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Financial Corporations

Units and sub-sectors –
theoretical presentation

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Financial corporations – Units and sub-sectors

References

- 2008 SNA, Chapter 4, Institutional units and sectors
- ESA 2010, Chapter 2, Units and groupings of units
- BPM6, Chapter 4, Economic territory, units, institutional sectors, and residence
- Handbook on National Accounting: Financial production, flows and stocks in the System of National Accounts, Chapter 2, Financial corporations within the SNA 2008 framework
- Handbook on Securities Statistics, Chapter 4, Institutional units and sectors

Institutional units, their residence and institutional sectors

– Institutional units

- Institutional units are economic entities capable of owning goods and assets, incurring liabilities, and engaging in economic activities and transactions with other units in their own right.
- Two main types of unit
 - Persons or groups of persons (households), and
 - Legal or social entities

Institutional units, their residence and institutional sectors

— Residence

- The residence of each institutional unit is the economic territory with which it has the strongest connection
- This is expressed as **the center of predominant economic interest** (*BPM6*, paragraph 4.113)
- The connection of an institutional unit to a particular economic territory is determined by aspects such as its physical location and being subject to the jurisdiction of the government of the territory
- Corporations are considered to have their center of predominant economic interest in the economy where they are legally constituted and registered

Institutional units, their residence and institutional sectors

— Institutional sectors

- Total economy
 - Non-financial corporations
 - **Financial corporations**
 - General government
 - Households
 - Non-profit institutions serving households
- Rest of the world

Financial corporations as providers of financial services

- **Financial corporations**
 - consist of all resident corporations
 - are principally engaged in providing **financial services**, including insurance and pension funding services, to other institutional units
 - **Financial services** are the result of
 - financial intermediation,
 - financial risk management,
 - liquidity transformation or
 - auxiliary financial activities
 - As the provision of financial services is typically subject to strict regulation, it is usually the case that units providing financial services do not produce other goods and services and financial services are not provided as secondary production

Classification of financial corporations

- **Financial corporations can be divided into three broad classes namely**
 - financial intermediaries
 - financial auxiliaries, and
 - other financial corporations

Classification of financial corporations

- According to their activity in the market and the liquidity of their liabilities, the financial corporations sector can be divided into **nine sub-sectors**.
- Depending on the **degree of control**, each sub-sector can also be divided into the following sub-sectors:
 - Public financial corporations
 - National private financial corporations
 - Foreign controlled financial corporations

Classification of financial corporations into nine sub-sectors

The financial corporations sector and its **nine sub-sectors**

Sector and sub-sector		2008 SNA / ESA 2010 code	Publicly controlled	National private	Foreign controlled
Financial corporations		S12			
Financial inter-mediarities	The central bank	S121			
	Deposit-taking corporations except the central bank	S122	S12201	S12202	S12203
	Money market funds (MMF)	S123	S12301	S12302	S12303
	Non-MMF investment funds	S124	S12401	S12402	S12403
	Other financial intermediaries, except insurance corporations and pension funds	S125	S12501	S12502	S12503
Financial auxiliaries		S126	S12601	S12602	S12603
Captive financial institutions and money lenders		S127	S12701	S12702	S12703
Financial inter-mediarities	Insurance corporations	S128	S12801	S12802	S12803
	Pension funds	S129	S12901	S12902	S12903

Classification of financial corporations

– *Three papers*

- Subsectoring of Financial Corporations: Units and Data Sources (**Belstat, Republic of Belarus**)
- Financial Corporations: Units, sub-sectors and data sources (**Bank of Russia**)
- **Banco de Portugal** – Subsectoring of financial corporations

Subsectoring of Financial Corporations: Units and Data Sources (**Belstat, Republic of Belarus**)

- Units and Data Sources will present the experience of **Belarus** in dealing with the financial corporations sector in line with the international standard, the 2008 SNA.
- It will provide short overview of the work on development and implementation of the classification of institutional units. The criteria for allocation of institutional units to the different subsectors of financial corporations using information included in the enterprise register will be explained.
- The paper will also describe the available data sources for the financial corporations sector.

Financial Corporations: Units, sub-sectors and data sources (**Bank of Russia**)

- Units, Subsectors and Data Sources by **Bank of Russia** will provide information about the list of institutions included in the financial corporations sector of the Russian economy. In 2013 the Bank of Russia became megaregulator and, therefore, controls, registers and licenses most of the financial institutions.
- Since October 2014 using information on registered institutions and other legal records the Bank compiles the list of financial institutions by subsectors, which comply with the sector classification of the 2008 SNA.
- The presentation will also portray the main data sources for statistics on financial institutions and recent developments, which include interaction with other departments responsible for collection and processing of reports under the supervision of the Bank of Russia and expansion of the list of the registered and licensed financial organizations.

Subsectoring of Financial Corporations (**Banco de Portugal**)

- Institutional sector classification is a shared responsibility within the Statistics Department of the Banco de Portugal
- Identification criteria by subsector
- Statistical treatment of captive financial institutions (SPEs, holdings, head offices)

Classification of financial corporations

– *Data sources*

- *Belarus*

- *Coverage of the enterprise register*

- *Russia*

- *List of financial corporations based on registers*

- *No data on S126, S127*

- *Large number of S125 (20.201 or 107.459)*

- *Coordination with other registers (maintained by Rosstat)*

- *Portugal*

- *Move from ESA 95 to ESA 2010*

- *Split of S123 (ESA 95) into S125, S126 and S127 (ESA 2010)*

Classification of financial corporations

From ESA 95 to ESA 2010

