

# Glossary: Resident institutional unit

Statistics Explained

A **resident institutional unit** is an institutional unit that is resident because it has a centre of economic interest in the economic territory of a country (or a grouping like the [European Union \(EU\)](#) or the [euro area](#) ).

The sectors of an economy are composed of two main types of institutional units:

- [households](#) and individuals who make up a household;
- legal and social entities, such as corporations and quasi-corporations (e.g. branches of foreign direct investors), non-profit institutions, and the government of that economy.

These institutional units must meet certain criteria to be considered resident units of the economy.

Residence is a particularly important attribute of an institutional unit in the [balance of payments](#) because the identification of transactions between residents and non-residents underpins the system. Residence is also important in national accounts because the residency status of producers determines the limits of domestic production and affects the measurements of [gross domestic product \(GDP\)](#) and many important flows.

The concept of residence is based on a sectoral transactor's centre of economic interest. It is necessary to recognise the economic territory of a country as the relevant geographical area to which the concept of residence is applied. An institutional unit is a resident unit when it has a centre of economic interest in the economic territory of a country.

The institutional unit is an elementary economic decision-making centre characterised by similarity of behaviour and decision-making autonomy in the exercise of its main function. A resident unit is regarded as constituting an institutional unit if it has decision-making autonomy for its main function and either keeps a complete set of accounts or it would be possible and meaningful, from both an economic and legal viewpoint, to make a complete set of accounts if they were needed.

## Related concepts

- [Final consumption expenditure](#)
- [Resident producer unit](#)

## Statistical data

- [Balance of payment statistics](#)