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Directorate C – Macro-economic statistics
C.4 – Price statistics. Purchasing power parities. Housing statistics

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HICP Compliance Monitoring

Follow-up report – Finland

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1. Eurostat's recommendations and progress made by Statistics Finland

- **Statistics Finland should derive weights for insurance services based on the household expenditure of the service charge, estimated by national accounts for a single year.**

This recommendation has been implemented. Since January 2022 weights for insurance services have been derived using household expenditures for the service charge for a single year.

⁽¹⁾ The report is available on Eurostat's website: [HICP Compliance Monitoring Report - Finland - 2022 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

- **Statistics Finland should improve the representativity of e-commerce in line with the recommendations on cross-border internet purchases.**

This recommendation has been fully implemented. Statistics Finland introduced cross-border internet purchases in the HICP production in January 2023.

- **Statistics Finland should further improve the representativity of the rent index as dwellings rented by private landlords to tenants without housing allowances are currently not covered.**

This recommendation has not been implemented. Web-scraping for supplementary data on dwellings rented by private landlord has been tested within the EU-grant project 2022-FI-PRS in 2023. Since website owners have been unwilling to allow web scraping free of charge, Statistics Finland has signed an agreement with the biggest website providing data on dwellings for rent. Data from housing advertisements are expected to be incorporated in the index in 2025. Tax Administration data on income from rents has also been analysed for the purpose of the HICP. The data quality fits the needs of the HICP; however, its available on an annual basis instead of monthly.

- **The collection frequency and the temporal coverage of prices for some health products and for drinks in restaurants are not fully in line with the legal requirements. According to Article 8(1) of the implementing regulation 2020/1148, the prices should be included in the HICP for the month in which transactions at that price can take place.**

This compliance issue has been partially addressed. Monthly data collection for alcoholic beverages sold in restaurant started in January 2024. Monthly data collection for health products began in 2022, excluding refundable prescription medicines. Statistics Finland plans to begin monthly data collection for refundable prescription medicines in 2026.

- **Statistics Finland should review and improve its procedures for price collectors concerning the timing of replacements, the identification of replacement products, and the recording of information on the old and new product.**

This recommendation has been partially implemented. Training on the treatment of replacements was delivered to price collectors in September 2023. Statistics Finland plans to further improve the treatment of replacements in 2025 as an outcome of the work undertaken under grant project 2022-FI-PRS. Improvements cover monthly observing and recording of product-specific characteristics in the HICP database, specifically for mobile phones, household appliance, and household textiles. These characteristics will then be used to assess quality differences between replaced and replacement products. Whenever products are non-comparable, an explicit quality adjustment method will be applied.

- **Statistics Finland should further investigate the separation of the cost for renting and other costs (for example water and heating).**

This recommendation has not been implemented. Statistics Finland is investigating the feasibility of deriving reliable heating and water costs using online data on rents.

- **The decision on whether replaced and replacement product offers are comparable should not be based on pre-defined price change thresholds but on a comparison of the product and outlet price-determining characteristics. Statistics Finland should develop its procedures so that sound replacement and quality adjustment decisions can be made.**

This recommendation has not been implemented. Replacement practices will be improved in 2024 as a result of the EU grant project 2022-FI-PRS. New practices and quality adjustment methods will be introduced in the production of HICP in January 2025.

- **For scanner data, Statistics Finland should investigate if the price index is representative with respect to dynamic product assortments and to adjust the calculation procedure as needed.**

This recommendation has not been implemented. Statistics Finland is testing if the current method guarantees a monthly product coverage of 80%. Otherwise, the calculation will be adjusted according to the findings and introduced in the HICP production in January 2025.

- **Statistics Finland should examine the impact of changes in GTIN codes that are linked to changes in package size and to ensure that price changes due to package size changes are properly captured.**

This recommendation has been partially implemented. Statistics Finland is following simultaneous changes in package size and monthly prices, attrition rates, and relaunches for the time period 2021-2023. This is currently in use for alcoholic beverages. Whenever package sizes change, the impacts on prices and price relatives are assessed. The calculation will be adjusted according to the findings and introduced in the HICP production in January 2025.

- **Statistics Finland should assess the impact of the monthly chaining and replenishment method currently applied to telecommunication products.**

This recommendation has been implemented. A Törnqvist formula with a fixed base in December of year t-1 was implemented in January 2023. Detailed data are obtained from the major service providers, covering approximately 99% of the market. Services are disaggregated by customer type, type of subscription, data transfer speed and amount of data transfer (Gb), number of messages, and minutes for calls. Matching is done like-with-like. Replacements are carried out when necessary.

- **Statistics Finland should carry out research into methods and sources with a view to expand the use of explicit quality adjustments methods.**

This recommendation has been partially implemented. Currently Statistics Finland uses hedonic methods for rents and second-hand cars. The research undertaken by Statistics Finland on the use of transaction data for the past 4 years indicates that hedonic methods seem suitable for clothes, durable goods, and consumer electronics. Explicit quality adjustments will be increasingly used for survey data as the detailed product characteristics are included in the database. Changes are expected to be introduced in the HICP production in January 2025.

- **Statistics Finland should assess the practice of updating the last in-season price with a normal price at the beginning of the out-of-season period.**

This recommendation has not been implemented. Statistics Finland plans to discontinue this practice in the HICP production in January 2026.

2. Additional measures to improve the quality of the Finnish HICP

New data sources for electricity, petrol and diesel, scanner data for utility goods and train tickets, web scraped data for holiday cottages, and advertising data for second hand cars were introduced into the HICP.

The outlet sample was systematically improved.

3. Conclusion

Eurostat takes note of the measures implemented by Statistics Finland to improve the quality of the Finnish HICP.

Statistics Finland should continue to implement improvement measures, particularly those related to the recommendations on the representativeness of rents and the separation of the cost for renting and other costs, on the inclusion of refundable prescription medicines, on the enhancement of the methodology for replacements and quality adjustments, and on the estimation of prices for out-of-season products.

For scanner data, Eurostat would welcome the implementation of a methodology that can produce an index representative of dynamic product assortments and that can treat package size adjustments.

Eurostat welcomes the ongoing work within the EU grant project 2022-FI-PRS and the improvements made on insurance weights, representativity of e-commerce, the increase of the frequency of price collection for alcoholic beverages sold in restaurants, and the discontinuity of the monthly chaining and replenishment method.

