VIII. Financial Statistics

INTRODUCTION

405. The financial statistics covered in this chapter have broader sectoral coverage than the monetary statistics described in Chapter 7. The scope of the monetary statistics is limited to the assets and liabilities of the financial corporations sector and its subsectors. In contrast, the financial statistics encompass all financial stocks and flows among all sectors of the economy and between these sectors and the rest of the world.

406. The financial statistics are developed within the framework of the *1993 SNA,* which provides for comprehensive coverage of production, distribution, and all nonfinancial and financial stocks and flows for the total economy as well as for each of its sectors. The broad components of the *1993 SNA* are the *current accounts*, *accumulation accounts*, and *balance sheets* that together provide an integrated system for measuring economic flows and the resulting stocks of nonfinancial and financial assets and liabilities.

407. This chapter provides a brief orientation to the parts of the *1993 SNA* that link directly or indirectly to financial statistics. The focus is on the accumulation accounts, consisting of the *capital account*, the *financial account*, and the *other changes in assets account,* which is subdivided into the *revaluation account* and the *OCVA account.* Taken together, the capital account and the financial account cover all transactions that involve acquisition and disposal of nonfinancial and financial assets and liabilities in the economy. The transactions data in the financial account, coupled with the data in the revaluation account and the OCVA account, cover the financial flows that constitute the period-to-period changes in stocks of financial assets and liabilities in the economy.

408. In addition to the accumulation accounts, the financial statistics include the flow of funds. Fully articulated flow of funds statements are, in essence, extensions of the financial account into three-dimensional matrices that show the transactions in financial assets and liabilities among sectors/subsectors and among these sectors/subsectors and nonresidents. Flow of funds statements sometimes cover both financial and capital transactions, thereby providing a link to the capital account of the *1993 SNA*. Parallel stock presentations can also accompany flow of funds statements.

409. This manual is not prescriptive with respect to the presentation of flow of funds that countries should adopt. Rather, it presents three variants of flow of funds, ranging from rudimentary to detailed, that countries might choose to adopt depending on their circumstances, resource availability, and statistical priorities. The sectoral balance sheets described in Chapter 7 provide the basic data for the financial corporations' components of the detailed flow of funds statement presented in this manual. In recognition that the development of a detailed statement will be a long-term and costly effort for many countries, this manual also presents less detailed variants of the flow of funds. These less detailed presentations can be built around existing macroeconomic data sets, such as government finance and balance of payments statistics, as well as the sectoral balance sheets described in Chapter 7.

410. The detailed flow of funds presentation integrates the financial transactions data for financial corporations and for the other sectors—general government, public and other nonfinancial corporations, households, and nonprofit institutions serving households—to facilitate analysis of the direction and amount of transactions across all sectors of the economy. Data on financial stocks can be presented in a matrix format that is identical to the detailed flow of funds presentation. Period-to-period changes in the entries in the presentation for financial stocks represent total flows, arising from revaluations and OCVA, as well as from transactions in financial assets and liabilities.

THE ACCOUNTS OF THE 1993 *SNA*

THE STRUCTURE OF THE ACCOUNTS

411. The *1993 SNA* contains a consistent and integrated set of economic accounts that cover all institutional sectors and subsectors of the economy and the economic relationships of an economy with the rest of the world (ROW). This comprehensive accounting framework is designed for a broad range of analyses covering production, generation, and distribution of income, uses of income, capital formation, and financial activities. The *SNA* contains a full set of interrelated accounts for transactions and other flows, as well as balance sheets that show the stocks of nonfinancial assets, financial assets, and liabilities. The balance sheets are fully integrated with the other accounts in that the transactions and other flows during the period completely explain changes in balance sheets from the beginning of the accounting period to the end. Box 8.1 gives an outline of the main structure of the accounts for an economy and their interrelationships.

412. The main elements of the accounts of the *SNA* for the economy can be presented as equations that show the internal relationships among main aggregates for the total economy. The basic equations can be combined and rearranged to highlight saving-capital formation relationships and links between the domestic economy and the ROW. Box 8.2 presents the equations relating to the principal accounts, and Box 8.3 presents saving-capital formation relationships and macroeconomic links between the domestic economy and the ROW. The full set of interrelated accounts for the economy and its main institutional sectors, as well as for the ROW, appears in Tables 8.1-8.5 at the end of this chapter.

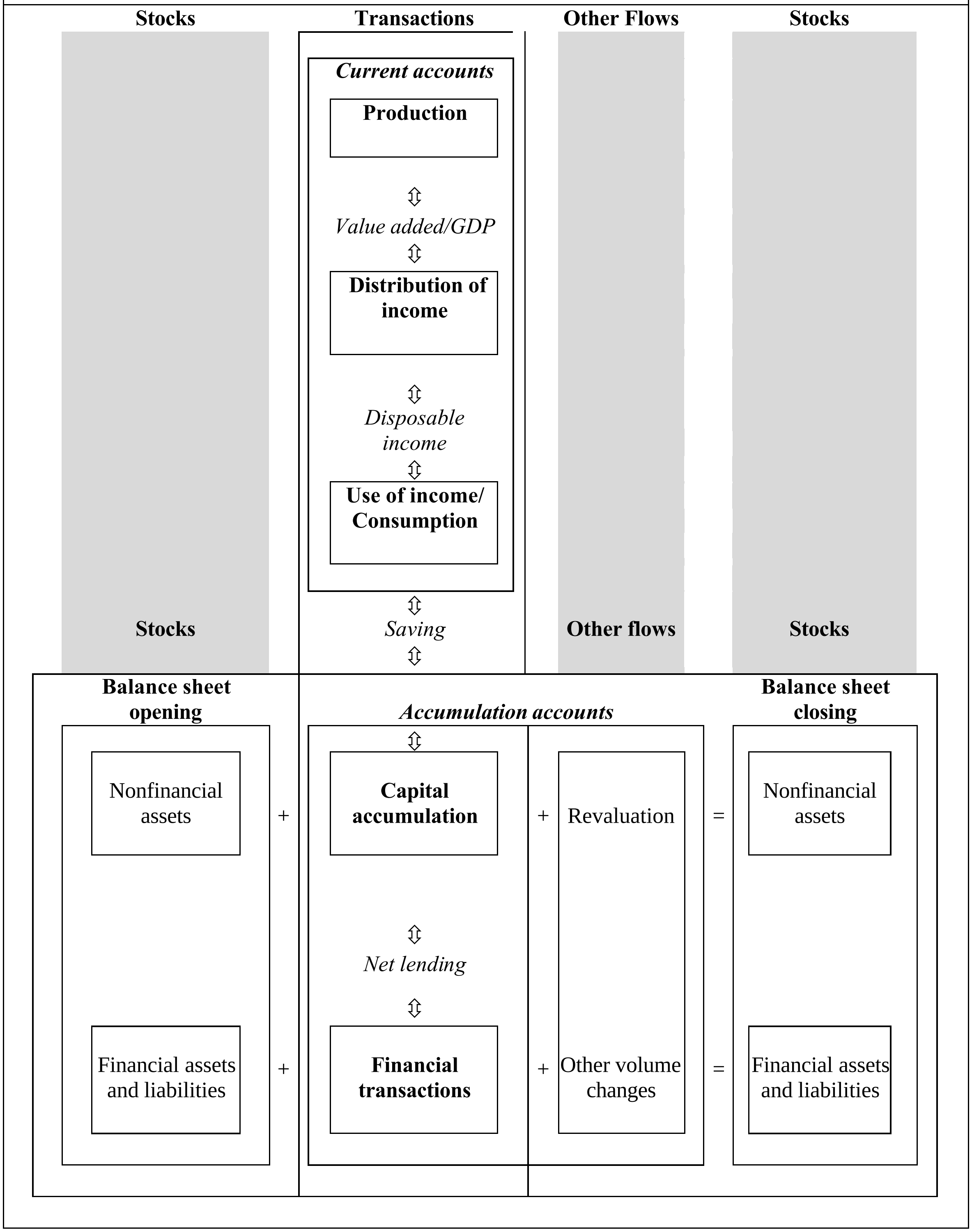
413. The *SNA* groups transactions into two main sets of accounts—the *current accounts* and the transactions part of the *accumulation accounts. Current accounts* record production, generation, and distribution of income, as well as uses of income. Within the current accounts, resources and uses are recorded for each sector and for the total economy. Within each of the current accounts, a balancing item[46] is calculated as resources *less* uses. The balancing item from one account is carried forward as a resource in the next account. The major balancing items of the current accounts for the total economy are GDP, gross national income (GNI), gross national disposable income (GNDI), and gross saving. The corresponding balancing items for institutional sectors are value added, balance of primary incomes, disposable income, and saving. Each of these gross balancing items has a corresponding net item that is calculated by subtracting consumption of fixed capital from the gross amount. The transactions recorded in the current accounts often entail counterpart entries in the capital and financial accounts. Every resource in the current account corresponds to an increase in economic value available to the owning unit, and every use corresponds to a decrease. Thus, resources increase the net worth of a unit, and uses decrease net worth. The final balancing item of the current accounts—saving—is that part of income that is not used for final consumption expenditure. Saving is the starting point for the *accumulation accounts* and, together with net capital transfers, represents resources available for financing capital formation, adding to financial assets, and reducing liabilities.[47] Accumulation accounts cover changes in stocks of nonfinancial and financial assets, in liabilities, and in net worth caused by transactions and other events. The accumulation accounts show changes in assets on the left side of the account and liabilities and net worth on the right side.

414. *Balance sheets* cover the stock of nonfinancial and financial assets and liabilities, as well as the net worth of institutional sectors and the economy. In the balance sheets, stocks of assets are shown on the left side of the account,

[46] Balancing items are accounting constructs that define key economic concepts that cannot be observed or measured independently of the other entries in the account.

[47] Chapter II of the 1993 *SNA* includes a summary description of the current accounts, and Chapters VI-IX provide a complete description.

Box 8.1. Outline of the Accounts of the 1993 *SNA* and Their Interrelationships



and stocks of liabilities and net worth are shown on the right side. Because of their importance for broad financial analysis and the construction of flow of funds accounts, the balance sheet and accumulation accounts are described in greater detail later in this chapter.

415. The accounts constitute two interconnected closed sets of accounts, as indicated in Box 8.1. The first set is the sequence of accounts that records economic flows arising from transactions, while the second set represents the balance sheets and the accumulation accounts. These two sets are interconnected through the capital and financial accounts that are common to both. The first set, the sequence of accounts for transactions, constitutes a closed system in the sense that the total of debit entries must equal the total of credit entries without any residual in accordance with the double-entry bookkeeping principle that is the basis for recording transactions in the *SNA*. Consequently, the number of balancing items is one *less* than the number of accounts, and for the same reason all balancing items can be calculated either from "above" or from "below" in the sequence. The second set constitutes a closed system in the sense that the accumulation accounts explain completely all changes in balance sheets between the beginning and the end of the accounting period.

416. The *current accounts*, shown in Box 8.2, comprise the production account, the distribution of income account, and the use of income account. These are described below:

- *Production account*. Value added and GDP represent the income or economic value created through the production process, that is, by converting intermediate consumption into output of goods and services (equation 1).

- *Primary distribution of income account*. These accounts show how the value generated through the production process is distributed to labor and capital and to government in the form of wages and salaries, operating surplus/mixed incomes, and taxes on production (as far as they are included in the valuation of output) (equation 2). They also show how these primary incomes are further distributed to residents and the ROW based on ownership (equation 3). GNI measures the total primary income accruing to residents. It is defined as the sum of GDP, net compensation of employees receivable from abroad, and net property income receivable from abroad.

- *Secondary distribution of income account.* GNDI measures the income that can be used for final consumption or saving and is defined as the sum of GNI and net current transfers receivable from abroad (equation 4).

- *Use of income account*. The use of income account measures gross saving as the balance remaining after the deduction of final consumption expenditure from GNDI, and net saving as gross saving minus consumption of fixed capital (equation 5).

417. The *accumulation accounts* consist of the capital account, the financial account, and the other changes in assets account. The other changes in assets account comprises two subaccounts—the revaluation account and the OCVA account.

- *Capital account*. This account records acquisitions and disposals of nonfinancial assets as a result of transactions with other units or internal bookkeeping transactions linked to production (own account capital formation, changes in inventories, and consumption of fixed capital), and measures the changes in net worth as a result of saving and capital transfers receivable from abroad. The balancing item is net lending or net borrowing, depending on whether saving *plus* capital transfers is *less* than the net acquisition of nonfinancial assets (equation 6).

- *Financial account*. This account records the acquisition and disposal of financial assets and liabilities, and shows how net lending or net borrowing from the capital account is reflected in transactions in these financial items (equation 7). The financial

Box 8.2. Relationships Between Main *SNA* Aggregates for the Total Economy

Current accounts	**Production**	1. Output at basic prices - Intermediate consumption = Value added + Taxes on products, net = **Gross domestic product**
	Primary distribution of income	2. **Gross domestic product** = Compensation of employees + Taxes - Subsidies + Gross operating surplus/mixed income 3. **Gross national income** = Gross domestic product + Compensation of employees (net, from abroad) + Property income (net, from abroad)
	Secondary distribution of income	4. **Gross national disposable income** = Gross national income + Current transfers (net) from abroad
	Use of income	5. **Gross national disposable income** -Households final consumption expenditure - NPISHs final consumption expenditure - Government final consumption expenditure = **Gross saving** - Consumption of fixed capital = **Net saving**
Accumulation Accounts	**Capital**	6. Net saving + Capital transfers (net) from abroad **= Changes in net worth due to saving and capital transfers** - Net capital formation - Acquisitions - Disposals of nonproduced nonfinancial assets **= Net lending/borrowing** (Net capital formation = Gross capital formation - Consumption of fixed capital = Net fixed capital formation + Changes in inventories + Acquisition less disposals of valuables)
	Financial	7. **Net lending/borrowing** = Net acquisition of financial assets - Net incurrence of liabilities
	Revaluation	8. **Changes in net worth arising from holding gains/losses** on nonfinancial assets, financial assets, and liabilities
	OCVA	9. **Changes in net worth arising from other changes in volume** of nonfinancial assets and financial assets and liabilities
Balance sheets	**Opening balance sheet**	10. Opening nonfinancial assets + Opening financial assets -Opening liabilities = **Opening net worth**
	+ Changes in stock positions	Changes in net worth as a result of: Savings and capital transfers Revaluation of nonfinancial assets, and financial assets and liabilities Other changes in volume of nonfinancial assets and financial assets and liabilities
	= Closing balance sheet	**Closing net worth =** Closing nonfinancial assets + Closing financial assets – Closing liabilities
Memo: Transaction accounts	**Supply and use of goods and services**	11a. Output + Imports + Taxes on products, net = Intermediate consumption + Households' final consumption expenditure + NPISHs' final consumption expenditure + Government final consumption expenditure + Gross capital formation + Exports 11b. **Gross domestic product** = Households' final consumption expenditure + NPISHs' final consumption expenditure + Government final consumption expenditure +Gross capital formation + (Exports - Imports)

account is the last account in the sequence of accounts recording transactions.

- *Revaluation account*. This account (equation 8) shows changes in net worth arising from holding gains and losses on nonfinancial assets, financial assets, and liabilities resulting from changes in the prices of the various assets and liabilities.

- *OCVA account*. This account (equation 9) shows changes in net worth arising from all factors other than transactions as recorded in the capital and financial accounts and holding gains/losses as recorded in the revaluation account.

418. The *balance sheets* show stocks of nonfinancial and financial assets and liabilities on the date for which the balance sheet is compiled. The difference between total assets and total liabilities is net worth (equation 10). For each group of assets and liabilities, and thus net worth, changes between the opening and closing balance sheets result from transactions and other flows recorded in the accumulation accounts.

419. The *goods and services account* shows how total supply of goods and services (products) from domestic production and imports is used for intermediate and final use (equation 11a). By using the definition of GDP from equation 1, it is possible to rearrange the account to show how GDP[48] can also be calculated from the expenditure side as the sum of final consumption expenditures, capital formation, and net exports (exports *less* imports). The account has no balancing item, and represents a transaction, dummy, or screen account that recapitulates what is found for a given group of transactions in the other accounts.

420. In Box 8.3, equations 1 through 6 show the key macroeconomic relationships among saving, capital formation, and the ROW, stated in terms of *SNA* components and balancing items. Equation 1 restates the expenditure approach to calculating GDP. Equation 2 shows the external current account balance[49] calculated as exports of goods and services *less* imports of goods and services *plus* net primary income from abroad *plus* net current transfers from abroad. Equation 3a defines GNDI. Equation 3b expands the terms of 3a; 3c simplifies this equation to identify the external current account balance. Equation 4 rearranges the elements of equation 3c to show that saving, as derived in the use of income account, is equal to the sum of investment and the external account balance. Equation 5 shows the equality between the saving-capital formation gap and the external current account balance. Equation 6a is a statement of the capital account for the total economy, and 6b relates the capital account to the external current account balance in calculating net lending/net borrowing to the rest of the world.

THE BALANCE SHEETS AND ACCUMULATION ACCOUNTS

421. The balance sheets and accumulation accounts are the recommended framework for financial statistics because they provide an internationally recognized set of guidelines for integrating financial stocks and flows into a complete system of accounts.

422. The balance sheets and accumulation accounts cover the transactions, other flows, and stock positions that are relevant for broad financial analysis. These accounts constitute an integrated statistical system for valuing assets and liabilities at the beginning and end of an accounting period and for all intervening changes in the volume and value of assets and liabilities. Chapters X through XIII of the *1993 SNA* describe the balance sheets and accumulation accounts in detail.

423. Box 8.4 provides summary descriptions of the component accounts shown in equations 7 through 11 in Box 8.2. The balance sheets and accumulation accounts include all economic

[48]Equation 1 represents the production approach to calculating GDP; equation 2, the income approach; and equation 11b, the expenditure approach.

[49]As found in the balance of payments, which equals (with opposite sign) the current external balance in the *1993 SNA* sequence of accounts for the ROW.

Box 8.3. Domestic Economy-ROW and Saving-Capital Formation Relationships

1.	**Gross domestic product** = Final consumption expenditure + Capital formation + Exports - Imports
2.	**External current account balance** = Exports - Imports + Net primary income from abroad + Net current transfers from abroad
3a.	**Gross national disposable income** = Gross domestic product + Net primary income from abroad + Net current transfers from abroad
3b.	**Gross national disposable income** = Final consumption expenditure + Capital formation + Exports - Imports + Net primary income from abroad + Net current transfers from abroad
3c.	**Gross national disposable income** = Final consumption expenditure + Capital formation + External current account balance
4.	**Saving** = Gross national disposable income - Final consumption expenditure = Capital formation + External current account balance
5.	**External current account balance** = Saving - Capital formation
6a.	Saving - Capital formation - Net acquisitions of nonproduced nonfinancial assets + Net capital transfers from abroad = **Net lending/borrowing to the rest of the world**
6b.	**Net lending/borrowing to the rest of the world** = External current account balance + Net capital transfers from abroad - Net acquisitions of nonproduced nonfinancial assets

assets as described in Chapter 4. The opening and closing balance sheets are composed of stocks of nonfinancial assets and financial assets and liabilities. The accumulation accounts—the capital account, financial account, revaluation account, and other change in volume of assets account—are flow accounts that cover all changes in the value of stocks between the opening and closing balance sheet dates.

Balance Sheets

424. A balance sheet is a statement, drawn up at a particular point in time, of the value of the stocks of nonfinancial assets and financial assets and liabilities of a subsector, a sector, or the entire economy. Table 8.1 presents sample data for the components and balancing items of the balance sheets for institutional sectors, the total domestic economy, and the rest of the world. The balancing item in the balance sheet—the total value of assets *less* total liabilities—is *net worth*. The net worth of the economy, often referred to as national wealth, equals the sum of a country's nonfinancial assets and its net financial claims on the rest of the world.

425. The broad components of balance sheet data are as follows:

- *Nonfinancial assets*—Entities over which ownership rights are enforced by institutional units, individually or collectively, and from which economic benefits may be derived by their owners by holding them, or using them over a period of time. Nonfinancial assets consist of tangible assets, both produced and nonproduced, and intangible assets for which no corresponding liabilities are recorded. Produced assets comprise nonfinancial assets that have come into existence as outputs from production processes. Produced assets consist of (1) fixed assets—assets that are used repeatedly, or continuously, in production processes for more than one year and that may be tangible (dwellings, other buildings and structures, machinery and equipment, and cultivated assets, such as livestock for breeding and plantations) or intangible (mineral exploration, computer software, and entertainment, literary, or artistic originals), (2) inventories (materials and supplies, work-in-progress, finished goods, and goods for resale), and (3) valuables (assets that are acquired and held primarily as stores of value). Nonproduced nonfinancial assets are both tangible and intangible assets that come into existence other than through processes of production. Tangible nonproduced assets include land, subsoil assets, water resources, and noncultivated biological resources. Environmental assets over which ownership rights have not been or cannot be enforced (open seas or air) are outside the asset boundary of the *SNA*. Intangible nonproduced assets include patents, leases, and purchased goodwill.

- *Financial assets*—Entities over which ownership rights are enforced by institutional units and from which economic benefits may be derived in the form of holding gains or property income. Financial assets differ from other assets in the *SNA* in that, other than for monetary gold and SDRs, there is a counterpart liability of another institutional unit.

- *Financial liabilities*—Financial obligations of institutional units that are the counterparts to financial assets of other units.

- *Net worth*—The balancing item in the balance sheet, equal to the value of all assets *less* the value of all liabilities.

The Capital Account

426. The capital account records (1) the value of nonfinancial assets acquired *less* nonfinancial assets disposed of during an accounting period and (2) capital transfers receivable *less* capital transfers payable. It shows the composition of capital formation, transactions in nonproduced nonfinancial assets, and the financing through saving and net capital transfers. It also shows changes in net worth due to saving and capital transfers. Table 8.2 shows, with sample data, the major components of the capital account. (See *1993 SNA*, Table 10.1, for the detailed presentation.)

Box 8.4. The Balance Sheets and Accumulation Accounts

Opening Balance Sheet

The stock of nonfinancial assets and financial assets and liabilities of an economy, sector, or institutional unit at the beginning of an accounting period.

The balancing item is opening net worth, calculated as total assets *less* total liabilities.

Capital Account

During an accounting period, the capital account records (1) the value of nonfinancial assets acquired *less* nonfinancial assets disposed of and (2) capital transfers receivable *less* capital transfers payable. Changes in the value of nonfinancial assets resulting from revaluation and changes in the volume of nonfinancial assets not resulting from transactions are not recorded in the capital account.

Net saving carried forward from the current accounts and *net capital transfers* measure the resources available for capital and financial accumulation, a total that is equal to *changes in net worth as a result of saving and capital transfers*. The balancing item for the account is *net lending or borrowing*, which is equal to savings and capital transfers *less* net capital formation.

Financial Account

The financial account records transactions during an accounting period that involve financial assets and liabilities. Changes in the value of financial assets and liabilities resulting from revaluation, and changes in the volume of financial assets and liabilities not resulting from transactions, are not recorded in the financial account.

Net lending or borrowing, carried forward from the capital account, is equal to net acquisition of financial assets *less* net incurrence of liabilities.

Revaluation Account

The revaluation account records the holding gains or losses resulting from changes in market prices (including exchange rates) that accrue during the accounting period to owners of nonfinancial assets and financial assets and liabilities

The balance of holding gains/losses is *changes in net worth resulting from holding gains/losses*.

OCVA

Changes in nonfinancial assets and financial assets and liabilities during an accounting period that are not due to transactions or revaluations.

The balance of the OCVA account (changes in assets *less* changes in liabilities) equals *changes in net worth resulting from other changes in volume of assets.*

Closing Balance Sheet

The stock of nonfinancial assets and financial assets and liabilities of an economy, institutional sector, or institutional unit at the end of an accounting period. The stock of assets in the closing balance sheet equals the stock in the beginning balance sheet plus the flow changes shown in the capital, financial, revaluation, and OCVA accounts.

The balancing item is closing *net worth*.

427. The following provides a summary description of the major capital account components presented in Table 8.2.

- *Saving* is the final balancing item of the current accounts—the part of disposable income that is not spent on final consumption of goods and services and therefore is available for acquisition of nonfinancial or financial assets or repayment of liabilities. Saving can be positive (when disposable income exceeds final consumption expenditure) or negative (when final consumption expenditure exceeds disposable income). Saving is presented on both a gross and a net basis. The difference between gross and net saving is consumption of fixed capital.

- *Current external balance* represents the balance with the rest of the world on exports and imports of goods and services, net primary income from abroad, and net current transfers from abroad. The current external balance is an integral part of an economy's saving and is equal in magnitude, but opposite in sign, to the domestic economy's net lending/net borrowing, and thus equal to the difference between an economy's saving *plus* net capital transfers and capital formation. It is also equal in magnitude, but opposite in sign, to the current account balance of the balance of payments.

- *Gross fixed capital formation* includes acquisitions *less* disposals of new and existing fixed assets. Fixed assets are tangible and intangible assets created as outputs of production processes that are themselves used repeatedly in production for periods of more than a year. Consumption of fixed capital during the accounting period is shown as a separate item—consumption of fixed capital—rather than as disposal of an asset.

- *Consumption of fixed capital* reflects the decline in the value of the stock of fixed assets used in production as a result of physical deterioration, normal obsolescence, and normal accidental damage. It excludes the value of fixed assets destroyed by acts of war or exceptional events such as natural disasters. Gross fixed capital formation *less* consumption of fixed capital equals net fixed capital formation.

- *Change in inventories* comprises the value of the inventories acquired by an enterprise *less* the value of the inventories disposed of during an accounting period.

- *Acquisitions less disposals of valuables* refers to net transactions in goods (artwork, antiques, numismatic coins of precious metal, etc.) that are held as stores of value over time or to realize holding gains.

- *Acquisitions less disposals of nonproduced nonfinancial assets* refers to acquisitions *less* disposals of land, other nonproduced tangible assets (e.g., subsoil assets), and intangible nonproduced assets (e.g., patented entities, leases, and purchased goodwill).

- *Capital transfers receivable/payable* are unrequited transactions, which may be in kind or in cash. Capital transfers in kind arise when ownership of an asset other than inventories and cash is transferred from one unit to another or liabilities are canceled by a creditor (debt forgiveness). A transfer in cash is capital when it is linked to, or conditional on, the acquisition or disposal of an asset (other than inventories or cash) by one or both parties to the transaction. Both capital transfer receivables and payables are recorded on the right side of the account because they directly affect net worth. A capital transfer receivable increases net worth, while a capital transfer payable reduces net worth.

428. *Net lending/Net borrowing* is the balancing item of the capital account, calculated as net saving *plus* capital transfers receivable *less* capital transfers payable *less* acquisition *less* disposals of nonproduced nonfinancial assets. The net resources available to an economy or sector from saving and net capital transfers that are not used for capital accumulation are the amount of resources available for net acquisition of financial assets, that is, net lending. Economies or institutional sectors with a surplus of resources (through saving and net capital transfers) over capital accumulation are net lenders. Economies or institutional sectors that have capital expenditures in excess of these resources are net borrowers. Changes in net worth arise from saving and capital transfers.

The Financial Account

429. The financial account shows financial transactions among institutional units and between institutional units and the rest of the world. Financial transactions cover all transactions involving change of ownership of financial assets, including the creation and liquidation of financial claims.

430. Because financial assets (other than monetary gold and SDRs) have counterpart liabilities, total net acquisition of financial assets other than monetary gold and SDRs must equal total net incurrence of liabilities when transactions with the rest of the world are included. Transactions in monetary gold and SDRs involve only exchanges of financial assets, usually with nonresidents.

431. The financial account is the final account in the sequence of transaction accounts in the *SNA* framework. Unlike the other accounts, the financial account does not have a balancing item that is carried forward to another account. Rather, the net balance of the financial account is equal in magnitude, but with the opposite sign, to net lending/borrowing, which is the balancing item in the capital account.

432. Table 8.3 shows the components of the financial account. Net acquisitions of financial assets are recorded on the left side of the account, and net incurrence of liabilities and changes in net worth are recorded on the right side. Net lending/borrowing *equals* net acquisition of financial assets *less* net incurrence of liabilities.

433. Although the financial account shows the net financial assets acquired and the net liabilities incurred by type of financial asset and by sector, the account does not link specific assets to specific liabilities. For example, in Table 8.3 the general government has incurred liabilities in the form of securities other than shares of 64, but the financial account does not indicate which sectors (or the ROW) have acquired the assets. Detailed flow of funds accounts show who finances whom; that is, for each asset category, they link transactions between sectors.

The Revaluation Account

434. The revaluation account records holding gains and losses accruing to holders of nonfinancial and financial assets and liabilities as a result of changes in prices of assets and liabilities and exchange rates. Table 8.4 presents, with sample data, major components of the *SNA* revaluation account, showing nominal holding gains/losses for major classes of nonfinancial and financial assets and liabilities. Chapter V of this manual provides a description of the main items in the revaluation account.

The Other Changes in Volume of Assets Account

435. The OCVA account records changes in assets, liabilities, and net worth between opening and closing balance sheets that are due neither to transactions between institutional units (recorded in the capital and financial accounts) nor to price or exchange rate changes (recorded in the revaluation account). OCVA entries may occur either in the normal course of events or through exceptional, unanticipated events.

436. The OCVA account covers the following three major types of entries:

- Assets that enter or leave the economic system in the normal course of events. These may include natural assets, such as discovery of minerals or destruction of farmland as a result of environmental deterioration. They may also include produced assets, such as works of art or other valuables. In addition, they include goodwill and other assets created by legal actions.

- Asset changes arising from exceptional and catastrophic events, including destruction from disasters or illegal seizure of assets without compensation, a situation that is not treated as a transaction because mutual consent is lacking.

- Asset changes arising from reclassification of institutional units and financial instruments, and from changes in the structure of the accounts.

437. Table 8.5 shows the general structure of the OCVA account, together with sample data. The major categories of the account are presented, as well as a full listing of financial assets. All increases in assets and reductions in liabilities arising from OCVA increase net worth, while all decreases in assets and increases in liabilities arising from OCVA decrease net worth. Chapter 5 describes financial entries in the OCVA account. A detailed presentation is given in Table 12.1 of the *1993 SNA*.

FLOW OF FUNDS ACCOUNTS

438. This section addresses (1) the nature and uses of flow of funds accounts and (2) the structure of flow of funds accounts, including integration of capital and financial transactions and approaches to flow of funds accounts that vary by the complexity of data requirements.

THE NATURE AND USES OF FLOW OF FUNDS ACCOUNTS

439. Flow of funds accounts are sectoral accounts, and, while these accounts place an emphasis on financial corporations because of their important role in financial activity, they also attach due consideration to the financial activities of other institutional sectors. Flow of funds accounts had their origin as a separate statistical system but are now commonly linked to the nonfinancial economy by their integration within the national accounting framework, particularly through associating financial data with data on saving and capital formation. Flow of funds are transactions accounts, but they are often linked to balance sheet accounts and are prepared in conjunction with accounts of stocks of financial assets and liabilities of each institutional sector.

440. Flow of funds accounts exist in various forms that differ according to the analytical needs that are being addressed and by the complexity and detail of the accounting presentation and data requirements. The simplest flow of funds accounts identify financial transactions of major importance between sectors at an aggregated level. The most complex flow of funds accounts consist of a three-dimensional matrix that relates the creditor sector, the debtor sector, and the financial asset used in the transaction. The preparation of basic flow of funds accounts is within the capabilities of all countries that have reasonably complete systems of balance of payments, government finance, and monetary statistics. Because a country’s approach to flow of funds accounts depends on its current state of statistical development and analytical needs, this manual makes no specific recommendations with regard to the compilation of flow of funds accounts across countries. Rather, the manual describes a range of flow of funds accounts that can be adapted to a country’s requirements and statistical capabilities.

441. Flow of funds accounts that combine the capital account with the financial account provide an integrated presentation of nonfinancial and financial accumulation. This combined account allows analysis of the links between saving, capital formation, and financial flows for the whole economy and for each institutional sector.

442. Flow of funds accounts that follow the form of the *1993 SNA* financial account can, of course, be fully integrated with capital account transactions and with sectoral and national balance sheets.

443. The financial element of flow of funds accounts can be prepared in many forms. The following sections describe three variations, in order of increasing complexity. Each of these approaches is general enough to assimilate new financial instruments and practices.

444. National and sectoral balance sheets can be compiled to present the stock equivalent of the various forms of flow of funds transactions accounts. Balance sheets can be prepared for financial corporations, government, and the external sector (based on the international investment position) to supplement the basic flow of funds presentation. The preceding section of this chapter described balance sheets that correspond to the capital and financial accounts. Balance sheets can be extended in the same way as the detailed flow of funds transactions matrix to show, for each financial asset category, the financial claims of each sector on other individual sectors. Reconciliation accounts, or more complete revaluation and OCVA accounts, can also be developed to account for differences between the accumulated transaction flows and the value of stocks.

445. The flow of funds accounts can display many of the channels through which financial policies are implemented, particularly if data for the sectors and subsectors that are responsible for implementing policies are presented separately from other sectors. For example, in order to analyze how changes in financial positions affect spending decisions and economic behavior, it is possible to trace the effects of monetary policy actions through the accounts of the central bank, other depository corporations, and nonfinancial sectors. The linkages that can be examined in flow of funds accounts are more extensive than those presented in the monetary statistics.

446. Flow of funds accounts are useful for financial projections and forecasting, by ensuring both (1) the internal consistency of financial forecasts and (2) the consistency of financial forecasts with national accounts forecasts. The accounting constraints in the matrices can be built into economic models in which the variables are forecast simultaneously, or they can be used as a consistency check on forecasts of variables that have been derived independently of one another.

THE STRUCTURE OF FLOW OF FUNDS ACCOUNTS

447. The structure of the flow of funds accounts consists of (1) flow of funds accounts that integrate the capital and financial accounts, and (2) three variations of the financial component—basic flow of funds accounts, the *SNA* financial account, and three-dimensional matrix presentations—that can be presented independently or in conjunction with the capital account transactions.

INTEGRATED CAPITAL AND FINANCIAL ACCOUNTS

448. The *SNA* capital account and the *SNA* financial account can be integrated into a single flow of funds account that shows all resources available for nonfinancial and financial accumulation and the use of those resources for capital formation. Direct measurement of capital and financial transactions within this framework, rather than from the balancing item in the current account, can also be used to measure the saving of each sector.

449. Table 8.6, at the end this chapter, shows an example of an *integrated capital and financial account.* The table is presented in a matrix format demonstrating, for each institutional sector, the total economy and the rest of the world, changes in assets (uses), and changes in liabilities (resources). The first row shows total resources (net saving and net capital transfers) available for investment. The second row presents total net investment as the sum of capital accumulation and net financial investment. It also shows the components of capital accumulation and net financial investment. Table 8.6 can also be interpreted as separate capital and financial accounts. In the capital account, net saving is treated as a resource on the right side, as are net capital transfers; capital accumulation is a use; and net lending/borrowing is the balancing item. Net lending/borrowing is carried forward to the financial account as a resource. Within this framework, net incurrence of financial liabilities is treated as a source of funds, and the total of net lending/borrowing and net incurrence of liabilities can be used for net acquisition of financial assets as a use of funds. Total resources and uses are summarized in the memorandum item at the end of Table 8.6. To emphasize the fact that financial transactions can be directly measured, the term *net financial investment* is used to denote the balancing item of the financial account, calculated as net acquisition of financial assets *less* net incurrence of liabilities.

450. Net financial investment is always equal in concept to net lending/borrowing. A statistical discrepancy can be shown that represents any difference between the recorded total for saving and capital transfers and recorded total net lending. The discrepancy can arise in practice because of gaps in coverage or mismeasurement of any of the items in the full sequence of accounts. Explicit publication of the discrepancy focuses attention on statistical problems and may provide an incentive to improve the quality of the accounts. The discrepancy may be due to mismeasurement in the current accounts (leading to errors in estimates of saving), in the capital account, or in the financial account.

451. Flow of funds in the form of integrated capital and financial accounts can provide independent estimates of saving that can be compared with estimates prepared from the current accounts. Financial flow of funds accounts can also provide independent estimates of net lending/borrowing. These independent estimations can instill confidence in the quality of estimates of saving and investment, or they can identify statistical problems that need addressing.

Financial Flow of Funds Accounts

452. Flow of funds accounts can take the form of integrated capital and financial accounts or can cover only financial transactions. There are many forms of financial account presentations that can be called flow of funds, and all can be integrated with the capital account or compiled and presented separately. The following paragraphs describe three major variants, which differ according to level of detail on sectors and financial asset categories, and which represent substantially different levels of resource requirements. The three forms of flow of funds accounts are (1) basic flow of funds accounts (2) the *SNA* integrated financial account and (3) detailed flow of funds matrices.

Basic Flow of Funds Accounts

453. A basic flow of funds account is a modified form of the flow of funds matrix that employs a reduced number of sector and financial asset categories. The sectors chosen are normally those most important for financial analysis and for which data are available—remaining sectors are placed in a residual category. Countries that prepare macroeconomic accounts covering monetary statistics, government finance data, and the balance of payments can construct the basic accounts. Therefore, countries that have limited statistical resources can nevertheless benefit from compiling a set of interrelated and internally consistent sectoral accounts that are useful for analytic and policy purposes.

454. Table 8.7, shown at the end of this chapter, presents a basic flow of funds account that can be compiled from the data contained in the macroeconomic data sets referred to in the preceding paragraph. The table is presented in a resources-and-uses framework common to flow of funds presentations. *Resources* include saving, capital transfers, and net incurrence of liabilities, while *uses* are capital accumulation and net acquisition of financial assets.

455. The sectors individually identified in Table 8.7 are likely to have data that provide sufficient details of intersectoral transactions. The data necessary for compilation of monetary statistics provide a breakdown, by sector, of stocks of assets and liabilities of the central bank and other depository corporations, as well as their operations with the rest of the world (foreign assets and liabilities). Central government financing data provide the source of financing data at least at the level of distinguishing domestic bank financing and financing from abroad, and the balance of payments financial account provides information on the type of financial assets. Construction of the basic flow of funds matrix in an integrated framework imposes constraints on the sectoral and transactions data. Total resources and uses must balance for each sector and for each financial asset category. Therefore, these constraints provide a useful test of the comprehensiveness and consistency of the source data.

456. In Table 8.7, other domestic sectors is a residual category that comprises nondepository financial corporations, nonfinancial corporations, levels of government other than the central government, households, and nonprofit institutions serving households. Data for capital account resources and uses of the residual sector can be calculated by subtracting the resources and uses for the identified sectors from estimates for the total economy. For the financial account resources and uses, the entries for this residual sector reflect only transactions with the specified sectors and the rest of the world; no data on the financial transactions within the residual sector are available. All resources of specified sectors that cannot be identified as uses by the identified sectors are assigned as uses to the residual sector, and, similarly, all uses of the specified sectors that cannot be identified as resources of the identified sectors are assigned to the residual sector as resources. For example, data for shares and other equity reflect holdings of equities in nonfinancial corporations as uses of the specified sectors, and these are shown as resources of the other domestic sectors. However, equity resources of nonfinancial corporations held as uses by nonspecified sectors (such as households) cannot be identified within this framework.

457. Further development of flow of funds beyond this example requires extending sectoral and instrument coverage. This will result in the residual sector becoming progressively smaller over time as additional sectors are specified within the accounts. As the usefulness of basic flow of funds may be limited by a large residual sector, data for additional sectors should be developed based on analytical needs and cost of compilation. Extensions of the basic flow of funds framework in an individual country should be based on the identification of the most important sectors (or subsectors) that are not included in the most basic presentation.

458. Table 8.8, shown at the end of this chapter, illustrates an extension of the basic flow of funds presented in Table 8.7 to include columns for (1) other financial corporations, including insurance corporations and pension funds and (2) public nonfinancial corporations, as well as financial asset rows for insurance technical reserves and other accounts receivable/payable. In comparing Tables 8.7 and 8.8, it is possible to note two improvements. First, some resources and uses that were assigned to the residual sector in Table 8.7 can be seen in the newly specified sectors. For example, 97 uses of currency and deposits were assigned to the residual sector in Table 8.7. However, Table 8.8 indicates that 7 were uses of insurance corporations, pension funds, and other financial intermediaries, and 8 were uses of public nonfinancial corporations, leaving 82 in the residual sector (now composed primarily of households, nonprofit institutions serving households, state and local governments, financial auxiliaries, and other nonfinancial corporations). Second, new transactions have entered the matrix. For example, the inclusion of insurance corporations and pension funds permits the identification of insurance technical reserves as resources of these enterprises and uses of the residual sector (primarily households). Also, the newly introduced financial intermediaries have acquired loans (uses) of 52, some of which were not accounted for in Table 8.7, as total loans identified have increased from 254 to 270.

459. Basic flow of funds accounts are useful in macroeconomic modeling and provide a framework for financial programming. These accounts demonstrate a number of sectoral relationships (including consistency of flows between sectors with macroeconomic objectives such as a sustainable balance of payments position, adequacy of credit from depository corporations to specified sectors, financing of the central government deficit, etc.) that can be tested for consistency within a flow of funds framework.

The *SNA* Integrated Financial Account

460. The *SNA* integrated financial account (presented in Table 8.3 and in the financial part of Table 8.6) represents further development of flow of funds beyond the sectoral and financial asset detail provided in the basic accounts. The integrated financial account is a two-dimensional matrix that covers all institutional sectors and financial asset categories. For each sector and for the total economy, it presents net incurrence of liabilities (resources) and net acquisition of financial assets (uses). A complete financial account provides substantially more important sectoral information than shown in the basic flow of funds accounts by including the financial transactions of nonfinancial corporations and households, both of which are in the residual sector in the basic flow of funds account. These sectors engage in a very important range of transactions that do not have a counterpart in the sectors covered by the basic accounts. Flow of funds accounts that follow the form of the *SNA* financial accounts can, of course, be fully integrated with capital account transactions and with *SNA* sectoral and national balance sheets.

461. While flow of funds accounts in the financial account format provide a richer source for analysis than basic accounts, the cost of producing financial accounts is higher, given that the collection of financial data for nonfinancial corporations and households generally must be survey-based. This often introduces problems related to data coverage and consistency that must be addressed in the context of matrix constraints on sectoral and financial asset totals.

Detailed Flow of Funds Matrices

462. While a financial account flow of funds provides a great deal of sectoral detail, it is only at the two-dimensional level, that is, it shows net incurrence of liabilities by sector and net acquisitions of assets by sector. To address the three-dimensional issue of which sectors finance other specific sectors through the use of specific financial assets, it is necessary to develop more elaborate flow of funds matrices.

463. The *SNA* financial account may be expanded into a three-dimensional matrix to track financial transactions between source and user sectors and the financial asset used in the transaction. It therefore shows who finances whom and by means of which financial asset. Because of the symmetrical nature of financial assets and liabilities, a single matrix could be constructed, insofar as one institutional unit's asset is another institutional unit's liability. Such a matrix, however, would be very cumbersome. This manual, therefore, recommends separate matrices for financial assets and for financial liabilities. These matrices, referred to as "detailed flow of funds accounts," are presented at the end of this chapter in Table 8.9.[50] Each matrix pertains to a single time period. The assets matrix specifies the creditor sector in the columns and the debtor sector in the rows for each financial asset category. The liability matrix specifies the liability sector in the columns and the creditor sector for each financial asset category in the rows. The capital account can also be included in the presentation if considered to be analytically useful.

464. The interlocking row and column constraints within the matrix provide an important check on consistency of data compilation and lend considerable analytical usefulness to the flow of funds presentation. The linking of creditor and debtor by type of financial asset indicates which sectors are providing financing for other sectors and which type of asset is used in the financing. For example, the new issue of a bond by a unit of central government that is acquired by a depository corporation would lead to the following entries in the assets table: (1) an entry at the intersection of the column for depository corporations and the row for securities other than shares of central government (increase in assets of the depository corporations and incurrence of liabilities of central government) and (2) an entry at the intersection of the column for central government and the row for transferable national currency deposits of residents (increase in deposits of central government and increase in transferable deposit liabilities of resident depository corporations).

465. The sectoral balance sheets for financial corporations that are presented in Chapter 7 provide all of the information needed to prepare a detailed three-dimensional flow of funds presentation for the financial corporations sector and its subsectors.

[50]These matrices incorporate some modifications to the flow of funds matrices shown in Tables 11.3a and 11.3b of the *1993 SNA* to ensure consistency with the sectoral and financial assets breakdowns for the surveys presented in Chapter 7.

Table 8.1. Components of the *SNA* Balance Sheets

Assets									Liabilities and Net Worth							
Total	Rest of the World	Total Economy	NPISHs	Households	General Government	Financial Corporations	Nonfinancial Corporations	**Stocks and Balancing Items**	Nonfinancial Corporations	Financial Corporations	General Government	Households	NPISHs	Total Economy	Rest of the World	Total
9922		9922	324	2822	1591	144	5041	**AN Nonfinancial assets**								
6047		6047	243	1698	1001	104	3001	**AN.1** Produced assets								
5544		5544	231	1423	913	99	2878	**AN.11** Fixed assets								
231		231	2	97	47		85	**AN.12** Inventories								
272		272	10	178	41	5	38	**AN.13** Valuables								
3875		3875	81	1124	590	40	2040	**AN.2** Nonproduced assets								
3809		3809	81	1124	578	37	1989	**AN.21** Tangible								
66		66			12	3	51	**AN.22** Intangible								
7365	573	6792	172	1819	396	3508	897	**AF Financial assets/liabilities**	1817	3384	687	289	121	6298	297	6595
770		770			80	690		**AF.1** Monetary gold and SDRs								
1587	105	1482	110	840	150		382	**AF.2** Currency and deposits	40	1281	102	10	38	1471	116	1587
1388	125	1263	25	198		950	90	**AF.3** Securities other than shares	44	1053	212	2		1311	77	1388
1454	70	1384	8	24	115	1187	50	**AF.4** Loans	897		328	169	43	1437	17	1454
1409	113	1296	22	411	12	651	200	**AF.5** Shares and other equity	687	715	4			1406	3	1409
396	26	370	4	291	20	30	25	**AF.6** Insurance technical reserves	12	335	19		5	371	25	396
								AF.7 Financial derivatives								
361	134	227	3	55	19		150	**AF.8** Other accounts receivable/payable	137		22	108	35	302	59	361
17287	573	16714	496	4641	1987	3652	5938	**Total assets/liabilities**	1817	3384	687	289	121	6298	297	6595
								B.90 Net worth	**4121**	**268**	**1300**	**4352**	**375**	**10416**	**276**	**10692**

Notes: Shaded areas indicate cells that are not applicable; *1993 SNA* classification of assets codes are shown in center column.

Table 8.2. Major Components of the *SNA* Capital Account

Changes in Assets									Changes in Liabilities and Net Worth							
Total	Rest of the World	Total Economy	NPISHs	Households	General Government	Financial Corporations	Nonfinancial Corporations	**Transactions and Balancing Items**	Nonfinancial Corporations	Financial Corporations	General Government	Households	NPISHs	Total Economy	Rest of the World	Total
								B.8g Saving, gross	185	21	20	202	27	455		455
								K.1 Consumption of fixed capital (-)	-137	-10	-30	-42	-3	-222		-222
								B.8n Saving, net	48	11	-10	160	24	233		233
								B.12 Current external balance							-41	-41
376		376	19	61	37	9	250	P.51 Gross fixed capital formation								
-222		-222	-3	-42	-30	-10	-137	K.1 Consumption of fixed capital (-)								
28		28		2			26	P.52 Changes in inventories								
10		10		5	3		2	P.53 Acquisitions *less* disposals of valuables								
			1	4	2		-7	K.2 Acquisitions *less* disposals of nonproduced nonfinancial assets								
			1	3	2		-6	K.21 Land and other tangible nonproduced assets								
				1			-1	K.22 Intangible nonproduced assets								
								D.9 Capital transfers, receivable	33		6	23		62	4	66
								D.9 Capital transfers, payable	-16	-7	-34	-5	-3	-65	-1	-66
	-38	38	4	148	-50	5	-69	B.9 Net lending (+)/net borrowing (-)								
								B.10.1 Changes in net worth due to saving and capital transfers	65	4	-38	178	21	230	-38	192

Notes: Shaded areas indicate cells that are not applicable; *1993 SNA* classification codes are shown in the center column.

Table 8.3. Components of the *SNA* Financial Account

Changes in Assets									Changes in Liabilities and Net Worth							
Total	Rest of the World	Total Economy	NPISHs	Households	General Government	Financial Corporations	Nonfinancial Corporations	**Transactions and Balancing Items**	Nonfinancial Corporations	Financial Corporations	General Government	Households	NPISHs	Total Economy	Rest of the World	Total
								B.9 Net lending (+)/net borrowing (-)	-69	5	-50	148	4	38	-38	
691	50	641	32	181	120	237	71	F Net acquisition of financial assets/Net incurrence of liabilities	140	232	170	33	28	603	88	691
	1	-1				-1		F.1 Monetary gold and SDRs								
130	11	119	12	68	7	15	17	F.2 Currency and deposits		130	2			132	-2	130
37	3	34	2	10	2	15	5	F.21 Currency		35				35	2	37
64	2	62	7	41	4		10	F.22 Transferable deposits		63	2			65	-1	64
29	6	23	3	17	1		2	F.29 Other deposits		32				32	-3	29
143	5	138	12	29	26	53	18	F.3 Securities other than shares	6	53	64			123	20	143
56	2	54	2	22	11	4	15	F.31 Short-term	2	34	15			51	5	56
87	3	84	10	7	15	49	3	F.32 Long-term	4	19	49			72	15	87
254	10	244		5	45	167	27	F.4 Loans	71		94	28	24	217	37	254
86	3	83		3	1	63	16	F.41 Short-term	16		32	11	17	76	10	86
168	7	161		2	44	104	11	F.42 Long-term	55		62	17	7	141	27	168
46	2	44		3	36	3	2	F.5 Shares and other equity	26	13			4	43	3	46
36		36		36				F.6 Insurance technical reserves		36				36		36
33		33		33				F.61 Net equity of households on life insurance reserves and in pension funds		33				33		33
22		22		22				F.611 Net equity of households in life insurance reserves		22				22		22
11		11		11				F.612 Net equity of households in pension funds		11				11		11
3		3		3				F.62 Prepayment of premiums and reserves against outstanding claims		3				3		3
								F.7 Financial derivatives								
82	21	61	8	40	6		7	F.8 Other accounts receivable/payable	37		10	5		52	30	82
36	18	18		11	1		6	F.81 Trade credits and advances	8		6	4		18	18	36
46	3	43	8	29	5		1	F.89 Other accounts receivable/payable	29		4	1		34	12	46

Notes: Shaded areas indicate cells that are not applicable; *1993 SNA* classification codes are shown in the center column.

Table 8.4. Major Components of the *SNA* Revaluation Account

Changes in Assets									Changes in Liabilities and Net Worth							
Total	Rest of the World	Total Economy	NPISHs	Households	General Government	Financial Corporations	Nonfinancial Corporations	**Other Flows and Balancing Items**	Nonfinancial Corporations	Financial Corporations	General Government	Households	NPISHs	Total Economy	Rest of the World	Total
								K.11 Nominal holding gain/losses								
280		280	8	80	44	4	144	AN Nonfinancial assets								
126		126	5	35	21	2	63	AN.1 Produced assets								
111		111	5	28	18	2	58	AN.11 Fixed assets								
7		7		2	1		4	AN.12 Inventories								
8		8		5	2		1	AN.13 Valuables								
154		154	3	45	23	2	81	AN.2 Nonproduced assets								
152		152	3	45	23	1	80	AN.21 Tangible nonproduced Assets								
2		2				1	1	AN.22 Intangible nonproduced assets								
90	7	83	1	16	1	57	8	AF Financial assets/liabilities	18	51	7			76	2	78
12		12			1	11		AF.1 Monetary gold and SDRs								
								AF.2 Currency and deposits								
44	4	40	1	6		30	3	AF.3 Securities other than shares	1	34	7			42	2	44
								AF.4 Loans								
34	3	31		10		16	5	AF.5 Shares and other equity								
								AF.6 Insurance technical reserves	17	17				34		34
								AF.7 Financial derivatives								
								AF.8 Other accounts receivable/payable								
								B.10.3 Changes in net worth resulting from nominal holding gains/losses	134	10	38	96	9	287	5	292

Notes: Shaded areas indicate cells that are not applicable; *1993 SNA* classification codes are shown in the center column.

Table 8.5. Major Components of the *SNA* Other Changes in Volume of Assets Account

Changes in Assets									Changes in Liabilities and Net Worth							
Total	Rest of the World	Total Economy	NPISHs	Households	General Government	Financial Corporations	Nonfinancial Corporations	**Transactions and Balancing Items**	Nonfinancial Corporations	Financial Corporations	General Government	Households	NPISHs	Total Economy	Rest of the World	Total
15		15		2	1	-2	14	Other volume changes, total								
24		24					24	K.3 Economic appearance of nonproduced assets								
3		3			3			K.4 Economic appearance of produced assets								
4		4			4			K.5 Natural growth of uncultivated biological resources								
-9		-9			-2		-7	K.6 Economic disappearance of nonproduced assets								
-11		-11			-6		-5	K.7 Catastrophic losses								
					8	-3	-5	K.8 Uncompensated seizures								
1		1					1	K.9 Other volume changes in nonfinancial assets								
3		3		2		1		K.10 Other volume changes in financial assets and liabilities, n.e.c.								
					-6		6	K.12 Changes in classifications and structure								
								Of which:								
10		10				-2	12	AN Nonfinancial assets								
5		5		2	1		2	AF Financial assets and liabilities	-3	2	-1			-2		-2
7		7				7		AF.1 Monetary gold and SDRs								
								AF.2 Currency and deposits								
					3	-3		AF.3 Securities other than shares								
-4		-4				-4		AF.4 Loans	-3		-1			-4		-4
					-2		2	AF.5 Shares and other equity								
2		2		2				AF.6 Insurance technical reserves		2				2		2
								AF.7 Financial derivatives								
								AF.8 Other accounts receivable/payable								
								B.10.2 Changes in net worth resulting from other changes in volume of assets (changes in assets less changes in liabilities)	17	-4	2	2		17		17

Notes: Shaded areas indicate cells that are not applicable; *1993 SNA* classification codes are shown in the center column.

Table 8.6. Integrated Capital and Financial Account

Changes in Assets (Uses)									Changes in Liabilities and Net Worth (Resources)							
Total	Rest of the World	Total Economy	NPISHs	Households	General Government	Financial Corporations	Nonfinancial Corporations	**Transactions**	Nonfinancial Corporations	Financial Cprporations	General Government	Households	NPISHs	Total Economy	Rest of the World	Total
								Saving and capital transfers	65	04	-38	178	21	230	-38	192
								Net saving	48	11	-10	160	24	233	-41	192
								Net capital transfers	17	-7	-28	18	-3	-3	3	
192	-38	230	21	178	-38	4	65	Total net investment (Capital accumulation *plus* net financial investment)								
192		192	17	30	12	-1	134	Capital accumulation								
154		154	16	19	7	-1	113	Net fixed capital formation								
28		28		2			26	Changes in inventories								
10		10		5	3		2	Acquisitions *less* disposals of valuables								
			1	4	2		-7	Acquisitions *less* disposals of nonproduced nonfinancial assets								
	-38	38	4	148	-50	5	-69	Net lending/net borrowing = Net financial investment = Acquisition of financial assets *less* incurrence of liabilities								
691	50	641	32	181	120	237	71	I. NET ACQUISITION OF FINANCIAL ASSETS/ INCURRENCE OF LIABILITIES	140	232	170	33	28	603	88	691
	1	-1				-1		Monetary gold and SDRs								
130	11	119	12	68	7	15	17	Currency and deposits		130	2			132	-2	130
143	5	138	12	29	26	53	18	Securities, other than shares	6	53	64			123	20	143
								Financial derivatives								
254	10	244		5	45	167	27	Loans	71		94	28	24	217	37	254
46	2	44		3	36	3	2	Shares and other equity	26	13			4	43	3	46
36		36		36				Insurance technical reserves		36				36		36
82	21	61	8	40	6		7	Other accounts receivable/payable	37		10	5		52	30	82
								Discrepancy (saving and capital transfers *less* total net investment)								
								Memorandum *item: Total sources/uses*								
								Sources = Saving and capital transfers + Net incurrence of liabilities	205	236	132	211	49	833	50	883
883	50	833	49	211	132	236	205	Uses = Capital accumulation + Net acquisition of financial assets + Statistical discrepancy								

Notes: Shaded areas indicate cells that are not applicable. Data are derived from *1993 SNA* Table 10.1: Capital Account and Table 11.1: Financial Account.

Table 8.7. Basic Flow of Funds Account I

	Central Bank		Other Depository Corporations		Central Government		Other Domestic Sectors		Rest of the World		Total	
Account	U	R	U	R	U	R	U	R	U	R	U	R
Saving and capital transfers				4		-38		264		-38		192
Capital accumulation			-1		12		181				192	
Net lending (+) or borrowing (-)			*5*		*-50*		*83*		*-38*			
Monetary gold and SDRs	-1								1			
Currency and deposits		35	15	95	7	2	97		11	-2	130	130
Securities other than shares			53	53	32	74	114	48	26	50	225	225
Loans	36		95		45	94	68	123	10	37	254	254
Other (shares and other equity, insurance technical reserves, financial derivatives, and other accounts receivable/payable)			3	13	36		5	30	2	3	46	46
Total resources and uses	35	35	165	165	132	132	465	465	50	50	847	847

Notes: Shaded areas indicate cells that are not applicable.
R = Resources, which are equal to saving and capital transfers of each sector plus net incurrence of financial liabilities.
U = Uses, which are equal to capital accumulation and net acquisition of financial assets.

Table 8.8. Basic Flow of Funds Account II

	Central Bank		Other Depository Corporations		Other Financial Corporations		Central Government		Public Nonfinancial Corporations		Other Domestic Sectors		Rest of the World		Total	
Account	U	R	U	R	U	R	U	R	U	R	U	R	U	R	U	R
Saving and capital transfers				4				-38		31		233		-38		192
Capital accumulation			-1				12		67		114				192	
Net lending (+) or borrowing (-)			*5*				*-50*		*-36*		*119*		*-38*			
Monetary gold and SDRs	-1												1			
Currency and deposits		35	15	95	7		7	2	8		82		11	-2	130	130
Securities other than shares			53	53			32	74	11	3	103	48	26	50	225	225
Loans	36		95		52	16	45	94		36	32	93	10	37	270	270
Shares and other equity			3	13			36		2	16	8	15	2	3	51	51
Insurance technical reserves						36					36				36	36
Financial derivatives																
Other accounts receivable/payable									12	14	14	12			26	26
Total resources and uses	35	35	165	165	52	52	132	132	100	100	396	396	50	50	930	930

Notes: Shaded areas indicate cells that are not applicable.
R = Resources, which are equal to saving and capital transfers of each sector plus net incurrence of financial liabilities.
U = Uses, which are equal to capital accumulation and net acquisition of financial assets.

Table 8.9. Detailed Flow of Funds (Upper left quadrant)										
Financial assets of:	Financial corporations									
		Other	Other			Public	Other			
	Central	Depository	Financial	Central	State and local	nonfinancial	nonfinancial	Other resident		
	bank	Corporations	Corporations	government	government	corporations	corporations	sectors	Nonresidents	Total
Type of claim and debtor	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Monetary gold and SDRs	**70**									
2. Currency and deposits	**1571**	**2161**	**-1**							
a. Currency	**15**	**283**	**8**							
i. National		71	-14							
ii. Foreign	15	212	22							
b. Transferable deposits	**654**	**1764**	**43**							
i. In national currency		**1528**	**58**							
- Central bank		1562	2							
- Other depository corporations		-34	56							
- Other financial corporations										
- Central government										
- State and local government										
- Public nonfinancial corporations										
- Other nonfinancial corporations										
- Other resident sectors										
- Nonresidents										
ii. In foreign currency	**654**	**236**	**-15**							
- Central bank		138	3							
- Other depository corporations		3	6							
- Other financial corporations										
- Central government										
- State and local government										
- Public nonfinancial corporations										
- Other nonfinancial corporations										
- Other resident sectors										
- Nonresidents	654	95	-24							
c. Other deposits	**902**	**114**	**-52**							
i. In national currency		**105**	**-28**							
- Central bank		100	-22							
- Other depository corporations		5	-6							
- Other financial corporations										
- Central government										
- State and local government										
- Public nonfinancial corporations										
- Other nonfinancial corporations										
- Other resident sectors										
- Nonresidents										
ii. In foreign currency	**902**	**9**	**-24**							
- Central bank		1								
- Other depository corporations		-2	13							
- Other financial corporations										
- Central government										
- State and local government										
- Public nonfinancial corporations										
- Other nonfinancial corporations										
- Other resident sectors										
- Nonresidents	902	10	-37							
3. Securities other than share	**136**	**132**	**7252**							
a. Central bank		11								
b. Other depository corporations		4	15							
c. Other financial corporations	347		16							
d. Central government	-1109	111	458							
e. State and local government		-9	132							
f. Public nonfinancial corporations	250		-145							
g. Other nonfinancial corporations		8	5563							
h. Other resident sectors										
i. Nonresidents	648	7	1213							

Table 8.9. Detailed Flow of Funds (Lower left quadrant)										
4. Loans	**969**	**-173**	**54**							
a. Central bank										
b. Other depository corporations	-136									
c. Other financial corporations	7	-5	4							
d. Central government	2									
e. State and local government	-6	5								
f. Public nonfinancial corporations	-23	200	-167							
g. Other nonfinancial corporations	2	-459	146							
h. Other resident sectors	-5	55	88							
i. Nonresidents	1128	31	-17							
5. Shares and other equity		**7**	**11**							
a. Central bank										
b. Other depository corporations			11							
c. Other financial corporations										
d. Central government										
e. State and local government										
f. Public nonfinancial corporations										
g. Other nonfinancial corporations			7							
h. Other resident sectors										
i. Nonresidents		7	-7							
6. Insurance technical reserves	**5**		**3**							
a. Net equity of households on life insurance										
reserves and on pension funds										
b. Prepayments of premiums and reserves										
against outstanding claims	**5**		**3**							
i. Central bank										
ii. Other depository corporations										
iii. Other financial corporations	2	2	2							
iv. Central government										
v. State and local government										
vi. Public nonfinancial corporations										
vii. Other nonfinancial corporations										
viii. Other resident sectors										
ix. Nonresidents	3	-2	1							
7. Financial derivatives	**131**	**4**	**30**							
a. Central bank			9							
b. Other depository corporations	37	-3	25							
c. Other financial corporations	-8	4	-6							
d. Central government										
e. State and local government			4							
f. Public nonfinancial corporations	26	5	3							
g. Other nonfinancial corporations	-15	10	-10							
h. Other resident sectors										
i. Nonresidents	91	-12	5							
8. Other accounts receivable/payable	**8**	**12**	**47**							
a. Trade credit and advances	**17**	**16**	**7**							
i. Central bank		2	3							
ii. Other depository corporations	-6	-3	1							
iii. Other financial corporations	4	-2	5							
iv. Central government		1								
v. State and local government		6	11							
vi. Public nonfinancial corporations	-2	3	7							
vii. Other nonfinancial corporations	8	10	-8							
viii. Other resident sectors	6	4								
ix. Nonresidents	7	-5	-12							
b. Other	**-9**	**-4**	**40**							
i. Resident sectors	7	-18	24							
ii. Nonresidents	-16	14	16							
Financial assets of:	Financial corporations									
	Central bank	Other Depository Corporations	Other Financial Corporations	Central government	State and local government	Public nonfinancial corporations	Other nonfinancial corporations	Other resident sectors	Nonresidents	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Table 8.9. Detailed Flow of Funds (Upper right quadrant)										
Liabilities of:							Financial corporations			
			Other	Public			Other	Other		
		Other resident	nonfinancial	nonfinancial	State and local	Central	Financial	Depository	Central	
Total	Nonresidents	sectors	corporations	corporations	government	government	Corporations	Corporations	bank	
(10)	(9)	(8)	(7)	(6)	(5)	(4)	(3)	(2)	(1)	Type of claim and creditor
										1. Monetary gold and SDRs
								2981	**2814**	**2. Currency and deposits**
									250	a. Currency
									250	i. National
										ii. Foreign
								4275	**2468**	b. Transferable deposits
								4246	**1598**	i. In national currency
										- Central bank
								14	1466	- Other depository corporations
								855	7	- Other financial corporations
								3	315	- Central government
								42		- State and local government
								831	13	- Public nonfinancial corporations
								1305		- Other nonfinancial corporations
								1078		- Other resident sectors
								118	-203	- Nonresidents
								29	**870**	ii. In foreign currency
										- Central bank
								8	138	- Other depository corporations
								-3	10	- Other financial corporations
										- Central government
								9		- State and local government
								-15		- Public nonfinancial corporations
								22		- Other nonfinancial corporations
								-14	393	- Other resident sectors
								22	329	- Nonresidents
								-1294	**96**	c. Other deposits
								-1693	**69**	i. In national currency
										- Central bank
								-4	104	- Other depository corporations
								7	5	- Other financial corporations
								-5		- Central government
								2	-45	- State and local government
								19	11	- Public nonfinancial corporations
								-1750		- Other nonfinancial corporations
								31		- Other resident sectors
								7	-6	- Nonresidents
								399	**27**	ii. In foreign currency
										- Central bank
								11	1	- Other depository corporations
								10		- Other financial corporations
								-5		- Central government
								3		- State and local government
								-3		- Public nonfinancial corporations
								16		- Other nonfinancial corporations
								343		- Other resident sectors
								24	26	- Nonresidents
							72	**148**	**6**	**3. Securities other than share**
										a. Central bank
							6	12	11	b. Other depository corporations
							36	19		c. Other financial corporations
										d. Central government
							-4	-10		e. State and local government
							-9	23		f. Public nonfinancial corporations
							17	53		g. Other nonfinancial corporations
							18	59		h. Other resident sectors
							8	-8	-5	i. Nonresidents

Table 8.9. Detailed Flow of Funds (Lower right quadrant)										
							7	**22**		**4. Loans**
							-7	22		a. Central bank
							-3			b. Other depository corporations
							10			c. Other financial corporations
										d. Central government
										e. State and local government
										f. Public nonfinancial corporations
							4			g. Other nonfinancial corporations
										h. Other resident sectors
							3			i. Nonresidents
									61	**5. Shares and other equity**
										a. Central bank
								-50		b. Other depository corporations
							100			c. Other financial corporations
									61	d. Central government
										e. State and local government
										f. Public nonfinancial corporations
							100			g. Other nonfinancial corporations
							-200	50		h. Other resident sectors
										i. Nonresidents
							7124			**6. Insurance technical reserves**
										a. Net equity of households on life insurance
							6764			reserves and on pension funds
										b. Prepayments of premiums and reserves
							360			against outstanding claims
							5			i. Central bank
							9			ii. Other depository corporations
							7			iii. Other financial corporations
							3			iv. Central government
							6			v. State and local government
							12			vi. Public nonfinancial corporations
							124			vii. Other nonfinancial corporations
							89			viii. Other resident sectors
							105			ix. Nonresidents
							32	**-1**	**43**	**7. Financial derivatives**
							9	5		a. Central bank
							12	-8	27	b. Other depository corporations
							-7	2	-5	c. Other financial corporations
										d. Central government
										e. State and local government
							5	7	4	f. Public nonfinancial corporations
								-5	-2	g. Other nonfinancial corporations
								12		h. Other resident sectors
							13	-14	19	i. Nonresidents
							73	**151**	**-9**	**8. Other accounts receivable/payable**
							12	**22**	**-3**	a. Trade credit and advances
							2	4		i. Central bank
							4	6	-11	ii. Other depository corporations
							-6	8	11	iii. Other financial corporations
							8	5	7	iv. Central government
							-3	3	-3	v. State and local government
							5	-3	9	vi. Public nonfinancial corporations
							-7	-9	-2	vii. Other nonfinancial corporations
										viii. Other resident sectors
							9	8	-14	ix. Nonresidents
							61	**129**	**-6**	b. Other
							27	-125	6	i. Resident sectors
							34	254	-12	ii. Nonresidents
Liabilities of:							Financial corporations			
			Other	Public			Other	Other		
		Other resident	nonfinancial	nonfinancial	State and local	Central	Financial	Depository	Central	
Total	Nonresidents	sectors	corporations	corporations	government	government	Corporations	Corporations	bank	
(10)	(9)	(8)	(7)	(6)	(5)	(4)	(3)	(2)	(1)	