

## **Cross-border Capital Flows on a Gross Basis**

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### **Abstract**

Unlike other major emerging market economies, Russia has been consistently experiencing large capital outflows over a relatively long period of time, which has attracted special attention of the public to this phenomenon. It has brought to the analytical scrutiny the underlying reasons, nature, and forms of financial flows. The key to the perceived problem was expected to be found with the help of additional broad-spectrum data on gross flows.

Limitations to gross-basis compilation were primarily due to the lack of data for certain classes of units and for some financial instruments. While *Central Bank* and *General Government* sectors' data were available, in principle, and of good quality, compiling gross data for *Other sectors* and particularly for *Banks* represented a formidable challenge.

In assessing the quality of the produced gross flows data, the main problem in coverage may be attributed to the lack of information on *Portfolio Investment* flows, as they are most likely very large, especially on the liabilities' side. Assets-side data are not as much important for Russia. Notwithstanding the above, the Bank of Russia's recent work on gross flows has yielded broadly reliable data for analytical use and policy making.

Gross data on financial flows are many-times larger than net basis data and by far exceed the size of other cross-border transactions. The bulk of financial flows relate to short-term instruments which, in turn, largely consist of banks' current accounts and deposits with the prevailing current accounts' share.

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