfactory / bad
- The evolution of demand in recent months has been: up / unchanged / down
- The evolution of demand in the coming months will be: up / unchanged / down
- The evolution of our full-time adjusted employment in recent months has been: up / unchanged / down
- The evolution of our full-time adjusted employment in the coming months will be: up / unchanged / down

#### Quarterly

- The development of our operating income in the last three months, compared to the previous three months, has been: up / unchanged / down
- The development of our operating costs in the last three months, compared to the previous three months, has been: up / unchanged / down

### 3.3.2 Actualised questionnaire

The wording of the questions evaluated in ECFIN/2002/6 does not yet follow the new formulations of the joint harmonised EU programme of BTS in the services sector. To keep comparability with the other BTS of the programme we adapt the new formulations:

#### Monthly

- How has your business activity developed over the past 3 months? It has improved / remained unchanged / deteriorated
- How has demand changed over the past 3 months? It has increased / remained unchanged / decreased
- How do you expect the demand to change over the next 3 months? It will increase / remain unchanged / decrease
- How has your full-time adjusted employment changed over the past 3 months? It has increased / remained unchanged / decreased
- How do you expect your full-time adjusted employment to change over the next 3 months? It will increase / remain unchanged / decrease

### Quarterly

- How has your operating income changed over the past 3 months? It has increased / remained unchanged / decreased
- How have your operating costs changed over the past 3 months? They have increased / remained unchanged / decreased

In addition, a question on the past development of profitability is added.

- How has your profitability changed over the past 3 months? It has increased / remained unchanged / decreased

The main difference in the wording compared with the questions evaluated in ECFIN/2002/6 concerns the first question. In the earlier version, an assessment of the business situation has been asked. With the new formulation, the question is related to the change of the business activity. This is another type of question. Unfortunately no assessment-type of question – a characteristic type of qualitative questions – is left in the new question-programme.

Additionally, the period under observation is now explicitly defined as three months for all five questions of the harmonised programme in the services sector, which improves the quality of the information of the collected data.

The net effect of the evolution of operating income and operating costs is not clearly defined by the two effects. The additional question on the past development of profitability clarifies the net effect. This will produce redundancies for some situations. If the operating income of a company increases and operating costs decrease, operating profits are obviously increasing. If alternatively operating costs are increasing too, the development of operating profits is not identified. Asking all three questions is necessary to identify the direction of change for all three items.

### 3.3.3 Accounting standards

Currently, each country has its own accounting standard, stipulated by local authorities. Although differences from country to country are small, they make it difficult to compare results from companies in various countries and impossible to consolidate results from subsidiaries in various countries using different local GAAP (Generally Accepted Accounting Practice) standards. Because of these difficulties of comparison and the need of investors for transparency in accounts, there exists a clear trend to report in IFRS<sup>2</sup> (International Financial Reporting Standards), even when companies do not have to fulfil this higher standard.

In accordance with the regulation of the EU council of the ministers of June 2002, which is one of the measures of the Financial Services Action Plan (FSAP), the IFRS rules are valid from 2005 for every corporation quoted on the stock exchange. This implies that financial corporations which are not admitted to official quotation are not bound to expose their consolidated accounts under the IFRS rules. It is not to exclude that single EU states are

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<sup>2</sup> Formerly known as IAS (International Accounting Standards)



willing to extend this more demanding rules to financial corporations not admitted to official quotation and to individual company closings.<sup>3</sup> The agreements of Basel II, the necessity to demonstrate modernity and transparency or a planned admission in the stock market could foster small and medium sized businesses and other not quoted companies to go over the minimal legal claims and to present more detailed revised closings.<sup>4</sup>

The IFRS rules imply a division in the income statement similar to the quarterly indicators suggested to use as a question in a BTS in the financial sector. “Operating income”, “operating expenses (or costs)” and “profit from operations” are positions in the income statement according to IFRS. If operating costs should not be listed separately, they can be obtained by subtraction.<sup>5</sup> As the availability of information for these indicators is required by the accounting rules for an increasing part of financial intermediaries, this supports the use of questions with respect to the same indicators in a Business Tendency Survey.

### 3.3.4 Results from the ad-hoc survey

In the ad-hoc survey “Questionnaire for Data Availability”, which had been addressed to financial intermediaries operating in the European Financial Services Sector we evaluated the frequency of new information available for the list of indicators suggested for a BTS in the financial sector. The results will later be used to evaluate the periodicity of a BTS in the financial services sector. The financial intermediaries had been asked “How frequently do you have new information available to indicate tendencies for the following figures of your company's business.”

- Demand for financial services
- Number of employees
- Operating income
- Operating costs

The response categories are “quarterly” and “monthly”. The results are the following:

- The frequency of information available is equally judged for the indicators demand for financial services, number of employees, operating income and operating costs.
- There are practically no missing values for these questions. This implies that information about the evolution of these indicators is regularly available for the respondents and therefore these indicators are well suited for a qualitative survey.
- For 2/3 of the respondents information about these indicators is monthly available. Almost all the other respondents have quarterly information available.
- Monthly frequency for information about indicators is more common for companies doing business in more than one country than for companies only operating in their domestic market.

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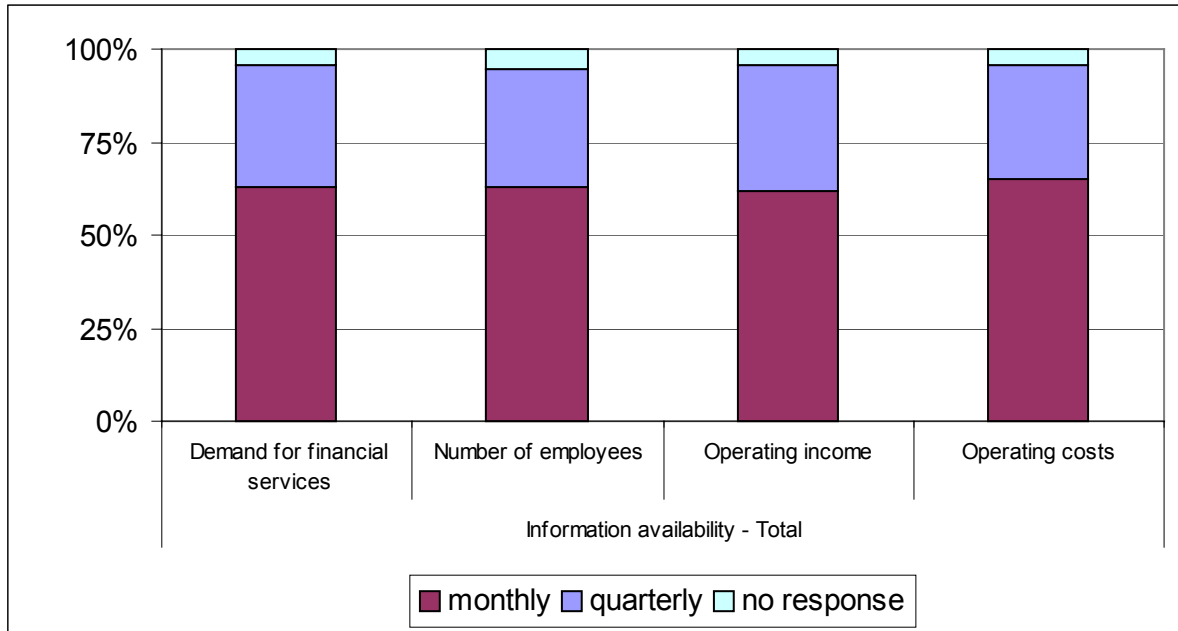
<sup>3</sup> KPMG, Global Conversion Services – Einführung IFRS, page 2.

<sup>4</sup> Portal of IFRS

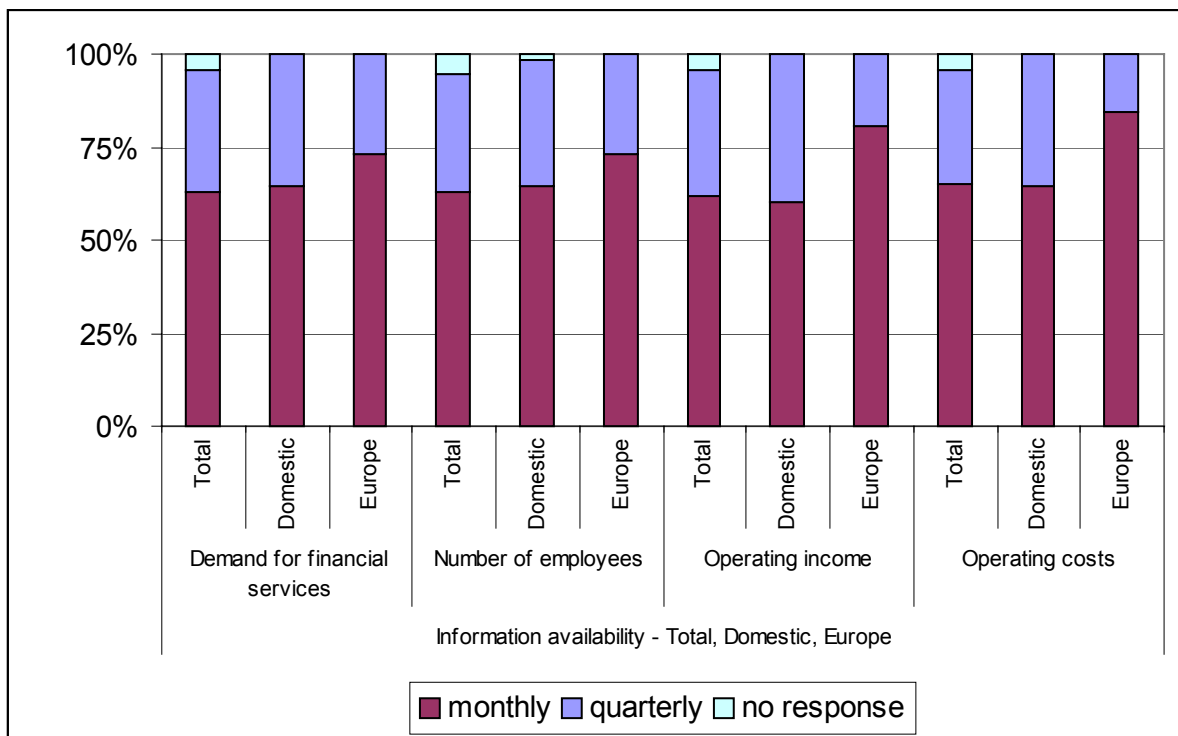
<sup>5</sup> PWC, International Financial Reporting Standards, Illustrative Bank Financial Statements 2002, Guiding disclosure through IFRS, Model of income statement according to IFRS, page 4.

**Figure 3 Information Availability for Indicators of a Business Tendency Survey**

**a) Total**



**a.1) Total, Domestic, Europe**



In addition, this ad-hoc survey about data availability also investigates whether availability of information for the indicators of interest is depending on geographical coverage, i.e. where the company is operating business units. We distinguish between the following geographical areas:

- Region within the country
- Country of domicile
- Euro area
- EU-15 area
- EU-25 area
- Other (i.e. global)

The results from this investigation are not presented graphically:

- The responses show that the frequency of information available is equal for all geographical areas covered by the same company. In other words, the frequency of the internal reporting is equal for all business units of the same company or group.

It is not known a priori if financial intermediaries are able to indicate tendencies for these figures differentiated to the geographical coverage of their activity. While for most of the financial intermediaries with business activity in more than one country information about tendencies in the domestic country is regularly available, there is a small part of financial intermediaries where information is only available on aggregate level. We therefore asked this separately by telephone interviews.

### **3.3.5 Conclusion**

The suggested list of indicators to be asked in BTS in the Financial Sector is based on the joint harmonised EU programme of business surveys in the services sector and additional questions on operating income, operating costs and operating profitability. The financial intermediaries have regularly (monthly, some quarterly) new information available to indicate tendencies for the figures of these indicators.

## **3.4 Mode of Survey**

A variety of different survey modes is used in BTS. The mode may have a significant impact on the response rate and mutually also on the results. If non-adequate modes are applied, the increased non-response may lead to an additional selection bias.

We first give a description and evaluation of survey modes which are used in a BTS in the EFSS and then present the results of the ad-hoc surveys concerning the preferences of financial intermediaries and survey institutions with respect to the survey modes.

### **3.4.1 Paper questionnaire**

The popular paper questionnaire needs only standard technical equipment and is therefore easy to handle. Security is high particularly for personally addressed questionnaires because sealed envelopes which have been opened during transport by an unauthorised person are easily identified. The biggest disadvantages of a paper questionnaire are the time loss during the transfer to and from the participating company and the transfer costs.

### **3.4.2 Online questionnaire**

The online questionnaire gets more and more popular. To guarantee a high level of security strong measures have to be implemented. One of these is a secured communication between the participating company and the survey institution, another is a very high level of protection of the server against any kind of attacks from internet. A big advantage of the online mode is the very fast transfer of the questionnaire to the company and of the response from the company to the survey institution. The data collecting process is in real time and does not need additional work. Moreover, errors during the data collecting process are minimised. Disadvantages are the high implementation and maintenance costs and the often observed lower response rate.

### **3.4.3 E-mail questionnaire**

Because of security reasons more and more companies restrict the internet connection. Therefore, some persons in a company cannot participate at an online survey but can only receive e-mails. A big advantage of the e-mail compared to the paper questionnaire is the fast transfer of the questionnaire to the company and the response from the company to the survey institution. In contrary to the online mode, the completed questionnaire has to be sent back with an additional e-mail. The security level of e-mails is very low since the contents are virtually public. There are no easy enough possibilities available to increase this security level, because both parties, the sender and the receiver need the same encrypting software and a password or the encrypted e-mail communication is conducted on a dedicated server. But in that case, an online questionnaire is the better choice. Regarding the costs, the introduction of an e-mail questionnaire is less costly than an online solution.

### **3.4.4 Fax questionnaire**

Compared to the paper mode, the fax questionnaire has the advantage of fast transfer from the survey institution to the participating company, and vice versa. The security and anonymity of the response does have a similar standard as the paper questionnaire. However, a survey conducted by fax mode involves on the side of the respondent and on the side of the survey institution multiple steps of scanning and printing of the questionnaire. This produces a relatively bad print-quality of the response and bares a increased risk of data collecting errors. Moreover, responses by fax are from a technical point of view not suitable to be recorded reliably by use of a scanner and thus increase costs of data processing.

### **3.4.5 Interview**

The interview mode, either face-to-face or by telephone, is not widely used in BTS, where usually a panel of companies is periodically surveyed. The interview mode is very costly compared to the other modes discussed, especially for face-to-face interviews. Telephone

interviews may be supported by computer which is called CATI method (Computer Aided Telephone Interview).

### **3.4.6 Results from the ad-hoc surveys**

All the survey modes discussed are used by survey institutions. There is no a priori best mode to apply for a business tendency survey. The preferences of potential survey participants and of survey institutions for the use of different survey modes in the FSS are not known a priori. Using the “wrong” mode may have a negative impact on the response rate of a survey. Therefore we evaluate for a Business Tendency Survey in the Financial Sector the use of different survey modes. In the ad-hoc surveys, addressed to the financial intermediaries in the EU-25 area and addressed to survey institutions it had been asked: “How do you assess different modes of survey techniques for a short monthly or quarterly survey?”

- Paper questionnaire
- Online questionnaire
- E-mail questionnaire
- Telephone interview
- other: .....

The response categories were “indispensable”, “desirable” and “irrelevant”.

#### **Results from financial intermediaries**

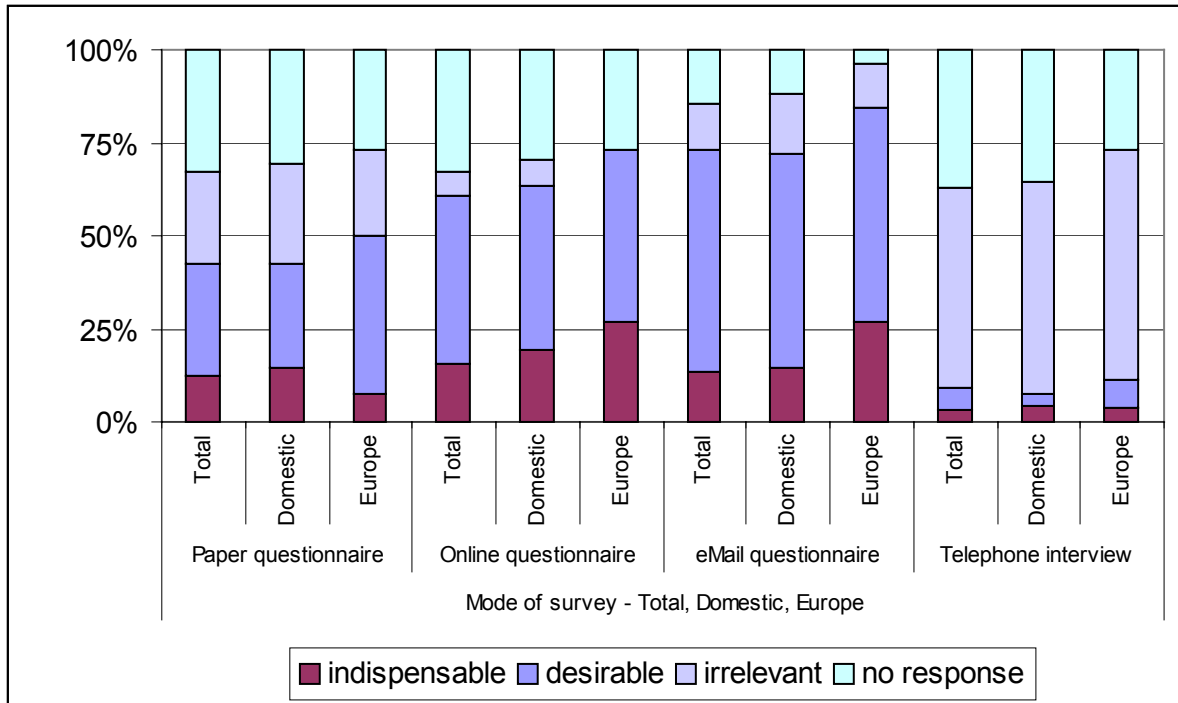
- The most preferred survey modes for companies in the financial sector are surveys operated on internet, either online or by e-mail.
- The preference for internet modes is even higher for companies with business activity on European level than for companies with domestic activity only.
- Less than 10% of the respondents judge telephone interviews as indispensable or desirable. However more than 50% of the respondents judge telephone interviews as irrelevant. Taking into consideration that almost 40% of the respondents did not answer to this question, these results have to be interpreted as a clear statement against telephone interviews in the financial services sector. Moreover the disapproval does not depend on the geographical coverage of the activity of the respondents.

#### **Results from survey institutions**

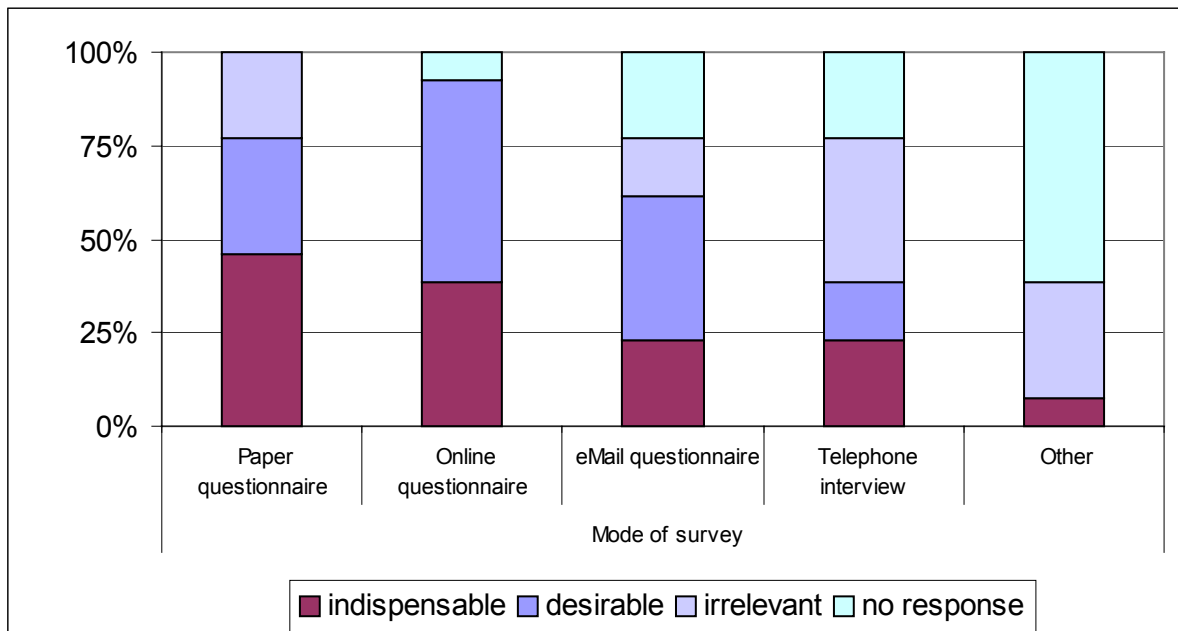
- Paper questionnaires are assessed by 46% and online questionnaires by 38% of the respondents as indispensable. Therefore, the survey institutions have a clear preference for paper and online questionnaires.
- E-mail questionnaire and telephone interview are generally less preferred, nevertheless almost 25% of the survey institutions judge these modes as indispensable.

**Figure 4 Assessment of Mode of Survey**

**a) Responses from Financial Intermediaries – Total, Domestic, Europe**



**b) Responses from Survey Institutions**



### 3.4.7 Conclusion

Surveys operated on internet, either online or by e-mail are the most preferred survey modes for companies in the FSS. To overcome the virtually public character of communication on internet, it is necessary to apply encryption technology. While this can be done by secured connection for the online mode, the e-mail mode needs the same encryption software on both sides of the connection, which makes this mode unsuitable for a BTS in the FSS. The paper questionnaire is mostly preferred by survey institutions and often assessed as desirable by financial intermediaries. However, it is fast enough and therefore a suitable survey mode only, if the transfer by postal mail does not cross country borders. Telephone interviews are very costly and are disapproved by financial intermediaries. This mode is therefore not suitable for a BTS in the FSS.

According to the results of our ad-hoc surveys there is not a single mode only which meets the preferences of the financial intermediaries. In this case there is a risk of a selection bias if only one mode is applied. We therefore recommend a mixed-mode composed of online questionnaire and paper questionnaire.

## 3.5 Language

In the traditional Business Tendency Surveys the national languages are used for questionnaires and publication of results. In the internationally oriented EFSS the companies would probably accept a small number of languages or even one – English. The preferences of potential survey participants and of survey institutions for the use of different languages on the one hand for questionnaires and on the other hand for publication of results are not known a priori. Using the “wrong” language may have a negative impact on the response rate of a survey.

### 3.5.1 Results from the ad-hoc surveys

We evaluate in the ad-hoc surveys different languages to be used for questionnaires and/or for results of a Business Tendency Survey in the Financial Services Sector on an European level. The financial intermediaries and the survey institutions have been asked: “How do you assess different languages for BTS questionnaires [publication of results of a BTS] in the European Financial Services Sector?”

- English
- German
- French
- Italian
- Other language: .....

The response categories were “indispensable”, “desirable” and “irrelevant”.

**Results from financial intermediaries**

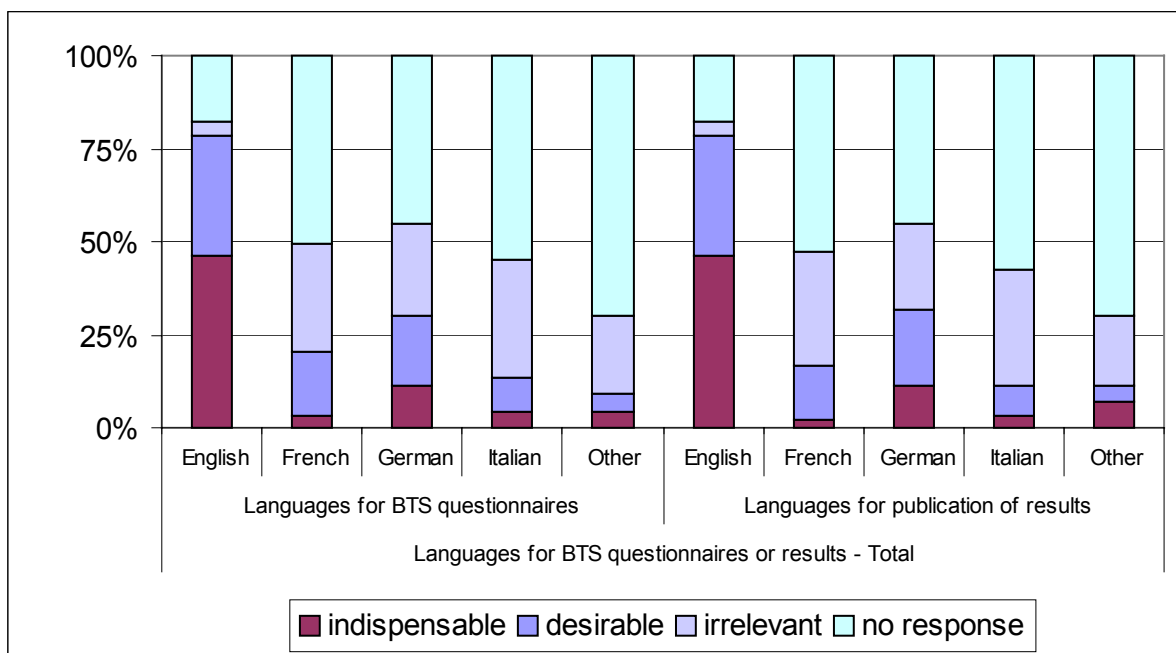
- English is mostly preferred for questionnaires and publication of results. 80% of the respondents judge English as indispensable or desirable and the high preference for English is even higher for companies operating on European level.
- A rather small, but not to be neglected part of the companies has a preference for the national language.
- The preferences for languages are very symmetric with respect to their use for questionnaires or for results.

**Results from survey institutions**

- The survey institutions have a high preference to use English for both, BTS questionnaires and publication of results.
- The preference to use other languages than English is higher for questionnaires than for the publication of results.
- According to languages specified under the category “Other language”, there exists a preference for the national language to use in questionnaires and results which should not be neglected.

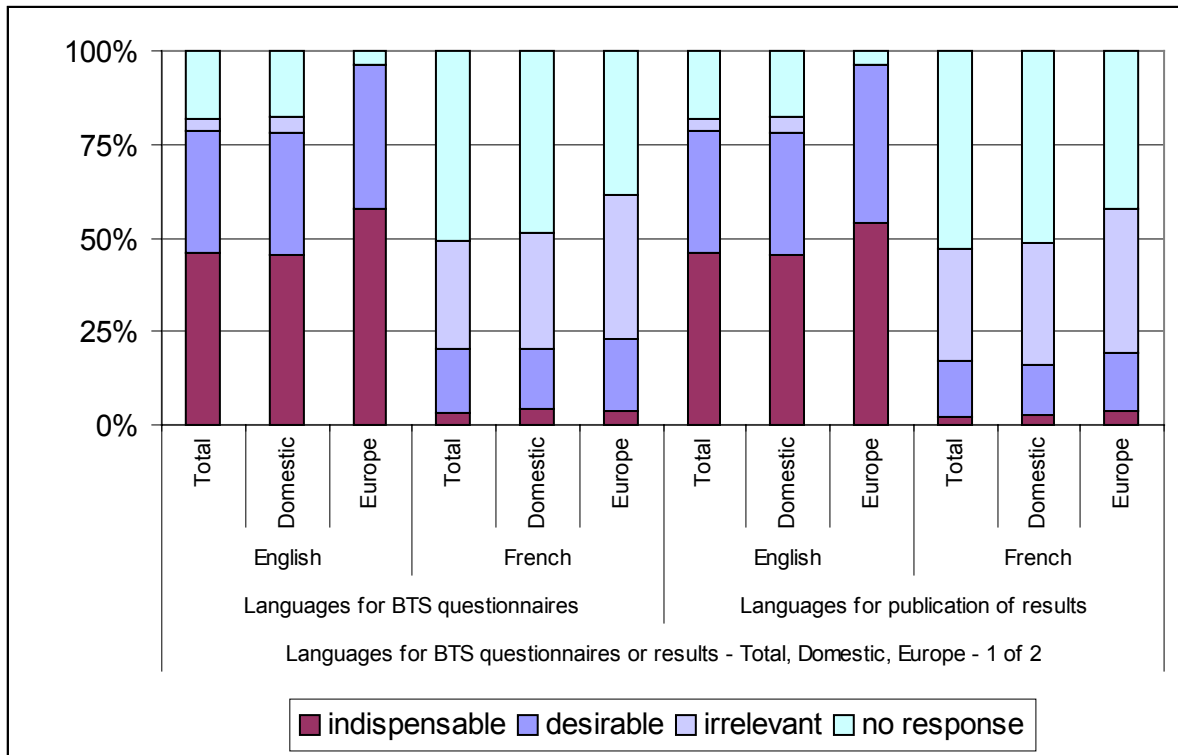
**Figure 5 Assessment of Languages used for Questionnaires and Publication of Results**

**a) Responses from Financial Intermediaries – Total**

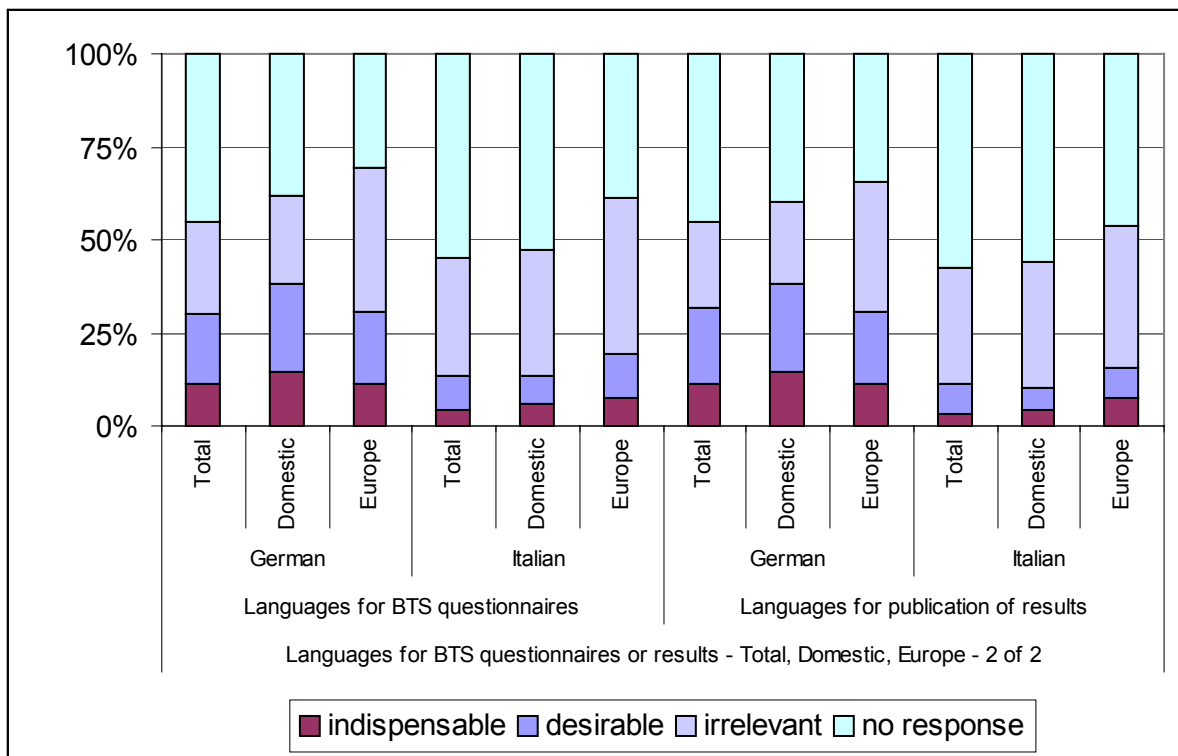




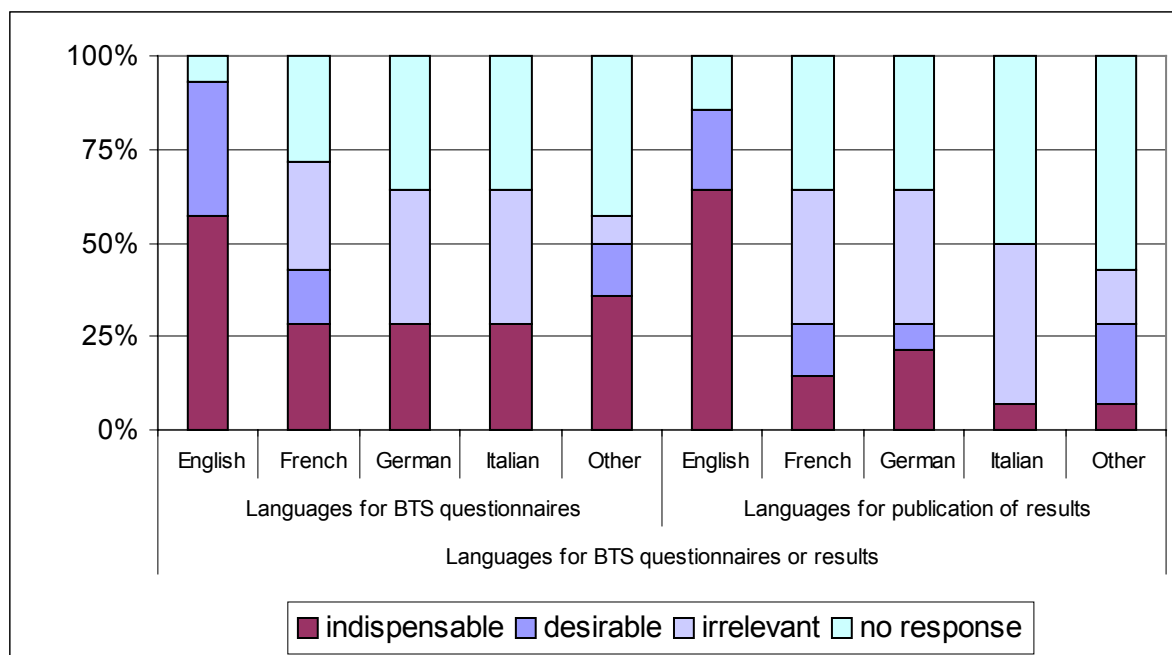
**a.1) Responses from Financial Intermediaries – Total, Domestic, Europe – 1 of 2**



**a.2) Responses from Financial Intermediaries – Total, Domestic, Europe – 2 of 2**



**b) Responses from Survey Institutions**



**3.5.2 Conclusion**

The selection of the language for the questionnaire and the report has to be done carefully because there is a latent preference of survey participants to answer in its mother tongue. Limitation of languages used in a survey has potentially an effect on the response rate. Therefore any limitation of the number of languages particularly for the questionnaire are only motivated by cost reductions.

English is the most preferred language for a BTS in the financial sector. Taking the argument of costs into consideration, the high preference for English opens the possibility, that a survey can be conducted in English only. However, the acceptance of a survey and the response rate can be improved if a survey is conducted in national languages.

The results could be published in English only without a relevant effect on the response rate.

**3.6 Interest for Results of a BTS and Geographical Coverage**

A BTS in the EFSS has different users: international organisations, governments, firms and researchers. These users have different interests in the degree of aggregation of the survey results and in the way of its dissemination. Generally speaking, international organisations, governments and partly the researchers are interested in highly aggregated data, firms and for specific purposes the researchers are interested in very detailed and disaggregated data.

### **3.6.1 Results from the ad-hoc survey**

Meeting the needs of the financial intermediaries and of those institutions possibly conducting a survey helps to improve the acceptance of a survey and the response rate. Publication of results in geographical aggregations which are not adequate may have a negative impact on the response rate of a survey.

To investigate the needs of financial intermediaries and survey institutions, we evaluate in the two ad-hoc surveys the interest for results of a BTS in the financial services sector with respect to geographical regions. These are the same geographical areas as defined for the indicators in Chapter 3.3. The financial intermediaries in EU-15 and the survey institutions had been asked in the survey: “How do you assess your interest of having access to results of a BTS in the European Financial Services Sector?”

- Country of domicile
- Euro area
- EU-15 area
- EU-25 area
- Other (i.e. global)

The response categories were “strong interest”, “medium interest” and “no interest”.

#### **Results from financial intermediaries**

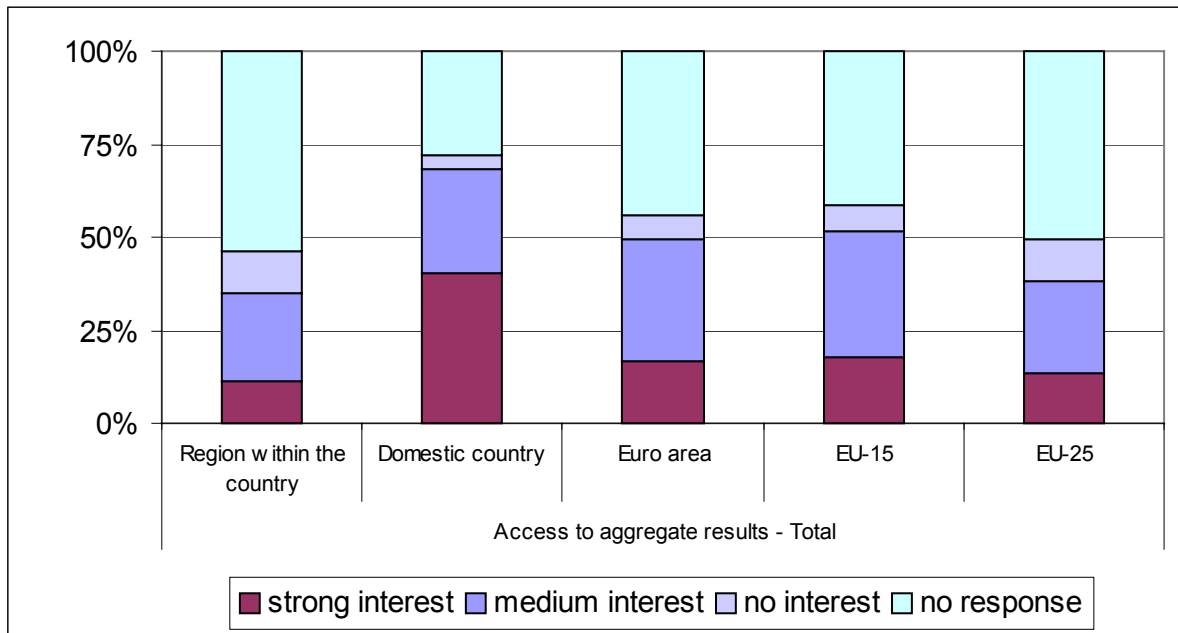
- The financial intermediaries show most of their interest for results on domestic level. Results on European level are of lesser interest.
- The interest for results on European level is low also on the part of the financial intermediaries operating in this area, but it is higher than on the part of domestic oriented companies. Therefore, the interest for results of an area depends on the company’s participation in the business of this area.

#### **Results from survey institutions**

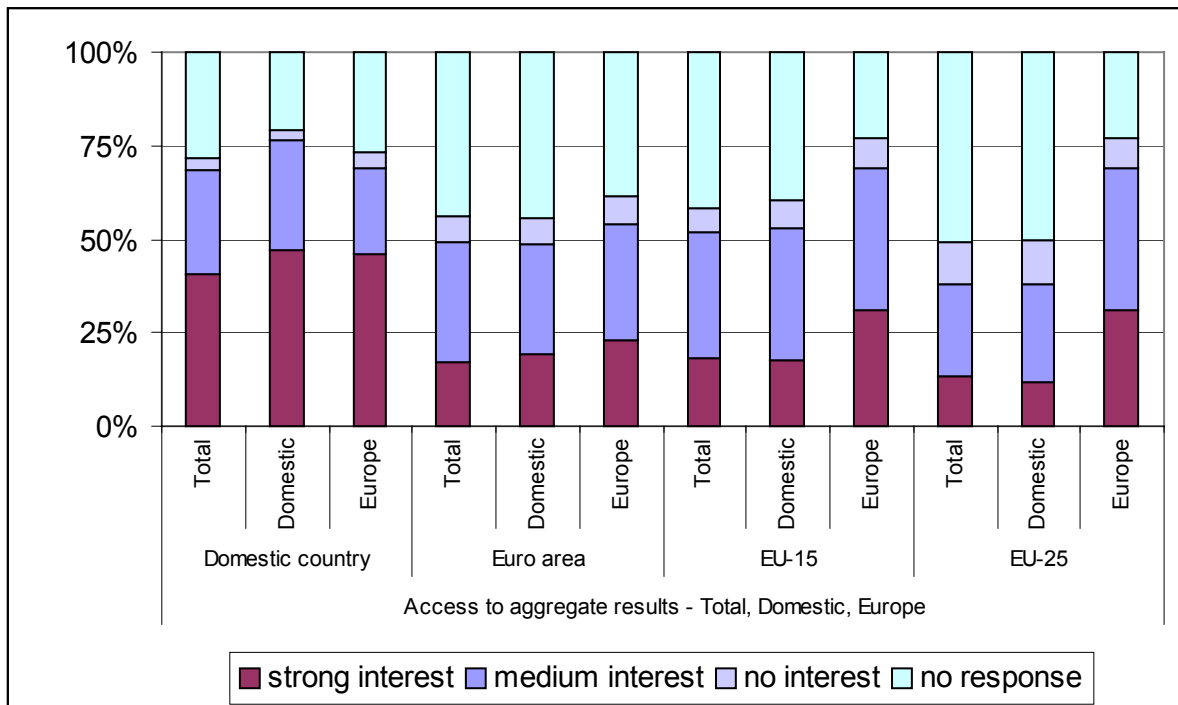
- The survey institutions have strong interest for results from a business tendency survey in the financial sector.
- The interest of the survey institutions is highest for results on country, Euro area or EU-15 area and slightly lower for EU-25 area.
- The survey institutions have only small interest in regional results.

**Figure 6 Interest for Results of a BTS in the EFSS**

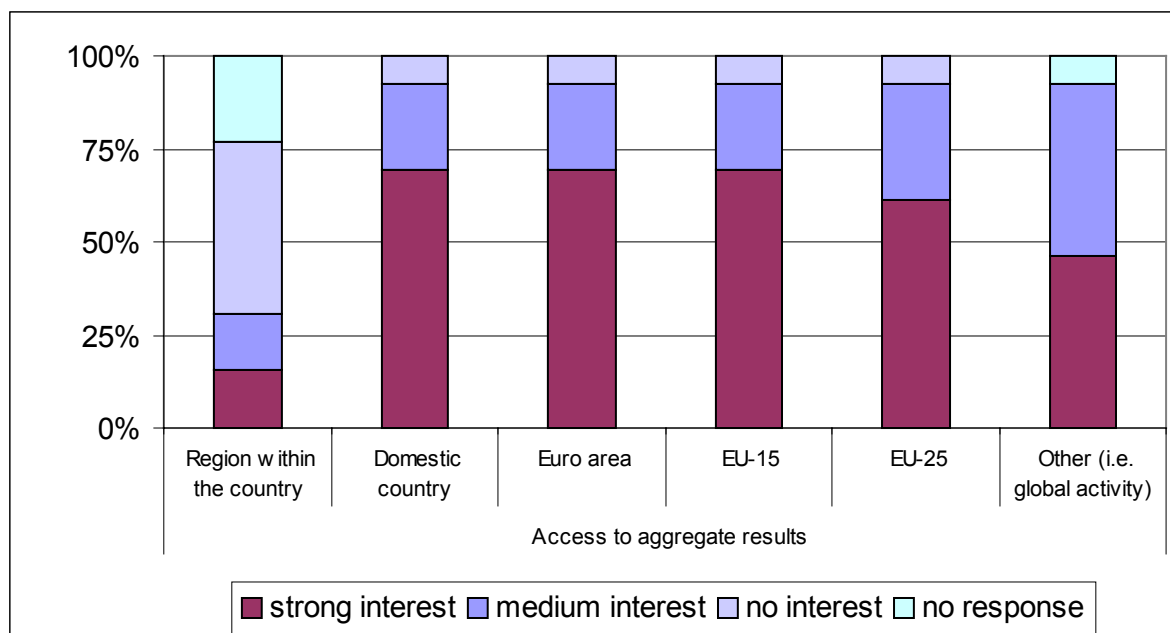
**a) Responses from Financial Intermediaries – Total**



**a.1) Responses from Financial Intermediaries – Total, Domestic, Europe**



### b) Responses from Survey Institutions



### 3.6.2 Conclusion

The predominating interest for results on domestic level favours a survey concept, which allows to publish results on country level, as long as this is admissible due to the number of participants in a specific country. Results on Euro area, EU-15 area or EU-25 area are of lesser interest for the financial intermediaries but the survey institutions have strong interest in these aggregates too. Even if it is technically feasible to conduct a survey with an European sample only, this does not meet the needs, neither of financial intermediaries nor of survey institutions.

## 3.7 Options of Conducting a Survey

Up to now we discussed different aspects to be considered for conducting a BTS in the European Financial Services Sector. An important additional topic is the organisational structure for conducting a survey. We consider three main options of conducting a survey on the EU level. These options are differentiated with respect to the degree of centralisation of a survey.

### 3.7.1 Decentralised survey

The option of a decentralised survey builds on institutions conducting harmonised business surveys in their home country. Contacts to survey participants are maintained by the national institution. A centralised institution is required to co-ordinate the survey and to compute aggregate EU or regional results from aggregated national data or from individual replies (micro data). This option is well known for all other branches in the harmonised programme and DG ECFIN is the co-ordinator of these “decentralised” surveys.

This option pays maximum respect to national institutions contracted by the commission to conduct harmonised business surveys. Regarding the survey mode, even the paper mode with its long time of questionnaire- and data-transfer gets the necessary results within the claimed time. Apart from the internet modes, the paper mode is quite popular and offering this mode minimises a potential selection bias. Moreover, the contact to the individual participant is organised on a national level what improves the willingness of the companies to participate. The problem of multinational companies has to be handled with care. (This topic is discussed in chapter 3.8.) Using the existing infrastructure, the costs of implementation are low but the costs for running the survey are high.

### **3.7.2 Partly centralised survey**

The option of a partly centralised survey requires a network of institutions who conduct the survey in their home country and in several other – e.g. neighbour – countries. The network consist of selected institutions which may but not necessarily need to conduct harmonised EU surveys. Again, a co-ordinating institution is required.

Institutions or organisations who are interested in results of their domestic country should participate in such a network. By this, the care of the panel would be stimulated by the own interest. A partly centralised survey reduces on the technical side the costs compared to the decentralised survey for the implementation of the survey. But the contacts to the companies are only partly on a national level. The paper mode is therefore not an appropriate mode with its long time of delivery of the questionnaire and the time necessary to send back the answers. Moreover, this option needs the establishment of a new organisational structure.

### **3.7.3 Centralised survey**

A centralised survey is conducted by a single institution. The institution may, but not necessarily needs to conduct harmonised EU surveys. There is no need for a co-ordinator on the EU-level. The single institution can have different organisational structures which influences the assessment of this option. For our purpose we consider two types of structures:

- One institution without national branches conducts the survey in all countries. In this case, the paper mode is excluded because of the time consuming transfer of the questionnaire and the answers over the borders. Therefore a selection bias has to be feared. The contacts to the companies are only on a international level which has a negative effect on the confidentiality and therefore on the willingness to participate in the survey. On the technical side, a further reduction of the costs compared to the decentralised or partly decentralised option can be realised particularly for the implementation of the survey. There is no co-ordination between different institutions necessary. But there are problems with multinational companies even in this option because there is no European register with consolidated data. This is necessary for sampling and weighting according to the population. Therefore, the multinational companies have to answer on national grounds. The conduct of a BTS in the EFSS by a single institution without national branches is better suited for an European survey without producing national results. This organisational structure is used in the World Economic Survey (WES) of the ifo institute in Munich.

- One institution conducts the survey in all countries by aid of its branches in these countries. This option resembles the decentralised survey option as far as it concerns the conduct of the survey. Paper mode is applicable. The contacts to the respondents go over a national unit of the organisation and thus produces a high confidentiality if the institution is well known in the respective country. The running costs could be reduced because the single institution can implement an identical technical surrounding in all of its branches. If national results are required, the maintenance of the national panel and the quality of the results are not as good to be controlled than in the first option. There are only few institutions which are present in all European countries. This organisational structure is applied in the Bank lending survey of the Eurosystem. The quarterly interviews are done by representatives of the national banks<sup>6</sup> and computing of results is done by the ECB.

A somewhat different specification is applied by KOF ETH Zurich for regional results within Switzerland. The regional partners of KOF, mostly statistical offices of the Cantons, are responsible for their sample, for improving the response rate and for publication of results, but not for conducting the survey including computation of results. In this case, the cost of the care of the panel is out-sourced, but the motivation is limited because they do not conduct the survey by themselves.

#### **3.7.4 Interest to participate in a survey - results from the ad-hoc survey**

The institutions conducting harmonised BTS have been asked in the ad-hoc survey for an assessment of their interest for conducting a Business Tendency Survey in the European Financial Services Sector.

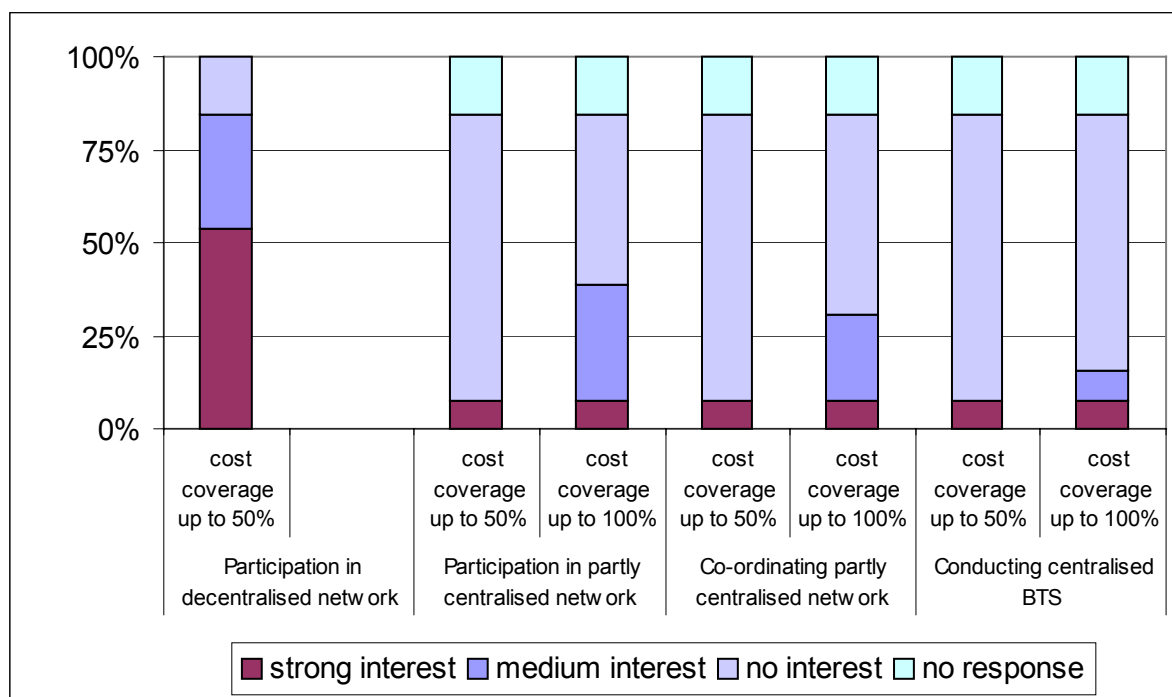
- The results show that the main interest of the survey institutions is participating in a decentralised survey (named network A in the questionnaire addressed to survey institutions), where costs are covered up to 50%. This is the option widely used and well known for all institutions contracted by the European Commission to conduct harmonised Business Tendency Surveys.
- The results also show some interest for participating in a partly centralised survey (network B in the questionnaire) and of coordinating such a partly centralised network, but only if costs are covered up to 100%. However the interest is not evenly distributed over Europe. For some groups of countries there is no institution interested to participate in a partly centralised survey. This option may be really difficult to establish and to operate. Under these conditions, a partly centralised survey is not feasible (too difficult to constitute and to operate).
- Almost none of the institutions already contracted by the EU commission to conduct harmonised BCS is interested in conducting a centralised BTS in the European Financial Services Sector. On the questionnaire the response to this question had

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<sup>6</sup> In the case of Germany, the disaggregation goes even further, because the banks are interviewed face-to-face by local representatives of the Deutsche Bundesbank.

been declared as strictly confidential.<sup>7</sup> Details are transmitted to DG ECFIN by a separate document.<sup>8</sup>

**Figure 7 Assessment of Interest for Conducting a Business Tendency Survey in the European Financial Services Sector**  
*Responses from Survey Institutions*



### 3.7.5 Conclusion

The selection of the adequate option of conducting the BTS in the EFSS has effects on different other topics of our assessment. We first summarise our general findings and confront them with the results of the questionnaire for survey institutes.

The decentralised option guarantees a high quality of the results because of the national maintenance of the survey and the high confidentiality in the survey institution which end up with a high response rate. Most of the institutions participating in the joint harmonised EU programme of BCS signalled a high interest to conduct such a survey. The only disadvantage of this option is its high costs.

The partly decentralised option brings a limited reduction in costs but on the expense of the establishment of a new organisational structure, a possible selection bias because of the restricted modes and the danger of a lower response rate because of a lesser willingness of the companies to participate in the survey. We do not recommend this option.

<sup>7</sup> Information about confidence on the questionnaire: “Your answer is treated strictly confidential. Individual results are for internal use of DG ECFIN only.”

<sup>8</sup> With separate transmission of information about institutions interested to conduct a centralised survey and as long as no other topic requires confidence, it can be avoided to declare the whole report as confidential.



For the centralised option we make a further distinction. The option with a single institution without branches has the simplest organisational structure and the lowest costs. The problem of bias and response rate is even higher than in the partly centralised option. The problem of multinational companies is in this option not solved too. There is no co-ordination between different institutions necessary. But the low response for our ad-hoc surveys, either by paper questionnaire or in e-mail mode as well as the difficulties to contact the financial intermediaries of our survey by telephone show, that it is almost impossible for a single institution without national branches to operate an EU-wide survey in the financial services sector.

The centralised option with a single institution and national branches produces similar implementation and lower running costs as the decentralised option. The confidentiality and the response rate depends heavily on the institution and can differ considerably from country to country. The co-ordination between different branches of the institution is an internal task of the institution and does not produce explicit additional costs.

As a conclusion we recommend either an European network with a co-ordinator or a international company or institution which has its own internal network covering all EU-15 countries. The first version could be based on the survey institutions contracted by DG ECFIN; most of them expressed their interest to participate in such a network. The second version could be the European Central Bank (ECB) or an international consulting company.

## 3.8 Sampling Method

### 3.8.1 Target population and frame list

The target population of a BTS in the EFSS is defined as all the activities in the field of financial services sector performed by a firm or a service unity which are located within the EU. This target population is represented by listings of the government, of branch associations or of firms specialised on firm-lists. Governmental registers exist only on a national level and are suited particularly for calculations of the BST results on a national level. The list e.g. from Bankscope include the internationally operating firms on a consolidated basis which produces distortions for any national results.

Generally, these lists are ordered by a nomenclature. In our case the sector is defined by the two-digit branches 65 to 67 of NACE Rev. 1. One of the shortcoming of these lists is that they include only firms which have its main activities in this field. On the one side other activities of a firm which has its main activity in the EFSS are included and on the other side activities in the EFSS of firms having its main activity in another sector are excluded.

Usually these lists are not taken completely because a cut-off limit concerning the firm size is used to produce the frame list. The cut-off limit is in most cases aimed to eliminate small firms and to reduce the burden of small companies. The cut-off limit concerning the firm size should be defined for each branch separately as the distribution of the firm size differs among activity sectors. Moreover, it reduces costs because response rates of small firms are generally lower than of big firms and thus requires to increase the recall activities or the sample size.

### **Restriction to group of countries**

If the interest in results from a survey is mainly in the aggregate level, and according to a reference series one country or a group of countries is representative for the aggregate, it might be interesting from the point of view of reducing costs and burden to conduct a survey in this country or group of countries only. The restriction of the geographical coverage is considerably reducing costs to produce a reliable EU aggregate. In chapter 2 we identified the value added of a group consisting of Germany, France, Italy and United Kingdom as highly correlated with the EU-15 aggregate and a group consisting of the first three countries as highly correlated with the Euro area aggregate. With respect to the frame list based on national business registers, such a restriction of the geographical coverage has no difficulties to implement.

### **Restriction to multinational enterprises**

The coverage of a survey could also be restricted to firms only operating on multinational level. While such a restriction to a smaller target population is rather intuitive from an economic point of view, this raises unsolved problems from a statistical point of view.

Firstly, a business register needs to identify the multinational enterprises and enterprise groups. If this might be available on national level for some countries, there is no consolidated register available on EU-level. Therefore a sound statistically based sampling and weighting would first require a enormous effort in consolidating national registers. This is clearly out of scope for business tendency surveys and is adversely affected by national laws.<sup>9</sup>

For such a restricted target population, there is no list available for NACE 65, 66 and 67. The database BankScope is a view to NACE 65 and partly to 66 and 67 but it is far from being complete. The share of entries with missing data about employees or about Net income is remarkable and this data source can therefore not be judged as a reliable approximation of the population which could be used for sampling and weighting of a BTS.

Secondly, there exists no reference variable of value added of the target population restricted to multinational enterprises and enterprise groups. It is therefore not possible to check the reliability of results from a survey restricted to multinational enterprises.

### **3.8.2 Response Unit**

The number of sampling units in the frame list can differ between a list produced on an EU-level and one produced on a national level. Firms who operate only on national level are equally considered whether a business register is maintained on national or EU-level. However, for multinational enterprises, it is important whether a multinational register identifies the enterprise on a consolidated level or not. The majority of business tendency surveys is based on national business registers and the questions asked in the surveys focus on the activity of enterprises and legal units of an enterprise within a country.

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<sup>9</sup> European Commission, 2003, Business Register, Recommendations manual, p. 217: 21.107 Confidentiality is currently the biggest barrier to development, as exchange of multinational group information between national statistical institutes is now forbidden in the national legislation in almost all countries. There is a clear need to adjust European legislation to remove the restrictions concerning the exchange of basic multinational enterprise group information at EU level.

Because of the concepts of national registers, and the availability of structural information about enterprises, the best selection as sampling unit for the financial sector is the enterprise. For most cases, the enterprise as a whole is the best selection as reporting unit too, in significantly diversified companies several questionnaires according to the different business activities is adequate too.

For some multinational enterprise groups, the group headquarter is the correct contact for information about business activity of the enterprises and legal units in individual countries. In other, less centralised multinational enterprise groups, information about individual countries is better available from the enterprises or legal units in the respective country.

A small part of multinational enterprise groups has no information available on a country level. In that case, the information can be attributed to the results of the country, where the group headquarter is located. If the main activity of the whole enterprise group is outside of this country, the group should not be included in a national sample.

### **3.8.3 Sampling and Sample Size**

Sampling is an efficient method of gaining information about the population without the need to examine the entire population. There are two different kinds of sampling methods used in order to draw a sample. Probability samples and non-probability samples can be distinguished. For non-probability samples it is impossible to calculate the probability of a sampling unit being included in the sample, neither to estimate sampling errors nor to identify a possible bias of the estimates.

The basic form of probability sampling is simple random sampling. Each sampling unit in the frame list has the same probability to be included in the sample. The advantages of a stratification are the following: reduction of variance, assessment of quality for each stratum, estimation for each stratum, coping with the problem of heterogeneity in the population.

With stratified sampling, auxiliary information (e.g. number of employees) is used in the construction of the sample. Auxiliary information may be used further in the estimation phase for post-stratification.

Taking further into consideration that the same type of units (enterprise) and the same questions are used as in the other BTS, we recommend the same sampling methods than in the other BTS.<sup>10</sup> In the case of a centralised survey, a stratified sample with simple random sampling within the strata is adequate. At least three size classes should be implemented. Size bounds should be determined by optimal stratification as well as the number of units to be drawn per strata. The method of optimal stratification even allows to draw units in certain classes exhaustively (for example all large companies). In the case of a decentralised solution, the same method can be applied for medium and big countries. For the small countries, an exhaustive survey would be appropriate.

As for other BTS, the sample size depends heavily on the structure of the survey. At the EFSS we have three 2-digit-branches (65, 66 and 67) and we should differentiate for at least

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<sup>10</sup> see Donzé L., Etter R., Sydow N., Zellweger O., Sample design for industry surveys, study for DG ECFIN, Brussels 2004

three size classes. According to general recommendations<sup>11</sup> it is recommended to have at least 20 to 30 responses for each cell. Taking into consideration the regular non-response, the upper limit seems to be adequate to determine the sample size. These limits hold only if the distinguished 9 categories are quite homogenous in the EFSS. But as we have seen, national discrepancies are considerably and therefore 90 firms are necessary on the 2-digit level for a country and add up to 270 firms for the whole sector J. But if the results and interpretations are restricted to the J-sector only, 90 firms will be acceptable too.

In BTS the selected sample is kept for a longer period and not redrawn monthly and thus resembles a panel. On the one hand, this constancy will lead to an increasing response rate, but on the other hand, the constant sample may drift away from the true structure of the FSS.

### **3.8.4 Conclusions**

Frame list should be based on official firm registers. Any type of cut-offs will reduce the reliability of the results. Because of costs only very small firms should be excluded to minimise the potential of bias.

The response unit of the multinational firms has to be in accordance of the results to be produced. For results on EU-level only, the consolidated information is enough. But for national results, national response units are indispensable.

The sample should be determined by stratified sample with simple random sampling within the strata. The only exception is for small countries where we propose an exhaustive survey.

## **3.9 Response Rate**

### **3.9.1 Experience from actual BTS in the financial sector**

The experience of KOF in the Swiss banking and insurance sector and from ifo and the Deutsche Bundesbank in the Bavarian financial services sector show, that if a relationship between the survey institution and the survey unit once is established, the regular participation in the business tendency survey is rather high in the financial sector.

The BTS in the Bavarian financial sector, conducted by paper questionnaire, reaches a response rate of more than 90% on average. All firms of the actual panel not participating in the current survey wave are remembered after a defined deadline in order to receive their response for the current wave. Big efforts have to be done for reminding missing participants of the panel but this is an effective method to improve the response rate.

The BTS in the Swiss banking and insurance sector, mostly conducted by paper questionnaire, reaches a response rate of more than 75% on average. Participants of the actual panel who were missing in the last and are again missing in the current survey wave are reminded by telephone. This is less demanding than directly reminding all missing participants, but also less effective.

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<sup>11</sup> - OECD, Business Tendency Survey, A Handbook, Paris 2003  
- Fink A. and Kosecoff J., How to conduct surveys, A Step-by-Step Guide, Thousand Oaks, 1998

This experience shows that reminding missing participants is a very effective method to gain high response rates. Done by telephone it is absorbing a lot of manpower and thus rather costly.

If the survey is conducted by online questionnaire then, to our experience in Switzerland, it is very effective to send a second invitation after the deadline of the survey has past to those participants of the panel who have not already responded. Some days later, a telephone recall can improve the response rate again.

### **3.9.2 Recommendations**

Among survey institutions it is undisputed that a high response rate is probably the most important single factor to secure a high quality of survey results. There are many points influencing the response rate. They can be distinguished between the introduction phase of the survey and the regular conduct of the survey.

For the start of the survey it is absolutely necessary to have a support by the central bank, branch association and by the insurance associations. Without their explicit recommendation the response rate will be very low.

During the regular surveys, one group of factors influencing the response rate comes from the programme of questions:

The BTS of the EU countries include at least the harmonised questions. The institutions are allowed to add further questions according to their needs. But it is well known that a longer questionnaire can lower the response rate. Therefore some restrictions should be considered for the additional questions:

- The number of additional questions should be limited
- Additional questions should be of the same type of questions, mainly qualitative
- The same person who responds to the core questions should be able to answer the additional questions. If this is not the case, the questionnaire has to circulate in the firm. As more persons are involved in the response of the questionnaire as lower will be the response rate
- The questions should be in a sequence which seems to the respondent meaningful and will help to indicate what is meant by a question.
- In longer questionnaires it is important for the item response (the response on a specific questions within a questionnaire) and the quality of the response that harmonised questions of the EU come at the beginning of the questionnaire

Other elements are connected to the questionnaire:

- In a postal mail survey, the response should be supported by an included business reply envelope.

- Layout of the questionnaire: There are no clear lines how to present the questions in a questionnaire. But it is recommendable to consult professionals.
- Personalisation of the correspondence: Particularly at big firms it is difficult to find the person which will be responsible for the BTS. Already at the first contact with a firm, this person has to be identified and the following correspondence/questionnaires should be addressed directly at this person. Otherwise time will be lost until the questionnaire reaches the responsible person or worse, the questionnaire will never reach that person.

Some governmental institutions have the possibility to force the firms to respond to the questionnaire. This measure indeed can increase the response rate. But there are drawbacks which have to be kept in mind.

- The questionnaire will probably not be filled out seriously
- The item non-response could increase
- There is a long administrative way to go until a non-willing firm will response.

For these reasons we do not support compulsory responses but propose to take all necessary measures to reach a high response rate anyway.

There is a quite simple rule for effective recalls. They should – at least after a first unsuccessful recall – be done with another mode. As an example, a recall of a postal mail survey should not be done by a postal mail but by a telephone call.

As it is well known in biology and economics, incentives effect the behaviour of an individual actor quite strongly. Therefore, most surveys work with a sort of incentive. But often, it has to be cared of negative side-effects (a respondent fills out the questionnaire incorrectly just to get the promised incentive). There are different types of incentives:

- Financial incentives should generally be given before or with the questionnaire because otherwise the respondent does not know if he/she will indeed get the money afterwards. For a monthly survey on a panel basis, the situation is somewhat different. Here, a possibility could be a yearly payment to the respondent who participates regularly. This is quite costly and the respondents are trained to respond only if a financial incentive is given; this can provide problems for other surveys or ad-hoc surveys and is therefore not recommended.
- The possibilities of non-financial incentives are almost unlimited. But the most common incentive for a BTS is a (detailed) report, including comments, figures and/or tables. The report gives an overview of the economic conditions and offers the possibility to compare the situation of the own firm with the results of its branch. Individualised results are very appreciated by the respondents.

The results from the ad-hoc survey addressed to financial intermediaries shows, that the interest in results from a qualitative survey in the financial sector is not very high and that results on country level are more preferred than on EU-level.

Firms are reluctant to send questionnaires with information about their business situation to an unknown institution. For this reason, a well-know, independent institution with a good reputation which guarantees strict confidentiality is most preferred. The topic of confidentiality is treated in Chapter 3.12. The good reputation of the institution conducting a survey has to include several aspects:

- Experience with surveys over several years
- Research relevant to the public, the branch association or the firm
- Reports without a possibility of disclosure.

### 3.10 Weighting System

Weighting is a widely used method to improve the precision of survey estimates. In a stand-alone survey, the weighting parameters can be defined by the information on the national frame list, for a direct aggregation to EU the information on a EU-wide frame list. But the aggregation of the country-results to EU-results asks for compatibility reasons a weighting information which exists in all countries. According to the general principles underlying the business and consumer surveys<sup>12</sup>, there are two types of weighting: individual and aggregation weighting.

#### 3.10.1 Individual weighting

Individual weighting is a technique used primarily in surveys with qualitative questions or quantitative change questions. Particularly the qualitative ordinal questions with three response categories have no direct information about the quantitative size of the changes. But it is obvious that the potential of quantitatively big changes is at big firms higher than at small firms. The individual weighting according to size attaches therefore a greater significance to replies of larger firms and thus assumes quantitatively a higher importance of the item in question.

Unfortunately, the quantitative importance of the items asked in the questionnaire are quite different at a firm. The level of employment depends on the capital intensity which is not identical in the firms of the FSS. Demand and Net income go along with the value added of the company. Under these conditions each item should be weighted by its specific weight at the firm. But the collection of these structural information would be costly and difficult. Moreover, practical experience has shown that the balances are not very sensitive to the choice of the weighting variable<sup>13</sup> and therefore the monthly surveys of the EU use only a single weight<sup>14</sup> which reflects the general economic importance of the firm.

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<sup>12</sup> European Economy, Reports and Studies, The Joint Harmonised EU Programme of Business and Consumer Surveys, No. 6, 1997, pp. 20-21

<sup>13</sup> OECD (2003): Business Tendency Surveys, A Handbook, Paris, p. 37

<sup>14</sup> If the firms are reluctant to give exact quantitative figures of the structural data, the collection of ordinal scales (size classes) are a valuable alternative.

For a survey in the financial services sector, individual weights should be calculated from the operative income or as a second best solution the number of employees of a unit based on full-time equivalents.

### **3.10.2 Aggregation weighting**

Collecting data not from the population but only from the selected sample units produces sampling errors. A simple random sampling leads to a large variance of the estimate. A common procedure to reduce the variance is the introduction of a stratification. In a stratified sample, the population is divided into homogenous strata according to some criterion variable.<sup>15</sup> A traditional division by firm size is small, medium and big firms which reflexes the different market situations of these three categories. The within-variance is expected to be smaller than the variance between the three size-classes.

For low level aggregation the only disposable variable from the population as a proxy of value added to calculate weights for each strata is employment. The weighting technique should go along the technical note on stratified sampling defined by the EU.<sup>16</sup> For higher level aggregation (e.g. branches to manufacturing industry), the variable to calculate the population weights should be the value added.

The individual weights and the population weights compensate to some degree each other. Nonetheless we recommend a firm-specific weighting and a stratification for a survey in the financial services sector.

### **3.10.3 Effects according to options**

The individual weighting will not be influenced whether a survey is conducted decentralised or centralised. The method of aggregation weighting will be applicable in both cases. But there are other – quite important – differences between these two options:

- The results at the centralised option have to be representative only on the EU-level. A decentralised survey with results on country-level has to be representative on the country-level too. Therefore, the sample size can be considerably smaller in the centralised option.
- The optimal limits between the size classes for stratification differ from country to country for the decentralised option with results on country-level. The centralised option for EU-wide results and stratification applied on EU-level only needs consolidated business register information. This effect between national and EU-wide stratification may influence the results considerably.

It has to be kept in mind that even in a decentralised survey some firms are not able to answer the questions for a country only, but this touches not the problem of the degree of centralisation for this survey. Country-results may therefore include responses from firms located in a particular country but which include in their response the situation in other countries. Under these circumstances the country-results will be of limited information.

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<sup>15</sup> Maxim P.S., *Quantitative Research Methods in the Social Science*, New York 1999, p. 117

<sup>16</sup> European Economy, *Reports and Studies*, The Joint Harmonised EU Programme of Business and Consumer Surveys, No. 6, 1997, pp. 19-20



## 3.11 Periodicity and Timeliness

### 3.11.1 Periodicity

In Chapter 3.3.2 we presented actualised questions according to a former study. There are some monthly and some quarterly questions. Results from the ad-hoc survey addressed to financial intermediaries in the EU-25 area plus Norway and Switzerland, indicate that new information on the evolution of the demand for financial services and on the number of employees are not available monthly for 1/3 of the firms. In contrary, they dispose of new information on a quarterly periodicity.

Asking questions monthly where there is no new information available jeopardises a high response rate at the particular question (item-nonresponse) or even as unit-nonresponse because of frustration of the respondent. Taken this into consideration, the information content particularly for these core questions does not improve significantly with a monthly instead of a quarterly survey.

A monthly information about the indicators demand and employees is more common for companies doing business in more than one country than for companies only operating in their domestic market. But as we have seen in Chapter 3.8, a limitation for the frame list to the internationally operating firms produces not reliable information about the economic development of the financial services sector.

The costs of a monthly survey are significantly higher for the survey institution than of a quarterly survey. Costs for sending questionnaires, checking for consistency, calculating results and producing reports is tripled within a quarter. Because there are fixed costs and the recalls do not shrink according to the number of waves, the costs are less than three times of a quarterly periodicity. However, the burden for the responding firms is three times as much as in a quarterly survey.

### 3.11.2 Timeliness

For BTS timeliness is an essential element of the data production. It is one of the big advantages compared to the quantitative statistics. There are several stages where the time between the sending of the questionnaire and the dissemination of the results can be reduced (see also: OECD, STES Timeliness Framework <sup>17</sup>): Date of start, mode of the survey, date to return the questionnaire, recall, consistency checks, calculations, comments, dissemination of the results.

The conditions for these elements are identical in the BTS of the EFSS as well as for any other BTS as long as the survey is conducted on a decentralised level. But if the survey is based on a postal mail mode and the questionnaires are sent from a centralised institution and the return goes to a centralised institution again, a considerable time-loss has to be taken into account.

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<sup>17</sup> [http://www.oecd.org/document/40/0,2340,en\\_2649\\_201185\\_30460520\\_119814\\_1\\_1\\_1,00.html](http://www.oecd.org/document/40/0,2340,en_2649_201185_30460520_119814_1_1_1,00.html)

## 3.12 Confidentiality

The daily business of firms in the financial services sector is mostly concerned with individual data of its clients. They expect absolute confidentiality of the handling and treatment of the very sensitive private or firm-specific information by the service offering firm. For this reason, the firms of the financial sector will be reluctant to give any information on its business activity to external institutions.

### 3.12.1 Reputation of the survey institution

To overcome this reluctance at least partly the survey institution has to dispose of a reputation above reproach. Unfortunately, the institution conducting surveys cannot formally prove its confidentiality, it has to communicate it by giving an assurance of confidentiality and by its reputation. The survey institution must ensure that the means of the results are adequate to protect confidentiality to the extent pledged or intended, that procedures for processing and use of data conform to the pledges made, and that appropriate care is taken in dealing with directly identifying information. To inform the responding firm about the confidential treatment of the collected data, there are two possibilities which do not mutually exclude each other:

- The survey institution declares to be a member of a professional organisation which has a “Code of Professional Ethics and Practices”<sup>18</sup>, it publishes a declaration of confidentiality on its home-page or it mentions the secure and anonymous treatment of the collected data in an accompanying letter or on the questionnaire itself. The effect of this last measure has been analysed by several researchers (Singer et al. 1995). It was found that the simple argument that “more is better” does not hold, but that a confidentiality statement has to be in accordance with the effective confidentiality problems in the questionnaire. Thus, a long and elaborate assurance of confidentiality will only have a positive effect if the survey has indeed sensitive questions. The same assurance in a survey without any sensitive questions can even have a negative effect on the response rate.
- To protect the good reputation a declaration of confidentiality is not enough; every action and every step of a survey has to be considered under the aspect of ensuring and increasing the general image of trust. To obtain privileged information, the data collector has to promise that it will not release any data records, aggregated data, or other information from which individual business information could be revealed (Cox, Brenda G. et al., Business Survey Methods, John Wiley and Sons, New York 1995). The institution has to take actions which show that security and anonymity of the provided information have absolute priority<sup>19</sup>.

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<sup>18</sup> Examples:

Code of the professional ethics of the members of the American Association for Public Opinion Research: <http://www.aapor.org/pdfs/ethics.pdf>

Ethical guidelines of the American Statistical Association: <http://www.amstat.org/profession/ethicalstatistics.html>

Declaration on professional ethics from the International Statistical Institute: <http://www.cbs.nl/isi/ethics.htm>

<sup>19</sup> Details on measures to secure confidentiality, see report ECFIN/2001/6, Business Surveys in the Financial Sector, July 2002, pp. 47-48

Besides the measures for security and confidentiality known and used for surveys in other sectors, no special measures are proposed for the financial sector. But conducting a survey in the financial sector requires even greater attention to be paid to these aspects.

### 3.12.2 Confidentiality and Mode of Survey

The different modes of surveys (e.g. paper questionnaire, internet survey, etc.) contend different types of confidential levels which are difficult to compare. Moreover, confidentiality is not only an objective situation but includes a lot of psychological effects. Therefore, the preferred survey mode differs between the companies.

Special confidentiality features of the different survey modes appear on the transfer of the response from the firm to the survey institution:

- **Postal mail:** Theft or copying of the questionnaire is not difficult, but limited to the transportation route of the questionnaire.
- **Online:** To grasp the responses of a firm on the way from its internet-connection to the survey institution is possible from all over the world. Therefore, a secured connection between the firm and the survey institution has to be offered. But there is no absolute security of untouched transfer in the web.
- **E-Mail:** Again, to grasp the responses of a firm on the way from its internet-connection to the survey institution is possible from all over the world. But the possibilities to secure the content of mails are very limited. A secured connection cannot be offered in a technique easy to apply. From the security point of view, this is not a recommendable mode.
- **Telephone:** A telephone can be tapped either on the side of the firm or on the side of the survey institution. But the costs of taping are high and the circle of persons which is able to tap a line is very restricted.
- **Face-to-face Interviews:** Interviews with persons clearly authorised by the survey institution offer a very high level of security.

### 3.12.3 The legal situation in the EU

According to the Committee on Statistical Confidentiality of the EU, the fundamental principles involved in statistical confidentiality<sup>20</sup> are:

- Statistical data are to be considered confidential when they allow direct or indirect identification of the statistical units concerned.
- Confidential data are to be used exclusively for statistical purposes, unless the respondents have given their consent to the use for any other purposes.
- Confidential data are not to be made accessible to non-statistical administrative bodies or to users in general, with limited exceptions concerning scientific research.

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<sup>20</sup> [http://forum.europa.eu.int/irc/dsis/bmethods/info/data/new/embs/embs1\\_2.html#C](http://forum.europa.eu.int/irc/dsis/bmethods/info/data/new/embs/embs1_2.html#C)

- All the necessary regulatory, administrative, technical and organisational measures shall be taken to ensure the physical and logical protection of confidential data against unlawful disclosure and non-statistical use, including penal sanctions, if necessary, in order to prevent violations. Officials and other servants of Eurostat and the national authorities having access to confidential data shall also be subject to this rule, even after the cessation of their functions.

In general, BTS-data are quantified and aggregated and thus are not exposed to disclosure. But there are two main situations at which a disclosure is possible:

- After aggregation, an intended publication-unit covers too few units.
- One or two big units in a cell can dominate the results if the responses are weighted by size and on stratification is used.

In these two cases, no publication is allowed.

#### **3.12.4 Confidentiality and the degree of centralisation**

In the case of a centralised organisation of the conduct of the survey, the confidentiality depends heavily on the reputation of the survey institution. To find an institution which has a high reputation all over Europe is more difficult than to find an institution in each of the participating countries. But there are some advantages for the European Commission. The measures for security and anonymity have to be controlled only ones, communication with the survey institution is simple. The mix of modes is identical all over the EU-countries which has a positive effect on the results. Last but not least, there is no need to transfer any data from the national survey institutions to the EU. This does not only save time but reduces the risk that the data will be touched.

The results can be restricted on an European level and the multinational firms can respond on a consolidated basis. On EU level there will be no monopolistic structure and therefore there will not be a dominance of one or two units in a two-digit branch producing a problem of disclosure. These positive points do not hold if the centralised organisation wants to produce national results too.

The decentralised option has lesser problems to find a well-known institution to conduct the survey. But in small countries disclosure problems can emerge if these countries want to publish national results.

#### **3.12.5 Confidentiality lessons from the ad-hoc survey**

The experience with the ad-hoc survey addressed to financial intermediaries in EU-25, Norway and Switzerland can be summarised as follows:

- It is very difficult to get (ad-hoc) information from the financial intermediaries for institutions not well known.
- To be well known with a good reputation improves the response rate but does not guarantee a high one. The response to the ad-hoc survey was on EU-level slightly

below 5% for the paper and the online questionnaire. For Switzerland, the response rate was about 13%.<sup>21</sup>

The low response for the ad-hoc surveys, either by paper questionnaire or in e-mail mode as well as the difficulties to contact the financial intermediaries by telephone show, that it is almost impossible for a single institution to operate an EU-wide survey in the financial services sector. The financial intermediaries strongly prefer a contact to a survey institution in their home country. This is also the case for intermediaries with business activity in more than one country.

### 3.13 Summary

#### 3.13.1 EU-wide decentralised version

Both ad-hoc surveys – at the survey institutions and at the financial intermediaries – have a clear message concerning the interest for results: National results are clearly favoured. This is particularly important in the case of the financial intermediaries because a report with results published is mutually the only reward they receive for participation in the survey. Additionally, chapter 2 has shown that in most European countries the fraction of the FSS in GDP is not to be neglected. Because of these findings we propose a national oriented survey in the EFSS.

From a technical point of view the administration of the survey could be done by only one organisation. But the high number of countries, confidentiality problems and language problems at recalls let us favour a national administration, co-ordinated by the EC. Most of the survey institutions are interested to participate in a decentralised survey.

The frame list is constituted from the national business registers or near-governmental lists. The size of the multinational firms has to be restricted to the importance in the respective country and they should – if possible – answer on a national level to produce reliable national results.

To harmonise the frequency of the BTS in the EFSS with the other BTS of the EU, a monthly periodicity is appropriate. The proposed five questions on a monthly and the three questions on a quarterly frequency have to be part of the questionnaire even if not all companies dispose of monthly new information on demand and employment development. A cost reducing alternative would be a quarterly frequency with only a limited loss of information.

One of the findings of the ad-hoc survey was that an internet mode – online or e-mail – is preferred and telephone interviews are not accepted by financial intermediaries. Paper questionnaires are for a part of the firms attractive too. Moreover, the survey institutions named the paper questionnaire most often as the favourable mode. Due to the low security level, e-mail is not an adequate mode in the FSS. Under these conditions, the survey should be offered in a mixed mode including the online and paper mode. The online mode has high

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<sup>21</sup> The sample size had been selected with the aim to be able to present results disaggregated for countries and for banking groups. However, facing the low response, only aggregate results for Europe and two sub-samples are adequate.

implementation costs, but the running costs are reduced considerably compared to paper or interview modes.

Our ad-hoc surveys show that English is the most preferred language. But there is, according to comments, some preference for the national languages to use in questionnaires and results too. With a national administration and national results, there is no obstacle to provide the report in national languages.

In total, the costs for the technical implementation of a BTS in the EFSS is comparable with the other BTS as far as the survey institution is already contracted by DG ECFIN. The firm size in the FSS is quite above the average in the whole economy and the identification of the responding person in these big companies is more time consuming. Therefore, to establish a sample including the identification of the responding person costs more per sample unit than in most other BTS. According to the experience of KOF Zurich, the running costs of the survey are reduced after the first waves. It needs less intensive recalls to get a comparable response rate as in the other BTS. If new institutions are involved, the implementation costs are quite considerable.

### **3.13.2 Minimal version**

The minimal version concentrates on a low cost option of the above summarised EU-wide decentralised version using the same questionnaire. One of the interesting findings in Chapter 2 was the very strong relationship between the business cycle movements of the value added of the FSS between some important countries and total EU. The sectoral development in the other countries is quite heterogeneous but results in only a marginal influence on total EU. Therefore we propose in this version a limitation on a survey covering only the countries Germany, France, Italy and United Kingdom. The criteria on sample size are limited to these countries and thus reduce the total sample size. As a consequence, there will be national results only for these countries, the aggregate of the four most important countries will serve as a proxy to the development of the European FSS. To conduct the survey in four countries only reduces costs remarkably.

One third of the financial intermediaries can offer new information on the evolution of demand and employees only quarterly. The additional information gained with a monthly survey is therefore limited. The restriction on a quarterly survey further reduces costs considerably. The costs of the survey thus decrease; but the reduction is less than two thirds because there are fixed costs and the recalls do not shrink according to the number of waves. As an additional effect, the burden of the participating companies is reduced.

A further possibility to reduce costs is to run the survey in online mode only, omitting the paper mode with rather high running costs.

## **4 Extension to New Member and Accession Countries**

For the new member and accession countries already conducting BTS the situation does not differ significantly from the EU-15 countries. If the new member and accession countries do not yet conduct BTS, the implementation of a BTS in the FSS is probably not the survey with which they should start because the conditions differ somehow from the other surveys. It is not by accident that most of the EU-15 countries did not introduce this survey until now. Therefore, the following arguments hold for the new member and accession countries which already conduct BTS.

### **Indicators**

The business activities in the FSS does not principally differ compared to the EU-15 countries and therefore the proposed indicators will be applicable in the new member and accession countries too.

### **Mode of survey**

The conditions for contacts to the companies are more difficult than in the EU-15 countries. The modes discussed are potential modes to be used in these countries too. But each country should evaluate the most appropriate mode(s).

### **Language**

National languages would increase the willingness of the companies to participate in the survey.

### **Options**

The arguments for a national organisation of the survey hold in these countries too. For a supranational organisation it would be very difficult to get a reasonable response rate.

### **Sampling method**

The situation does not differ from the EU-15 countries: there are some with and some without official register. As far as it concerns countries with a official registers, a stratified sample or – for a small country – an exhaustive sample is adequate. The other countries need to collect addresses from associations, telephone books and other sources to produce a frame list.

Response rate is expected to be lower particularly in the Eastern new member and accession countries because firms are much more reluctant to participate in an official survey: the fear of governmental control is still present.

### **Weighting**

There are no differences to the EU-15 countries.

**Periodicity and Timeliness**

These technical standards can be fulfilled from the new member and accession countries as good as from the EU-15 ones.

**Confidentiality**

There is no difference in the conditions of confidentiality

**Conclusion**

Conducting BTS in the FSS of the new member and accession countries is principally possible. The conditions for the countries already conducting BTS are similar as for the EU-15 countries but the effort to reach a high response rate will be bigger. This ends up in some higher running costs. In countries not disposing of any other BTS, the introduction of a BTS in the FSS is at the moment too ambitious and would lead to significantly higher costs.



## 5 *Methodological Guide*

In Chapter 3 we assessed all topics necessary for the implementation of a new business tendency survey in the EFSS. In this chapter we build on these assessments and conclusions and present a methodological guide for the EU-wide decentralised version:

<b>Survey coverage</b>	European Financial Services Sector
<b>Organisation</b>	Network of national survey institutions
<b>Periodicity</b>	Monthly (*) or quarterly
<b>Timeliness</b>	4 working days before end of month (*)
<b>Mode of Survey</b>	- Modes used by survey institutions. (*) - Telephone interview not accepted by financial intermediaries
<b>Indicators</b>	Monthly: 5 indicators according to the joint harmonised EU programme in the services sector  Quarterly: Evolution of operating income, operating costs and operating profitability in last 3 months
Scope of questionnaire	Business activity in the domestic country
<b>Language</b>	
Questionnaire	National languages (*)
Results	National languages for country results (*)
<b>Sampling Method</b>	
Population	EU-15; Sector J; 65, 66, 67; NACE Rev. 1 per country
Frame list	- Population; national cut-off limits applicable
Sample size	- 90 firms for sector J results - 90 firms for a single 2-digit result - Exhaustive sample for countries with small population
Sampling unit	Enterprise or national legal unit of multinational enterprises
Reporting unit	Enterprise or national legal unit of multinational enterprises

**Weighting System, Country Results**

Individual weighting	Net income, turnover or employees
Aggregation weighting	2-digit sectors (NACE 65, 66, 67) - Employees per sector or - Value added (if available)

**Weighting System, EU results**

Aggregation weighting	Value added (NACE 65, 66, 67) of individual country
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**Extensions**

New EU member	- Survey conducted in domestic country - Option to include results in EU-25 or new EU member aggregate weighted by value added (NACE 65, 66, 67)
Accession countries	Survey conducted in domestic country

**General**

Consent	Consent (explicit or tacit) of national branch associations, national supervisory boards and national central banks are prerequisite
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(\*) conditions of the joint harmonised EU programme

## ***Appendix***

### **BankScope**

**Questionnaire for Survey Institutions, addressed to survey institutions.**

**Questionnaire for Data Availability, addressed to financial intermediaries.**

## BankScope

The data source BankScope covers financial intermediaries in Nace 65. The database gives information about the domicile of the headquarter, but not about the geographical coverage of the business activity of the respective company. It is possible to calculate sample coverage with respect to the geographical coverage of the companies headquarters. For a large part but not for all of the entries, information about the number of employees and about net income is available. Sample coverage with respect to employment or net income may therefore only be estimated out of the entries in the database where such information is available. BankScope includes roughly 7000 banks in Europe (entries not older than three years). The following table shows how many entries are available per country.

**Table A1 Number of Financial Intermediaries in BankScope per Country**

<b>Country</b>	<b>No. of Banks</b>	<b>Country</b>	<b>No. of Banks</b>
AUSTRIA	219	LATVIA	23
BELGIUM	135	LITHUANIA	12
CYPRUS	21	LUXEMBOURG	206
CZECH REPUBLIC	36	MALTA	9
DENMARK	205	NETHERLANDS	121
ESTONIA	10	NORWAY	62
FINLAND	15	POLAND	46
FRANCE	1'016	PORTUGAL	41
GERMANY	2'279	SLOVAKIA	24
GREECE	24	SLOVENIA	22
HUNGARY	40	SPAIN	308
IRELAND	79	SWEDEN	124
ITALY	910	SWITZERLAND	410
		UNITED KINGDOM	550
		<b>TOTAL</b>	<b>6'947</b>

The list in Table A1 includes all EU-25 countries plus Norway and Switzerland. For 9 of the EU-25 countries, the number of financial intermediaries is smaller than 30 companies. For the EU-15, this is the case for Finland and Greece. From the new member countries, only in Czech Republic, Hungary and Poland have more than 30 companies registered in BankScope.

**Questionnaire for Survey Institutions,  
with regard to interest of participation for a Business Tendency Survey (BTS)  
in the European Financial Services Sector (EFSS)**

**Institution:** ..... **Town:** .....

**Name:** ..... **Phone:** .....

**Remarks:** please tick the appropriate box(es)

	<b>How do you assess the interest of your institution to ...</b>	strong interest	medium interest	no interest
<b>1</b>	<b>... apply for participation in a network of institutions, who conduct BTS in the EFSS in their home country only? (Option A, see page 2)</b> (cost coverage up to 50%)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>2</b>	<b>... apply for participation in a network of institutions, who conduct BTS in the EFSS in their home country and in one or more other country/countries? (Option B, see page 2)</b>			
a)	If costs are covered up to 50%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b)	If costs are covered up to 100%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3</b>	<b>... apply for co-ordinating such a network?(Option A or B, see page 2)</b>			
a)	If costs are covered up to 50%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b)	If costs are covered up to 100%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>4</b>	<b>... apply for conducting a centralised BTS in the EFSS? (Option C, see page 2)</b> (Your answer is treated strictly confidential. Individual results are for internal use of DG-ECFIN only.)			
a)	If costs are covered up to 50%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b)	If costs are covered up to 100%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>5</b>	<b>... have access to aggregate results of a BTS in the EFSS?</b>			
a)	Region within a country: .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b)	Domestic country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c)	Euro area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d)	EU-15	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e)	EU-25	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f)	Other (global activity)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

How do you assess different ...		indispensable	desirable	irrelevant
<b>6</b>	<b>... modes of survey technique for conducting a BTS in the EFSS?</b>			
a)	Paper questionnaire	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b)	Web-based questionnaire	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c)	E-mail questionnaire	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d)	Telephone interview	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e)	Other: .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>7.1</b>	<b>... languages for BTS questionnaires in the EFSS?</b>			
a)	English	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b)	French	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c)	German	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d)	Italian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e)	Other: .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>7.2</b>	<b>... languages for publication of results of a BTS in the EFSS?</b>			
a)	English	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b)	French	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c)	German	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d)	Italian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e)	Other: .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Options of Conducting a Survey**

**Option A: Decentralised survey**

The option of a decentralised survey builds on institutions conducting harmonised business surveys in their home country. Contacts to survey participants are maintained by the national institution. An institution is required to co-ordinate the survey and to compute aggregate EU or regional results from aggregated national data or from individual replies (micro data).

**Option B: Partly centralised survey**

The option of a partly centralised survey requires a network of institutions who conduct the survey in their home country and in several other – e.g. neighbour – countries. The network consist of selected institutions which may but not necessarily need to conduct harmonised EU surveys. As for a decentralised survey, a coordinating institution is required.

**Option C: Centralised survey**

A centralised survey is conducted by a single institution. The institution may, but not necessarily needs to, firstly, operate offices in different countries of the EU area and secondly, conduct harmonised EU surveys.

XY Bank  
Address  
COUNTRYACR-ZIP CITY

COUNTRY

23489



Study contracted by:

EUROPEAN COMMISSION  
DIRECTORATE GENERAL  
ECONOMIC AND FINANCIAL AFFAIRS  
Economic studies and research  
**Business surveys**

Zürich, July, 2004

**Data Availability for a Business Tendency Survey in the European Financial Services Sector**

Business Tendency Surveys (BTS) are an important instrument of business cycle analysis. They give **short-term information about business situation** and expectations otherwise not available. BTS are of **qualitative** nature and ask for the firm's situation, **tendencies and judgements** instead of exact figures. These surveys are usually conducted at country level. Information is treated strictly confidentially.

The European Commission operates a harmonised program of Business Tendency Surveys, where European results are aggregated from country results. Currently there are only a few countries in Europe where BTS are conducted in the financial services sector. For some countries, the number of companies is too small to generate country results from qualitative surveys.

On behalf of the European Commission, the Swiss Institute for Business Cycle Analysis (KOF) analyses the feasibility of conducting a BTS in the financial services sector at European level. You find the proposed questions of a future monthly or quarterly survey on the back of this sheet.

We kindly ask you to support this analysis by completing the attached "Questionnaire for Data Availability" and to **return** it with the enclosed stamped addressed envelope or fax it to +41 1 632 12 34 possibly by **end of July**. If you have any questions, please do not hesitate to email to the survey helpdesk (bloesch@kof.gess.ethz.ch).

Thank you very much for your response.

Best regards



Dr. Daniel Bloesch  
KOF Business Tendency Surveys

**Suggestion for Questions of a BTS in the European Financial Services Sector**

(based on harmonised EU services survey)

- Q1 How has your business situation developed over the past 3 months?  
+ improved = remained unchanged – deteriorated
- Q2 How has demand for your company's services changed over the past 3 months? It has ...  
+ increased = remained unchanged – decreased
- Q3 How do you expect the demand for your company's services to change over the next 3 months? It will ...  
+ increase = remain unchanged – decrease
- Q4 How has your firm's total employment changed over the past 3 months? It has ...  
+ increased = remained unchanged – decreased
- Q5 How do you expect your firm's total employment to change over the next 3 months ? It will ...  
+ increase = remain unchanged – decrease
- Q6 How has your firm's operating income changed over the past 3 months? It has ...  
+ increased = remained unchanged – decreased
- Q7 How has your firm's operating costs changed over the past 3 months? It has ...  
+ increased = remained unchanged – decreased
- Q8 How has your firm's profitability changed over the past 3 months? It has ...  
+ increased = remained unchanged – decreased

**Explanations**

Business situation	An assessment of the business situation should primarily take account of performance factors. Other criteria such as volume of business, market share, etc. may also be considered.
Demand	Indicators of demand are the volume of business, the value of income received (insurance: premiums earned) or the number of transactions.
Employment	The assessment of changes in employment should be based as far as possible on full-time equivalents.
Operating income	Revenue received for the services provided or premiums earned.
Operating costs	Value of the different inputs used to produce the services.
Profitability	Profitability indicates the net effect of income/premiums and costs.



**Questionnaire for Data Availability,  
with regard to a Business Tendency Survey (BTS)  
in the European Financial Services Sector (EFSS)**

XY Bank  
CITY, COUNTRYACR

**Remarks:** - please tick the appropriate box(es)   
- Your information will be handled in confidence and in accordance with the EU data protection directive.

		Regional activity only	Country of Domicile	Euro area	EU area	New EU area <sup>1)</sup>	Other (i.e. global)
	<b>Where is your company doing business?</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>1</b>	<b>How frequently do you have new information available to indicate tendencies for the following figures of your company's business?</b>	↓	↓	↓	↓	↓	↓
		Please respond to 1 a)-e) for all geographical areas where your company is doing business					
a)	Demand for financial services	quarterly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		monthly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b)	Number of employees	quarterly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		monthly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c)	Operating income	quarterly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		monthly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d)	Operating costs	quarterly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		monthly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e)	Profitability	quarterly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		monthly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>2</b>	<b>How do you assess your interest of having access to results of a BTS in the EFSS?</b>	Region within the Country <sup>2)</sup>	Country of Domicile	Euro area	EU area	New EU area <sup>1)</sup>	-
	strong interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-
	medium interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-
	no interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-

<sup>1)</sup> EU area including new EU member countries

<sup>2)</sup> Please indicate name of region: .....

How do you assess different ...	indispensable	desirable	irrelevant
<b>3 ... modes of survey techniques for a short monthly or quarterly survey?</b>			
a) Paper questionnaire	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Web-based questionnaire	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) E-mail questionnaire	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Telephone interview	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) other: .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>4.1 ... languages for BTS questionnaires in the EFSS?</b>			
a) English	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) French	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) German	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Italian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) other: .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>4.2 ... languages for publication of results of a BTS in the EFSS?</b>			
a) English	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) French	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) German	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Italian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) other: .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BTS: Business Tendency Survey  
EFSS: European Financial Services Sector

When completed, please **return** the questionnaire possibly **by end of July** (latest by end of August) with **enclosed stamped addressed envelope** to:

KOF Konjunkturforschungsstelle der ETH Zürich  
Swiss Institute for Business Cycle Analysis  
ETH Zentrum WEH  
CH-8092 Zürich  
Switzerland

or send to **Fax +41 1 632 12 34**.

Please indicate your Name, Phone number and e-mail address:

Name: .....

Phone: .....

E-mail: .....

Thank you very much for taking the time to complete this questionnaire.