

Belarusian practice in delineating the financial corporations sector



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Current state of national accounts

Since 1990, on a regular basis, current accounts are being compiled: the production account, the generation of income account, the allocation of primary income account, the allocation of secondary income account, the redistribution of income in kind account and the use of disposable income account.

From the accumulation accounts, a capital account is developed.

All accounts are developed for residents of the country in five sectors of the economy.

To monitor the economic development during the year, quarterly GDP calculations have been carried out by using the production and expenditure approach since 1994 and since 1997 also by using the income approach.

Since 1993, work has begun on compiling the input-output tables in accordance with the methodological principles and standards of the SNA. Since 2002, the following set of tables has been compiled: supply of goods and services, use of goods and services at purchasers' prices, symmetric input-output table at basic prices, transport margins, net taxes on products, and imported goods and services in basic prices.

Since 2008, the Republic of Belarus has been compiling GRP.



Institutional sector classification

The goal - the possibility of compiling harmonized indicators of the system of national accounts, public finance statistics, external sector statistics and monetary statistics by sectors of the economy within the country, as well as to ensure comparability at the international level.

Set of actions:

- Working group, action plan;
- Structure of classification;
- Classification procedure (scheme);
- Software



Business register

Administrative part

Based on the law of the Republic of Belarus

Units:

- legal entities;
- subdivisions of legal entities;
- representations of foreign organizations located on the territory of the Republic of Belarus;
- simple partnerships;
- individual entrepreneurs.

Statistical part

Types of units:

- enterprises;
- balance holders;
- local units.



Delineating the financial corporations sector

The Financial Corporations sector includes all institutional units, residents of the Republic of Belarus, who are mainly engaged in providing financial services to other institutional units, including insurance and pension funds, such as:

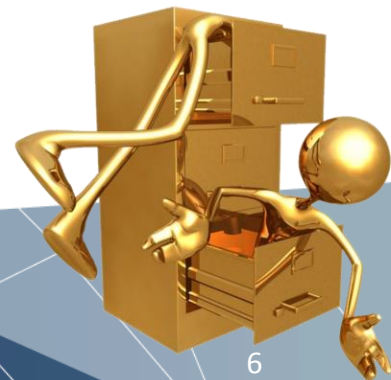
- commercial and non-commercial resident organizations performing financial services;
- branches of non-resident organizations that are engaged in providing financial services in the territory of the Republic of Belarus for a long time (at least one year);
- subdivisions of resident organizations belonging to different sectors providing financial services.



Data sources

The main data sources for financial institutions operating in the financial market are:

- a list of banks compiled on the basis of the Register of Licenses for Banking Activities;
- a list of non-bank financial institutions, compiled on the basis of the Register of Licenses for the Activities of Non-bank Financial Institutions;
- a list of professional participants in the securities market (financial sector organizations), compiled on the basis of the register of valid licenses for the implementation of professional and stock-exchange activities in securities;
- list of insurance organizations and insurance brokers;
- List of leasing organizations included in the Register of Leasing Organizations and carrying out their activities? without being included in the Register in accordance with the legislation;
- the register of microfinance organizations;
- Register of forex companies;
- list of organizations that account for bills of exchange.



The financial corporations sector is divided into following groups:

- state financial corporations;
- national private financial corporations;
- financial corporations under foreign control.

The groups are divided into subgroups to show the difference between non-profit and profit-oriented units

There are no organizations with a core business:

- pension funds;
- investment funds of monetary and non-monetary markets;
- trusts.

Subsectors of the financial corporations sector

Central bank (S121);

Deposit-taking corporations except the central bank (S122);

Money market funds (MMFs) (S123);

Non-MMF investment funds (S124);

Other financial intermediaries, except insurance corporations and pension funds (ICPFs) (S125);

Financial auxiliaries (S126);

Captive financial institutions and money lenders (S127);

Insurance corporations (ICs) (S128);

Pension funds (PFs) (S129).



The grouping of subsectors of financial institutions

Sector of financial organizations

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graph TD; A[Sector of financial organizations] --> B[Monetary and credit institutions]; A --> C[Insurance companies and pension funds]; A --> D[Other financial organizations]; B --> B1[Central bank (S121); Deposit-taking corporations except CB (S122); Money market funds (MMFs) (S123)]; C --> C1[Insurance corporations (ICs) (S128); Pension funds (PFs) (S129)]; D --> D1[Non-MMF investment funds (S124); Other financial intermediaries, except ICPFs (S125); Financial auxiliaries (S126); Captive financial institutions and money lenders (S127)];
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Monetary and credit institutions

Central bank (S121);
Deposit-taking corporations except CB (S122);
Money market funds (MMFs) (S123).

Insurance companies and pension funds

Insurance corporations (ICs) (S128);
Pension funds (PFs) (S129).

Other financial organizations

Non-MMF investment funds (S124);
Other financial intermediaries, except ICPFs (S125);
Financial auxiliaries (S126);
Captive financial institutions and money lenders (S127)

S 121 Central bank

The main functions of the National Bank of the Republic of Belarus:

- develops the main directions of the monetary policy and jointly with the Government ensures the implementation of a single monetary and credit policy in the order established by the legislative acts of the Republic of Belarus;
- carries out the issue of money;
- carries out the issue (issue) of securities of the National Bank;
- holds a gold reserve and a fund of precious stones of the State Fund of Precious Metals and Precious Stones of the Republic of Belarus and carries out their operational management within their competence;
- creates gold and foreign exchange reserves in coordination with the President of the Republic of Belarus and manages them within their competence;
- carries out currency regulation and currency control in accordance with the legislation of the Republic of Belarus;
- regulates credit relations;
- regulates and organizes monetary circulation;
- regulates the activities of banks and non-bank financial institutions;
- carries out banking supervision;
- and others.

S 122 Deposit-taking corporations except the central bank

- Banks
- Non-bank financial institutions

S 123 Money market funds

S 124 Non-MMF investment funds

in July 2017, the Law "On Investment Funds" was signed, which will come into force in July 2018

S 125 Other financial intermediaries, except insurance corporations and pension funds

- financial organizations that carry out, as their main activity, lending on their own behalf in various forms (loans, mortgages and the like);
- organizations that carry out financial leasing as their main activity;
- dealers, dealing with securities and derivative financial assets as a core activity, operating at their own expense;
- organizations that carry out clearing activities as their main activity;
- venture organizations;
- specialized organizations that provide financing for mergers and acquisitions;
- organizations that provide factoring services, as well as the conclusion of swaps, options and similar transactions at their own expense.

S 126 Financial auxiliaries

- brokers who perform transactions with securities as their main activity;
- brokers who make transactions with goods as their main activity;
- trust managers of securities;
- depositories;
- organizers of trading in securities;
- stock, currency exchanges, etc.

S 127 Captive financial institutions and money lenders

- microfinance institutions that provide microloans (pawnshops, funds);
- trusts (temporarily absent);
- holding companies that are only owners of assets (a controlling stake in the share capital).

Subsector S 128 Insurance corporations include institutional units, the main function of which is to provide insurance and reinsurance services to other insurance organizations.

Subsector S 129 Pension funds pension social insurance funds that are institutional units separate from the institutional units that create them, excluding the state pension fund that manages compulsory social insurance programs.

Data sources used in the delineation of the financial corporations sector in the compilation of national accounts

Indicator	Data source
Output, intermediate consumption in the banking system	The balance sheets of banks and the Development Bank, monetary tables and direct data collection
Output, intermediate consumption of insurance	Administrative data from the Ministry of Finance
Remuneration	Direct data collection and administrative data from Social Protection Fund
Interest on securities and on deposits in banks	Administrative data from the National Bank and the balance sheets of banks and the Development Bank

Indicator	Data source
Dividends	Direct data collection and administrative data from the National Bank, banks and the Development Bank
The income received from the investment of insurance reserves	Administrative data from the Ministry of Finance
Income from investments	Administrative data from the National Bank
Gross fixed capital formation	Данные статистических наблюдений и административные данные Министерства финансов
Changes in inventories	Direct data collection

Way forward in developing national accounts in the Republic of Belarus

Further work will focus on continuing improvement of the quality of statistical data by:

- maintaining a classification of institutional units and improving individual criteria for classifying institutional units as subsectors of the economy;
- calculating insurance services with the use of adjusted claims incurred;
- calculating reinsurance services with the same method as the output of direct insurance services;
- experimental evaluation of illegal activities.



Thank you for attention!