

# Financial accounts: Financial transactions

## 1. Concepts, definitions and classifications

### STATISTICAL CONCEPT

The financial account is one of the accumulation accounts in the sequence of national accounts under SNA 1993. The financial account deals with the financial transactions taking place between resident institutional units and between them and the rest of the world. It shows how the surplus or deficit on the capital account is financed by transactions in financial assets and liabilities. Thus the balance of the financial account (net acquisition of financial assets *less* net incurrence of liabilities) is equal in value to net lending / net borrowing (B.9), the balancing item of the capital account.

Financial transactions are summarized and recorded systematically in the financial account. The financial account indicates how net borrowing sectors obtain resources by incurring liabilities or reducing assets, and how net lending sectors allocate their surpluses by acquiring assets or reducing liabilities. The financial account also shows the contributions to these transactions of the various types of financial assets, and the role of financial intermediaries.

Most transactions involving the transfer of ownership of goods or assets or the provision of services have some counterpart entry in the financial account. Moreover there are many transactions that are recorded entirely within the financial account, where one financial asset is exchanged for another or a liability is repaid with an asset. Financial assets may be created through the incurrence of liabilities. Such transactions change the distribution of the portfolio of financial assets and liabilities and may change their total amounts but do not affect the net lending/net borrowing (B.9).

### DEFINITION OF INDICATORS

The primary classification of financial instruments comprises: Monetary gold and special drawing rights (AF.1), Currency and deposits (AF.2), Securities other than shares (AF.3), Loans (AF.4), Shares and other equity (AF.5), Insurance technical reserves (AF.6), and Other accounts receivable/payable (AF.7). (see annex 1)

The primary classification of institutional sectors comprises: Non-financial corporations (S.11), Financial corporations (S.12), General government (S.13), Households (S.14), Non-profit institutions serving households (S.15) - that altogether add up to Total Economy (S.1) -, and the Rest of the World (S.2). (see annex 2)

## 2. Scope / coverage of the data

### GEOGRAPHICAL COVERAGE

All OECD member countries (some countries do not provide all sectors), including Chile; plus Estonia and Slovenia.

### STATISTICAL POPULATION

Target population is the sectors of the economy and the rest of the world. Population coverage should be 100%, though actual coverage depends on completeness of data. Moreover, separate reporting of sectors S.14 (Households) and S.15 (Non-profit institutions serving households) is not always available.

## 3. Accounting conventions

### REFERENCE PERIOD

The lengths of series vary according to country and indicator.

### RECORDING OF TRANSACTIONS

**Time of recording:** On principle, flows are recorded on an accrual basis, that is when economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled; the time of recording is often not when cash is exchanged.

**Valuation rules:** Financial transactions are recorded at the market value. It is the value in national currency at which the financial assets and / or liabilities are created, liquidated, exchanged or assumed, when on the basis of commercial considerations only.

**Symmetry:** Financial transactions and their counterpart transactions are to be recorded at the same point in time.

## 4. Nature of the basic data

### DATA SOURCES USED

Information may be derived directly from the units of the institutional sector for which they are needed, or else indirectly from counterpart information on other sectors. In many cases, financial intermediaries or institutions are the counterpart, acting as debtor or creditor.

Information on transactions that do not involve the financial sector normally has to be obtained directly. However, in some cases (particularly in the households and non-profit institutions serving households sectors) there is a lack of direct or counterpart information and estimates have to be made. For calculating such estimates, residuals methods (residuals may be obtained after the recording of other items in the accounting framework) may be used.

In general, the most important sources used to compile annual financial accounts nationally are statistics on financial intermediaries, particularly monthly money and banking statistics, and quarterly data of other financial institutions. Other main sources are balance of payments and international investment position statistics, government finance statistics and securities data of government debt management bodies, capital market statistics, direct information on non-financial corporations, and surveys of businesses or households.

### **TYPE OF SURVEY**

Most of the financial accounts data are based on administrative documents and statistical surveys conducted nationally for compilation of financial accounts.

# Financial accounts: Balance sheets

## 1. Concepts, definitions and classifications

### STATISTICAL CONCEPT

In the SNA 1993 sequence of accounts, balance sheets are statements of the value of the stocks of assets and liabilities at a particular point of time and can be drawn up for institutional units, institutional sectors or the whole economy. The balancing item of the financial balance sheet (i.e., excluding non-financial assets) is the 'net financial assets' (BF.90), calculated as the difference between total financial assets and total liabilities. A closing financial balance sheet is equal to the opening balance sheet plus changes resulting from financial transactions and other flows (revaluations and other changes in volume of financial assets/liabilities).

### DEFINITION OF INDICATORS

The primary classification of financial instruments comprises: Monetary gold and special drawing rights (AF.1), Currency and deposits (AF.2), Securities other than shares (AF.3), Loans (AF.4), Shares and other equity (AF.5), Insurance technical reserves (AF.6), and Other accounts receivable/payable (AF.7). (see annex 1)

The primary classification of institutional sectors comprises: Non-financial corporations (S.11), Financial corporations (S.12), General government (S.13), Households (S.14), Non-profit institutions serving households (S.15) — that altogether add up to Total Economy (S.1) — and the Rest of the World (S.2). (see annex 2)

## 2. Scope / coverage of the data

### GEOGRAPHICAL COVERAGE

All OECD member countries (some countries do not provide all sectors), excluding Chile; plus Israel, Estonia and Slovenia.

### STATISTICAL POPULATION

Target population is the sectors of the economy and the rest of the world. Population coverage should be 100%, though actual coverage depends on completeness of data. Moreover, separate reporting of sectors S.14 (Households) and S.15 (Non-profit institutions serving households) is not always available.

## 3. Accounting conventions

### REFERENCE PERIOD

The lengths of series vary according to country and indicator.

### RECORDING RULES

Rules on compilation of financial balance sheets are those established according to SNA 1993. Financial assets and liabilities should in principle be valued (except for loans) at market value, i.e., using the current prices at the end of the period for which the balance sheet is drawn up: they should undergo a market valuation. Loans are valued at principal value. Financial assets and liabilities should be assigned the same value whether they appear as financial assets or liabilities.

## 4. Nature of the basic data

### DATA SOURCES USED

Balance sheets are usually compiled from a combination of stock and flow source data. Information may be derived directly from the units of the institutional sector or else indirectly from counterpart information on other sectors. In many cases financial intermediaries or institutions are the counterpart, acting as debtor or creditor.

Information that does not involve the financial sector normally has to be obtained directly. However, in some cases (particularly in the households and non-profit institutions serving households sectors) there is a lack of direct or counterpart information and estimates have to be made. For calculating such estimates, residuals methods (residuals may be obtained after the recording of other items in the accounting framework) may be used.

Important sources used to compile annual financial accounts nationally are statistics on financial intermediaries, particularly monthly money and banking statistics, and quarterly data of other financial institutions. Other main sources are balance of payments and international investment position statistics, government finance statistics and securities data of government debt management bodies, capital market statistics, direct information on non-financial corporations, and surveys of businesses or households.

**TYPE OF SURVEY**

Most of the financial accounts data are based on administrative documents and statistical surveys conducted nationally for compilation of financial accounts.

ANNEX 1 / ANNEXE 1

**List of Financial Instruments / Liste des instruments financiers**

<b>Monetary gold and SDRs</b>	<b>F.1</b>	<b>Or monétaire et DTS</b>
Monetary gold	F.11	Or monétaire
Special drawing rights (SDRs)	F.12	Droits de tirage spéciaux (DTS)
<b>Currency and deposits</b>	<b>F.2</b>	<b>Numéraire et dépôts</b>
Currency	F.21	Numéraire
Transferable deposits	F.22	Dépôts transférables
Other deposits	F.29	Autres dépôts
<b>Securities other than shares</b>	<b>F.3</b>	<b>Titres autres qu'actions</b>
Securities other than shares, except financial derivatives	F.33	Titres autres qu'actions, non compris les produits financiers dérivés
Short-term	F.331	Titres à court terme
Long-term	F.332	Titres à long terme
Financial derivatives	F.34	Produits financiers dérivés
<b>Loans</b>	<b>F.4</b>	<b>Crédits</b>
Short-term	F.41	Crédits à court terme
Long-term	F.42	Crédits à long terme
<b>Shares and other equity</b>	<b>F.5</b>	<b>Actions et autres participations</b>
Shares and other equity, except mutual funds shares	F.51	Actions et autres participations, non compris les parts d'organismes de placement collectif
Quoted shares	F.511	Actions cotées
Unquoted shares	F.512	Actions non cotées
Other equity	F.513	Autres participations
Mutual funds shares	F.52	Parts d'organismes de placement collectif
<b>Insurance technical reserves</b>	<b>F.6</b>	<b>Réserves techniques d'assurance</b>
Net equity of households in life insurance reserves and in pension funds	F.61	Droits nets des ménages sur les réserves techniques d'assurance vie et sur les fonds de pension
Net equity of households in life insurance reserves	F.611	Droits nets des ménages sur les réserves techniques d'assurance vie
Net equity of households in pension funds	F.612	Droits nets des ménages sur les fonds de pension
Prepayments of premiums and reserves against outstanding claims	F.62	Réserves-primés et réserves-sinistres
<b>Other accounts receivable/payable</b>	<b>F.7</b>	<b>Autres comptes à recevoir/à payer</b>
Trade credits and advances	F.71	Crédits commerciaux et avances
Other accounts receivable/payable, except trade credits and advances	F.79	Autres comptes à recevoir/à payer, à l'exclusion des crédits commerciaux et avances

## ANNEX 2 / ANNEXE 2

### **List of Institutional Sectors / Liste des secteurs institutionnels**

<b>Total economy</b>	<b>S1</b>	<b>Économie Totale</b>
<b>Non-financial corporations</b>	<b>S11</b>	<b>Sociétés non financières</b>
<b>Financial corporations</b>	<b>S12</b>	<b>Sociétés financières</b>
Central Bank	<b>S121</b>	Banque centrale
Other depository corporations	<b>S122</b>	Autres institutions de dépôts
Other financial intermediaries	<b>S123</b>	Autres intermédiaires financiers
Financial auxiliaries	<b>S124</b>	Auxiliaires financiers
Insurance corporations and pension funds	<b>S125</b>	Sociétés d'assurance et fonds de pension
<b>General Government</b>	<b>S13</b>	<b>Administrations publiques</b>
Central government	<b>S1311</b>	Administration centrale
State government	<b>S1312</b>	Administrations d'États fédérés
Local government	<b>S1313</b>	Administrations locales
Social security funds	<b>S1314</b>	Administrations de sécurité sociale
<b>Households</b>	<b>S14</b>	<b>Ménages</b>
<b>Non-profit institutions serving households</b>	<b>S15</b>	<b>Institutions sans but lucratif au service des ménages</b>
<b>Rest of the world</b>	<b>S2</b>	<b>Reste du monde</b>