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AVAILABILITY OF DATA FOR ALLOCATING FISIM ON THE BASIS OF EU HARMONISED GAIN-  
AND LOSS ACCOUNTS FOR CREDIT INSTITUTIONS

Supporting paper submitted by the Federal Statistical Office of Germany\*

Introduction

1. This paper deals with the necessary data for allocating FISIM. Two possible statistical sources are investigated :

- Harmonised gain-and loss accounts (Community law)
- Harmonised balance sheets (European Central bank)

2. It comes to the conclusion that due to the lack of

- sector-allocated interest flows and stocks of deposits and loans in the harmonised gain- and loss accounts and
- average interest rates corresponding to the sector allocated stocks of loans and deposits in the harmonised balance sheets

a proper allocation of FISIM is not possible.

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\* Prepared by Mr. Wolfgang Eichmann.

**Harmonised gain-and loss accounts (Community law)**

3. In line with the Council Regulation (EC) Nr. 4448/98 of February 16 1998 on the allocation of FISIM more data are necessary to carry out the calculations than given by the annual profit and loss accounts of credit institutions (Council Directive 86/635/ EEC of 8 December 1986). The additional requirements refer to two differences:

The different population of units involved

4. According to ESA1995 only units of Sector 122 (Other monetary financial institutions) and S123 (Other financial intermediaries, except insurance corporations and pension funds) are FISIM producing units. ESA 1995 par. 2.49 defines the units of S122 as „Monetary financial institutions(MFIs)“ in the delimitation of the European Central Bank /ECB/.

a) ESA 1995 restricts the population of units to the resident institutional units (par. 2.15). Branches of resident units outside the economic territory are treated as notional resident units of a foreign country. In this respect the legal entities defined in the Council Directive 86/635 contain more entities, i.e. the non-domestic branches of domestic credit institutions. Domestic branches of non-domestic credit institutions are not included and recorded by the national supervisory institutions for banks vice versa.

b) The ECB defines MFIs as institutions as delimited in the Community Law (e.g. Council Directive 86/635) plus „other financial institutions“. Whether or not institutions are treated as additional MFIs depends on their capacity to create money or close substitutes of money. Boarder line cases are e. g. building societies and money market funds.

c) Sector 123 (Other financial intermediaries, except insurance corporations and pension funds) includes the following institutions as far as they are not included in S122 (Other monetary financial institutions).

ESA par.	Institutions
2.51 a)	building societies, mortgage banks, mortgage credit institutions
2.51 b)	mutual funds
2.52 c)	municipal Credit institutions
2.55 a)	financial leasing
2.55 b)	hire purchase
2.55 c)	factoring
2.55 d)	own account security and derivative dealer
2.55 e)	specialised financial corporations
2.55 f)	financial vehicle corporations
2.55 g)	inter bank banks

2.55 h)	financial holding companies
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These institutions are neither recorded by the Community Law nor treated as MFIs.

Summarising a) to c) the link between the Community Law population, the MFIs and the ESA institutional units can be shown in form of a matrix.

A domestic branches of domestic credit institutions under community law	B non- domestic branches of domestic credit institutions under community law	C domestic branches of domestic other financial institutions creating money	D non-domestic branches of domestic other financial institutions creating money	E domestic branches of domestic other financial institutions not creating money	F non-domestic branches of domestic other financial institutions not creating money
G domestic branches of non-domestic credit institutions under community law	H non- domestic branches of non domestic credit institutions under community law	I domestic branches of non domestic other financial institutions creating money	J non-domestic branches of non-domestic other financial institutions creating money	K domestic branches of non-domestic other financial institutions not creating money	L non-domestic branches of non-domestic other financial institutions not creating money

Community Law credit institutions under national supervision = A+B

MFIs= A+B+C+D

ESA 1995 S122 and S123= A+C+E+G+I+K

The different necessities to subdivide profit and loss account items

5. Article 27.1 of the Community Law states that interest received in total has to be recorded. In addition, interest received on fixed income securities has to be shown separately. Interest paid in total with no further subdivision has to be quantified in line with Article 27 .2. The available data has to be confronted with the necessities (on a **quarterly** basis) for a FISIM-allocation. For it is not definitely clear from the FISIM-Regulation how to treat „Other accounts payable/receivable“ (AF7) they are here presented separately. The numbers in the cells refer to the statistical data needed to calculate the various reference rates of the FISIM-Regulation. The necessities are shown in the following tables.

and Other financial institutions (S123) (A=Available)

[illegible]

Financial intermediaries			5			5						
Other units												
Sum							A				A	

Interest paid (D41) and Financial liabilities (stock)  
by/of Other monetary institutions (S122) and Other financial institutions (S123)

Sector	deposits AF4		securities other than shares (AF.3)		other accounts payable (AF.7)		Sum	
	Interest paid	stocks	interest paid	stocks	interest paid	stocks	interest paid	stocks
S11 Non-financial corporations	4	4						
S121 Central Bank								
S122 Other monetary financial institutions								
S123 Other financial institutions except insurance and pension funds								
S124 Financial auxiliaries	4	4						
S125 Insurance corporations and pension funds	4	4						
S13 General government	4	4						
S14 Private Households in their capacity as...	4	4						
Owners of unincorporated enterprises								
individuals								
S15 Non-profit institutions serving households	4	4						
S2 Rest of the world of which								
Financial intermediaries	5	5						
Other units								
Sum							A	

A= Available from gain- and loss accounts

The FISIM-Regulation defines various reference rates which can be derived from the tables.

Reference rate	Necessary data
Method 1 (internal)	1
Method 2 (internal)	2
Method 3 (internal)	3
Method 4a (internal)	4
Method 4b (internal)	Average of 1 and 4a
Method 4c (internal)	Average of 2 and 4a
Method 5 (external)	5

The tables show, that the additional burden for credit institutions would be considerable if the missing data were inquired.

**Harmonised balance sheets (European Central Bank)**

6. The national central banks will have to provide a sector breakdown of assets and liabilities of MFIs at a quarterly frequency to the European Central Bank (ECU). The great advantage of this table is that the sector breakdown follows ESA95 recommendations (although S124 is still missing).

7. The delivery of interest rates is still under discussion and some kind of harmonised „interest rate statistic“ can be expected for the future. However, a statistic of (average) interest rates corresponding exactly to the classification of financial instruments by sectors in the table mentioned above would improve not only the possibility to allocate FISIM but also the calculation of distribution accounts in national accounts statistics in general.