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PROBLEMS AND DEVELOPMENTS IN THE INTEGRATION  
 OF ACCOUNTS ON FINANCIAL AND INCOME STATISTICS

(Memorandum by the Secretary-General)

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PROBLEMS AND DEVELOPMENTS IN THE INTEGRATION  
OF ACCOUNTS ON FINANCIAL AND INCOME STATISTICS

I. INTRODUCTION

1. This paper consists of a review of problems and developments in compiling accounts on transactions in and holdings of financial assets and liabilities and in integrating these accounts with the more traditional accounts on production, expenditures and income. The paper grows out of a joint statement, Problems in Integrating Income and Financial Statistics,<sup>1/</sup> that was prepared by the International Monetary Fund and the Statistical Office of the United Nations for the ninth plenary session of the Conference of European Statisticians. That paper dealt with the major questions encountered in integrating accounts on income and financial statistics and alternatives for resolving these problems. It was written in connexion with the activities of the Working Group on Statistics of Financial Assets and Liabilities of the Conference. In concluding its consideration of the paper, Problems in Integrating Income and Financial Statistics, the Conference of European Statisticians requested that the paper should be circulated to members of the Conference for comment in the light of their work on and plans for interrelated or integrated accounts on financial and income statistics. The ninth plenary session of the Conference was also informed that, based on the comments received and other sources of information on national practices and plans, this paper would be prepared for the twelfth session of the Statistical Commission. The Commission had indicated, at its eleventh session, the wish to follow developments in the field of accounts on financial and income statistics.

2. A number of countries, both members of the Conference of European Statisticians and others, are making and extending or starting systematic compilations of data on the financial transactions and balance sheets of various sectors of the economy. These compilations often consist of accounts on financial assets and liabilities that are designed to be, or already are integrated, at least to some extent, with the traditional accounts on production,

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1/ Annex to Statistics of Financial Assets and Liabilities,  
Conf. Eur. Stats/WG.11/38.

expenditures and income. In this work countries need to choose among a number of alternatives for the concepts, schemes of classifications, and methods to be utilized at various steps in compiling accounts on financial statistics and interrelating these accounts with those in income and product statistics. Should the initial focus of attention be transactions in financial assets and liabilities, holdings of these assets and liabilities, or both? What scheme of classification might be utilized in sub-dividing the economy into sectors for purposes of the accounts on financial statistics and how might this scheme be related to that employed in the accounts on income and production? What scheme of classification should be employed in distinguishing the various financial assets and liabilities from one another? How should the data on financial transactions and balance sheets be presented and cross-classified in the accounts? Should consolidation or summing be employed in aggregating the data on the transactions of enterprises, on enterprises in the same sector, or on the economy as a whole and how would the approach adopted compare with that for production, expenditures and income? On what basis should transactions in and holdings of various kinds of financial assets and liabilities be recorded and valued? Should the accounts on transactions and holdings be explicitly linked to one another; and in what manner might this be done? To what stage in the income and product accounts should the sectoring and concepts utilized in the financial accounts be carried? What adjustments or other linking devices are required to bridge the differences, if any, in the concepts and classifications utilized for the two sets of statistics? What methods might be employed in recording in the accounts, the payment and receipt of interest, the transactions and holdings of life insurance enterprises and pension funds, or capital gains and losses?

3. This paper consists primarily of a listing and discussion of the alternatives for resolving the problems mentioned above that countries are considering or have adopted. In describing these alternatives, frequent use is made of the discussions and conclusions of the working group and the expert group of the Conference of European Statisticians on statistics of financial assets and liabilities and the sequence of papers prepared by the International Monetary Fund and the Statistical Office of the United Nations on integrated

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accounts on income and financial statistics. On certain aspects of constructing accounts on financial statistics - for example, sectoring, the classification of financial instruments, or the way in which data should be aggregated - countries are arriving at rather similar conclusions, reflecting, in the case of Europe, the agreements reached by the Working Group on Statistics of Financial Assets and Liabilities. On other facets of work in this field - for example, the degree to which the product and income and financial statistics should be joined in a set of accounts, the treatment of the transactions and holdings of banks and life insurance enterprises or pension funds, or the disposition of capital gains and losses - there is more divergence in approach among countries. It is hoped that the discussion in this paper of problems, issues and alternatives involved in each of the key steps in devising a set of accounts and of the considerations that countries have taken into account in choosing among the alternatives will contribute to progress in this difficult but rapidly developing field of statistics. In order to provide a frame for that discussion, the following section of this paper is devoted to a brief summary of the broad trends in national work on accounts on financial statistics that are related to or integrated with accounts on products and income statistics.

## II. TRENDS IN THE COMPILATION OF INTERRELATED OR INTEGRATED ACCOUNTS

4. Countries have started the systematic compilation of financial statistics covering the non-financial, as well as financial sectors, of the economy from somewhat different points of view. Some countries (e.g., the Nordic countries) are concentrating first of all, on the holdings of financial assets and liabilities by the different sectors of the economy. A great number of countries (e.g., Australia, France, the Federal Republic of Germany, India, the United Kingdom) have begun, or are beginning, with accounts on transactions in financial assets and liabilities. In the countries with centrally planned economies, financial transactions are also the main subject of attention though from a different point of view than that in the countries with market economies. Still other countries (e.g., Japan, the Netherlands and the United States) have given, or are giving, equal attention to accounts on financial transactions and balance sheets. Most countries recognize the need for and propose to compile,

eventually, both transaction and balance-sheet accounts on financial assets and liabilities. Nevertheless, the aspects to which countries are giving attention first indicate differences in emphasis and, coupled with some other divergencies in point of view, contribute to differences in the character of the integrated accounts on financial and income statistics toward which countries are working.

#### A. EMPHASIS ON FINANCIAL BALANCE-SHEET ACCOUNTS

5. Some countries are concentrating first on financial balance-sheet accounts for the various sectors of the economy because of the importance that they assign to information on the assortment of financial instruments held and issued and the liquidity of the various non-financial, as well as financial, sectors and on the creditor-debtor relationship between these sectors. This is the case, in particular among the Nordic countries. In a sense, this type of emphasis on financial statistics represents an extension to the non-financial sectors of the economy of the balance-sheet data that have been traditionally compiled for banking institutions. From this point of view, organized data on the holdings of the various non-financial sectors furnish an important basis for understanding the balance sheets of the monetary system and other financial institutions and inflationary and deflationary pressures in the economy. Further, these data are considered essential in interpreting the transactions, both financial and real, of those sectors since it is felt that these transactions reflect the assortment of assets and liabilities of the various non-financial sectors as well as market conditions and related factors.

6. In order to delineate the debtor-creditor relationships between various sectors of the economy, the Nordic countries either have compiled or propose to compile balance-sheet accounts on financial assets and liabilities largely in the form of creditor-debtor matrixes. Since the compilation of such matrixes, as well as other aspects of the statistical work, is facilitated by assigning the same value to the asset (liability) represented by the same financial instrument, the Nordic countries propose to utilize face value for all these instruments and market value, in addition, for bonds and shares. These countries emphasize that differences in valuation between creditors and debtors occur primarily in the case of bonds and shares and that market values may be determined for these instruments. Also, because of the use of creditor-debtor

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matrixes to set out balances in financial instruments, the Nordic countries do not find it necessary to introduce this criterion of classification in drawing distinctions between the various financial instruments.

7. The Nordic countries propose to extend their organized financial statistics to include detailed accounts on the changes between two periods (e.g., the beginning and end of the year), in the balance-sheet position of each sector. For each sector, the net change in this position is to be linked to the net result of financial transactions during the period through a financial investment account and to savings through a capital reconciliation account (see Illustration C in Annex I). The changes in each financial asset and liability may be shown net or gross in the case of each holder unit, but will be summed rather than consolidated over different holder units. Though the Nordic countries consider it useful to show gross changes (i.e., the sum of each of the credits and debits) for each enterprise in the case of selected assets and the equivalent liabilities - for example, loans or bonds, the lack of the required data may make this impracticable. If the entries are shown gross, they will reflect actual transactions during a period as well as the change in the balance-sheet position between the end points of the period. If the entries are shown net, it is not proposed to have an account on transactions independent of that on changes in the balance-sheet position. Finland, however, is giving some thought to compiling both types of accounts.

8. Because the detailed data on the changes in financial assets and liabilities will, in the case of the proposed scheme of the Nordic countries, reflect changes in face value or, in some instances, market value, adjustments, of the nature of capital gains (losses), will be needed in the accounts linking these changes to actual net financial investment or savings. Where face value is utilized these adjustments would, for example, consist of the differences between the face value of the assets (liabilities) and the transaction value at which they were sold (purchases). It is proposed to show these gains (losses) in capital accounts.

9. The Nordic countries, like other countries, will utilize institutional sectoring (e.g., private corporations, unincorporated businesses, wage-earners and pensioners) in the accounts on financial statistics in contrast to the usual functional sectoring (i.e., according to kind of activity) in the

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accounts on production, expenditures and income. These countries may carry the sectoring on an institutional basis through the product and income accounts to an account on the distribution of income from production (see Illustration C, Annex I). The two approaches to sectoring may be linked to one another by sectoring this account in both ways.

#### B. EMPHASIS ON FINANCIAL TRANSACTION ACCOUNTS

10. A number of countries are attending first to accounts on transactions in financial assets and liabilities because they feel that data, for the various non-financial sectors, on the uses of savings and the sources of finance of real investment are the most urgently needed financial statistics. Though, in a closed economy, savings and real investments during any period are equivalent, this is of course not the case for any one sector of the economy. Savings and real investments are of course brought into coincidence with one another for a closed economy by shifts in funds (borrowing and lending) between the various sectors, and financial institutions are key intermediaries in this process. The countries under discussion in this paragraph are therefore concentrating on accounts on financial statistics which will show the details of the financial transactions of each sector that consolidate to net borrowing or lending shown as the balancing item in the capital reconciliation and real investment account of the traditional national income accounts. In fact, the French system of national income accounts has always included an account on transactions in financial assets and liabilities (see Annex I). Or, from a slightly different viewpoint, these countries are incorporating statements on uses and sources of funds, which a number of them already prepare for selected sectors of the economy, into an articulated system of accounts on income and financial transactions. In addition to furnishing information on this subject, the accounts on the details of financial transactions of the various sectors of the economy will also be valuable in indicating changes in the liquidity of the various sectors and sources of inflationary or deflationary pressures.

11. The accounts on financial transactions that most of these countries intend to construct will show for each type of assets or liabilities and each sector the net result of the transactions engaged in during the year. However, in

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the French financial transaction accounts, both acquisitions and redemptions are shown for bonds and long-term loans. The financial transactions account will of course be sectorized on an institutional basis.

12. Countries starting, in effect, with an extension of the system of national income accounts to include a financial transactions account are confronted with somewhat fewer problems in inter-relating or integrating the two sets of accounts, than countries beginning with balance-sheet accounts on financial assets and liabilities. The former countries, for example, need not deal with the question of capital gains or losses. This is the case since valuing transactions according to the prices at which the transactions were conducted is consistent with the balancing entry, "net lending or borrowing", in the capital reconciliation account of a system of national income data though this entry would include elements of capital gains or losses on financial transactions. However, all countries face problems of adjusting from recording of payables and receivables in the national income accounts to the recording of payments and receipts in the financial transactions account. Like all other countries those countries which attend first to an account on financial transactions, must decide to what extent to carry the institutional sectoring utilized in the financial transaction accounts back into the income and product accounts. Some countries plan to do this for the capital reconciliation and real investments account only since, for example, the distinction between financial and non-financial units is strategic at that juncture. Other countries propose to utilize institutional sectoring in the consumption and savings and redistribution of income accounts as well. Still other countries (e.g., France and the Federal Republic of Germany) propose to, or do, utilize institutional sectoring throughout the accounts. It should be emphasized however that the Federal Republic of Germany, in the case of the production account, classifies certain activities (e.g., ownership of dwellings) on a functional basis instead of an institutional basis.

13. Countries with centrally planned economies compile accounts on financial balance for various sectors of the economy which are similar to statements on the sources and uses of funds for these sectors. In a number of the countries, the accounts for each sector, as well as the summary account for the economy as

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a whole, are an integral part of the national income accounts. These accounts therefore show receipts and payments and the resulting end balances classified and defined in terms of the system of national income accounts. For example, factor incomes are classified into those from activities covered in the production account (primary incomes) and those from activities excluded from this account (secondary incomes) and distinctions are drawn between intermediate and final payments, incomes, various types of taxes, various forms of current and capital transfer payments and grants, and short-term and long-term credits and loans. Also, income and consumption in kind, accruals and internal appropriations are included in the accounts on receipts and payments. In Yugoslavia, however, the accounts on the receipts and payments of the various sectors cover actual transactions only, and are, in fact compiled from the records of transactions passing through the national banking system. The receipts and payments, as well as the resulting end balances of the various sectors are distributed among the following sub-accounts: current transactions, investment transactions, financial transactions, and assets held in, and liabilities to, financial institutions. The institutional sectors utilized in Yugoslavia consist of enterprises engaged in production, the population, the state, financial institutions, state capital investments fund, the rest of the domestic economy, and the rest of the world. Rather similar institutional sectoring is utilized by other planned economies.

#### C. SIMULTANEOUS COMPILATION OF FINANCIAL TRANSACTION AND BALANCE-SHEET ACCOUNTS

14. Some countries have compiled (e.g., Japan and the United States) and additional countries propose to compile (e.g., the Netherlands) accounts on financial transactions and balance sheets at the same time. These countries evidently consider the requirements for the two types of financial data to be about equal in importance. The countries have not explicitly linked the two sets of financial accounts to one another (see Illustration E, Annex I). Transactions have been valued at the prices at which they were carried out, and holdings of most kinds of assets and liabilities are priced at face values. The differences between the two sets of accounts in method of valuation, as well as some other divergencies, have of course resulted in differences between the data

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shown, for the same kind of asset or liability, on financial transactions during a period and on the change in the balance-sheet position between the end points of the period. In the United States Flow-of-Funds/Savings accounts, for example, the financial transactions accounts have been linked to the capital reconciliation accounts but not to the financial balance-sheet accounts. The data required to measure the differences between the two sets of financial accounts that are due to various factors are not now available; and the desirability of explicitly showing these data in the accounts is considered to be questionable.

15. Japan and the United States have delineated creditor-debtor relationships in the balance-sheet accounts on financial assets and liabilities to a much lesser extent than the Nordic countries propose to do. The former two countries have shown selected creditor-debtor relationships by using the character of the debtor, in addition to degrees of liquidity, risk and legal type of instrument, in distinguishing certain types of financial assets (liabilities) (see, for example, Annex II). These countries have, on the whole, utilized the same classifications of financial instruments in the transaction and balance-sheet accounts.

16. In the balance-sheet accounts of the United States, the same financial instrument need not have the same value when recorded as an asset as when recorded as a liability. Also, the transaction accounts of the United States show the results of differences between the parties to a transaction in the time of recording these transactions - i.e., the mail float. The entries in the financial accounts of the countries under discussion consist, almost entirely, of summations over the units in each sector, as well as the various sectors, in the case of each type of asset or liability. The entries in the financial transactions account show the net, rather than the gross, transactions of each unit in each asset (liability).

17. As was noted above, in the case of the United States, financial transactions and real investment for institutional sectors have been integrated with one another. In fact, the Flow-of-Funds/Savings accounts now also cover, to a fair extent, the receipt, redistribution and appropriation of income (see Illustration E, Annex I). However, concepts of gross savings, the balancing

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item between the capital reconciliation and appropriation accounts of a system of national income accounts, utilized in the United States Flow-of-Funds/Savings accounts differ from those utilized in the United States Income and Product accounts. Some of the important differences are due to (i) the inclusion of purchases of consumer durable goods, net of depreciation of such goods, and of savings through government life insurance and certain pension funds but the exclusion of internal savings attributed to life insurance and mutual financial institutions in the case of household savings in the Flow-of-Funds/Savings accounts, (ii) the inclusion of purchases of used fixed assets from the Federal Government in business investment and (iii) the recording on a cash, rather than accrual, basis, in the Flow-of-Funds/Savings accounts. The United States is giving consideration to common definitions of savings and real investment for the two sets of accounts and to integrating the two systems of accounting through the receipt, redistribution and appropriation of income. In the Netherlands consideration is being given to starting detailed institutional sector with, and enforcing consistency between the income and product and financial statistics through, the real investment and capital reconciliation accounts.

### III. THE CHARACTER OF ENTRIES IN ACCOUNTS ON FINANCIAL STATISTICS

#### A. THE GROSSNESS OF THE ENTRIES

18. From the above review of national trends, wide agreement is evident on the advantages and practicability of recording statistics in financial accounts that are, in most instances, sums of the data on each kind of asset or liability of the holder and transactor units employed in the accounts. In other words, the data on assets and liabilities or on units falling into the same sector will not be netted against one another. This approach is of assistance both in delineating the balance-sheet position and transactions of the various units and in avoiding variance in the magnitude of the statistics compiled with differing detail in sectoring. However, in the case of banks and other financial institutions, which engage in substantial dealings with one another, summing data for each of them would result in figures that are large, and

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obscure the significant relationships between these institutions and non-financial units. Therefore, countries have consolidated (netted) the holdings and transactions of banks with one another in accounts on financial statistics and the joint IMF-UN papers on integrating financial and income statistics have suggested this practice.<sup>2/</sup> Some countries have followed the same practice with respect to the government sector or groups of units for which the available information is inadequate for purposes of combination, rather than consolidation, of data.

19. The approach to compiling data outlined in the preceding paragraph results in an unambiguous degree of grossness in the figures of financial balance-sheet accounts but not in the data of financial transaction accounts. In the latter data, sales and purchases of the same kind of asset or acquisitions and redemptions of the same kind of liability by each unit are often netted against one another. The degree of grossness in the data in financial transactions accounts therefore depends on the detail in which financial assets (liabilities) are classified. Some countries have indicated interest in compiling data on selected financial transactions that are more gross than those obtained by netting sales against purchases - for example, on receipts (grants) and payments (redemptions) of long-term loans or on issue, sale, purchase and redemption of mortgages, bonds or shares. France, the Netherlands and Norway have already compiled accounts including data of this type. The Netherlands may be able to extend those gross data since, in the system of financial statistics being planned, figures on both transactions and balance sheets, are to be gathered directly for financial assets and liabilities. The United Kingdom proposes to use a similar kind of reporting system. The United States is also giving some thought to including in the transaction account, data on gross flows for assets (liabilities) where such data are analytically significant and available.

#### B. THE TIMING OF THE ENTRIES

20. So as to reflect the actual transactions and the liquidity and creditor-debtor status of units, it is generally agreed that the entries in the financial transaction and balance-sheet accounts should record sales (purchases) or payments (receipts). This timing for recording entries in the accounts on

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<sup>2/</sup> See, for example, "Problems in Integrating Income and Financial Statistics", Annex to Statistics of Financial Assets and Liabilities, Conf.Eur. Stats/WG.11/38. /...

financial statistics is in contrast to the payable (receivable) basis that is utilized in the income and products accounts. Two alternatives have been utilized to bridge this difference between the two sets of accounts, when interrelating or integrating them. One alternative is to show net financial investment (i.e., the excess (deficiency) of transactions in assets over those in liabilities) on a payable (receivable) basis by including the required adjustment in the items in the financial accounts on trade credit and/or loans and advances. The other alternative is to show an explicit reconciliation item for the difference between the two approaches, perhaps as part of or following a capital reconciliation account. In an integrated system of accounts, it would seem advantageous to utilize the former alternative, particularly as most payables or receivables represent claims.

21. Regardless of the basis on which financial data are to be recorded in the accounts, differences of timing will occur between the records of the two parties to financial transactions. In the United States accounts, these differences in timing are reflected in the figures in order to show the mail float, particularly in the case of money. Other countries have enforced, or propose to enforce, the same time of recording for both parties to transactions. They feel that use of the same time of recording reduces the statistical problems and work of compiling the data, and apparently do not assign considerable importance to measuring the mail float.

#### C. THE VALUATION OF ENTRIES

22. The values that should be assigned to transactions in financial assets and liabilities are of course defined by the terms on which these transactions were made and are necessarily the same for each of the partners to the transactions. Countries do, or propose to follow, this practice involving financial transactions, as it results in realistic and meaningful data on these transactions and the data can be most easily linked with data in the capital reconciliation account derived from income and product statistics. It should be emphasized, however, that the value to be assigned to some entries that may appear in the transaction account (e.g., increases (decreases) in the claims of households on life insurance companies and pension funds) is not evident from transactions. The question of assigning values in these instances will be discussed below.

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23. The values to be assigned to balance-sheet entries on financial assets and liabilities are not fixed, on the whole, by recent happenings and may differ between the creditor-debtor pair involved in each claim. The creditor may, in his books, value some claims at face value or face value less deductions for bad debts, other claims at cost (i.e., the funds or the equivalent laid out), and still other financial assets at negotiable (market) value. The debtor is likely, in his books, to value claims other than shares in equity at face value. In the case of non-marketable claims (e.g., bank accounts, loans, trade credit), face value and funds laid out or received, are, in principle, identical, and the values assigned by creditors and debtors would, in general, be the same. This is not the case for marketable claims (e.g., negotiable paper, mortgages, bonds, shares) where, in addition to face value or cost of acquisition for the holder, current market value may be a significant form of valuation. Further, certain kinds of claims (e.g., against life insurance or pension funds or proprietors' interest in unincorporated enterprises) may not appear in the books of either the debtor or creditor. As a consequence, recording book values in financial balance-sheet accounts would result in valuation on various bases, at least in the case of some financial instruments. Also, the effect of the various modes of valuation on the balance-sheet data would not be known, and it would be difficult to interpret and utilize the data. Further, the meaningfulness of book values as background for understanding financial behaviour may be questionable.

24. It is therefore evident that specification is required of the mode of valuation for the various types of assets and liabilities. However, differences of view exist as to the appropriate way to value negotiable (marketable) financial instruments, and the Working Group on Statistics of Financial Assets and Liabilities did not arrive at a consensus on this question.<sup>3/</sup> The Nordic countries propose to enforce uniform valuation of financial assets (liabilities) in their accounts, using face value for all financial instruments and, in addition, market value for negotiable bonds and shares. These countries point

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<sup>3/</sup> See paragraphs 49 and 50, Report of Session Held in Geneva, 29 February to 4 March 1960, Conf. Eur. Stats/wG.11/37.

out that enforcing the same value for a financial instrument where recorded as an asset as where recorded as a liability, facilitates compilation of the data - for example, the use of creditor-debtor matrices for balance-sheet accounts and the computation of adjustments of the type of capital gains (losses) in financial investment and capital reconciliation accounts. The Nordic countries also hold that the face value of financial instruments is, in most instances, economically meaningful in the case of both creditors and debtors and that this is also true for market values in the case of bonds and shares. In the United States Flow-of-Funds/Savings accounts, face value have been utilized for many entries. However, market values have been shown for corporate stock held as an asset and values have not been shown for the corporations against which this stock is held. Trade credit and loans are shown at book values, which are essentially face values, but consistency is not enforced between the values reported for creditors and those reported for debtors. In the joint IMF-UN papers it has been suggested that negotiable bonds, mortgages, notes, etc. be valued at market prices in the case of holders but at face value (essentially book values) in the case of debtors.<sup>4/</sup> Holdings of shares as assets would also be valued at market prices but these financial instruments would not be valued as a liability. It was felt that the differing modes of valuation proposed, correspond to the values in terms of which creditors and debtors made decisions.

25. Irrespective of the mode of valuation employed in financial balance-sheet accounts, the change between the end points of a period in value will, in principle, differ from the net value shown in transactions accounts for selected kinds of assets (liabilities), in particular negotiable instruments. If, in all instances, face or market values are utilized in balance-sheet valuation, differences will, in principle, be the same for both parties to all transactions. If, in balance-sheet valuation, use is made of market values for creditors and face value for debtors, the result will be differences between them in the gap between balance-sheet changes and the value of transactions to which both are a party. In any case, if the difference between the value of net

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<sup>4/</sup> See, for example, "Problems in Integrating Income and Financial Statistics", op cit; and Joint UN/IMF Statement on Integrated Income and Financial Accounts, Working Group on Statistics of Financial Assets and Liabilities.



transactions during a period and the change in balance-sheet value between the end points of the period can be assumed to be due to differences in valuation only, this difference measures total capital gains (losses) during the period—realized (e.g., where assets or liabilities have been sold or redeemed, respectively) and unrealized (e.g., where assets or liabilities held at the beginning of the period or acquired during the period were not sold or redeemed, respectively). Measuring the difference would of course require the independent collection of data on transactions in and holdings of financial assets and liabilities. The Netherlands and the United Kingdom are proposing to follow such a practice. The Netherlands is also giving some thought to gathering, at a later stage, independent data on "revaluations". This may be necessary in order to obtain reliable data on total capital gains in view of the marked and sporadic changes that can occur in balance-sheet entries. Compiling data on realized capital gains during a period would be more difficult than gathering data on total capital gains, as it would be necessary, for example, to identify balance-sheet values at the beginning of the period for assets (liabilities) sold (redeemed) during the period.

#### D. THE TREATMENT OF CAPITAL GAINS (LOSSES)

26. A number of alternatives have been suggested for dealing, in integrated accounts on financial and income statistics, with capital gains (losses) on financial instruments. In an illustrative set of accounts of the Nordic countries, such realized and unrealized capital gains are explicitly indicated in the capital reconciliation and financial investment accounts (see illustration C, Annex I). Since, in the Nordic scheme, net increases in holdings of financial instruments are shown in these accounts, capital gains had to be shown. If a use is made of a financial transactions account, and net increase (decrease) in financial transactions as the balancing item in the capital reconciliation account, net capital gains (losses) could be shown in the financial transaction or balance-sheet accounts as the link between the net result of financial transactions during a period and the net change in the financial balance-sheet position between the end points of the period. This is the treatment of capital gains (losses) proposed in the Joint UN/IMF Statement (see illustration B, Annex I). It was suggested in this paper that total capital gains (losses) on  
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financial instruments should be explicitly recorded in the accounts since such capital gains (losses) are factors in the decisions and behaviour of holders of financial assets. It should be noted that whereas in the Nordic approach, capital gains by one party to a transaction will always be offset exactly by capital losses by the other party, this is not the case in the proposals of the Joint UN/IMF Statement. Still another view is that additional information is not furnished by explicitly showing the totals linking the financial transaction accounts and the balance-sheet accounts. These data may, in any case, be easily compiled by users. Further, the data may be misleading unless detailed in terms of the various factors, some of which may not be capital gains (losses) in character, contributing to the difference between net transactions during a period and net changes in balance-sheet position between the end points of the period. In this view, even then, it may be preferable to furnish a separate reconciliation table only between the two sets of data. Data in capital gains (losses) on financial instruments are not set out in the United States Flow-of-Fund/Savings accounts and are not proposed in the Netherlands accounts on financial statistics.

#### IV. THE CLASSIFICATION AND DEFINITION OF FINANCIAL ASSETS AND LIABILITIES

##### A. PRINCIPLES AND DETAIL OF CLASSIFICATION

27. The schemes for classifying financial assets and liabilities that are set out in Annex II, as well as the comments of countries on the IMF-UN memorandum, "Problems in Integrating Income and Financial Statistics",<sup>5/</sup> indicate wide agreement on the use of the interrelated principles of liquidity, risk and legal character of financial instruments in drawing up such classifications. The application of these criteria in classification schemes on financial instruments results in separate categories for such items as currency and demand deposits, time and saving deposits, central government obligations, other bonds, mortgages, loans and shares. However, the detail in which the distinctions are drawn in these classifications, particularly with respect to liquidity, varies. For example, distinctions are drawn between long-term and short-term government loans or between quoted and unquoted corporate bonds in the classification recommended by the Working Group on Statistics of Financial Assets and Liabilities or between short-term and long-term loans and credit in the classifications of France and the Netherlands. On the other hand, such distinctions are not made in the classification schemes proposed by the Nordic countries or utilized in the United States Flow-of-Funds/Savings accounts. The detail of classification in any scheme will of course depend not only on the requirements for data on financial instruments, but also on the feasibility of gathering the desired data. The comments received from some European countries indicate that, in drawing up their classification, though they are following the scheme of the Working Group on Statistics of Financial Assets and Liabilities, they are finding it necessary to combine some of the proposed categories with one another.

28. In addition to liquidity, risk and legal character of financial instruments, the sector of indebtedness has been utilized to classify financial assets in the schemes set out in Annex II, as well as in other classifications of financial

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<sup>5/</sup> Annex to Statistics of Financial Assets and Liabilities, Conf. Eur. Stats/WG.11/38.

instruments. However, there is greater variation among the classification schemes in the way and detail in which this criterion is applied than in the use of the other criteria. France utilized, and the Nordic countries propose to employ, the various sectors of indebtedness to classify all kinds of financial assets in the form of creditor-debtor matrixes. The Working Group on Statistics of Financial Assets and Liabilities suggested that claims on domestic debtors be distinguished from those on foreign debtors. The Working Group also recommended that, in conjunction with other criteria, domestic sectors of indebtedness be utilized to a limited extent, in distinguishing certain types of claims - for example, central or local government obligations or consumer credit. In these instances there are of course ties between the sector of indebtedness and liquidity and risk. The same approach to the use of sector of indebtedness in classification is evident in the recommendations made in the UN/IMF Statement and the practices followed in the United States accounts. On the other hand, in the proposed classification scheme of the Netherlands, short-term and long-term loans and capital participations are also to be classified according to sector of indebtedness. This classification is proposed for purposes of obtaining added information on sources of finance and represents a step in the direction of the French and Nordic approach to complete classification according to sector of indebtedness.

B. THE CLASSIFICATION OF EQUITY IN UNINCORPORATED ENTERPRISES OR IN LIFE INSURANCE FUNDS AND RELATED ITEMS

29. It should be noted that two categories - proprietors' net investment in unincorporated enterprises and net equity in, or savings through, life insurance and pension funds - are shown in only some of the schemes set out in Annex II. A category for proprietors' net investment is not shown under the Nordic scheme because the Nordic countries propose to consolidate unincorporated enterprises and the households of the owners of the enterprises into a single institutional sector. Though, in the proposals of the UN/IMF Statement, unincorporated enterprises are to be dealt with in a sector separate from that for households, a category is not provided for proprietors' net investment because proprietors' net investment during the year would be included in the capital reconciliation

account as a capital transfer. A similar approach is taken in the French national accounts (see Annex I). In the recommendations of the Working Group on Statistics of Financial Assets and Liabilities and in the United States accounts, where unincorporated enterprises also made up a separate sector, proprietors' net investments during the year is considered a financial transaction, and not a capital transfer. The savings of households through life insurance or pension funds are also considered capital transfers in the Joint UN/IMF Statement and the French national accounts. In the case of the other schemes shown in Annex II, increases (decreases) in such savings by households are classified as financial transactions and the stocks of these savings are treated as claims against life insurance companies or pension funds.

30. Changes in proprietors' net investment and in the savings of households in life insurance and pension funds are considered capital transfers rather than financial transactions in the Joint UN/IMF Statement because of the restriction of financial assets and liabilities to those held for reasons of liquidity and financial income only. In view of this definition, all kinds of direct investment are considered capital transfers. Most countries, in working on financial statistics, are following a broader definition of financial assets and liabilities - namely, one that covers any claims on (obligations of) one unit with regard to another. The Working Group on Statistics of Financial Assets and Liabilities also recommended this definition of financial assets and liabilities. A narrower definition of financial assets and liabilities might limit the uses of accounts on financial statistics in assessing the liquidity and claims (obligations) position of the various sectors. It could also raise questions as to the appropriate classification of such items as trade credit and tend to alter the character of the usual capital reconciliation account.

#### C. THE VALUATION OF HOUSEHOLD SAVINGS IN LIFE INSURANCE AND PENSION FUNDS

31. The method of evaluating the accumulated savings of households through life insurance companies or pension funds is essentially the same in the case of the schemes listed in Annex II, excepting those of France and the Netherlands - namely, in terms of the reserves against policies outstanding plus accumulated interest. Thus, in four of the six schemes listed, only part of the savings of life insurance

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companies are attributed to households. The rest of the savings (i.e., the difference between the increase in reserves against life insurance policies outstanding plus unpaid interest, on the one hand, and the total of premiums plus interest and other income received by life insurance less the operating costs and benefits paid out of life insurance companies) are considered to be the savings of the life insurance companies. This approach differs from that implicit in the French and Netherlands accounts and most other systems of national income accounts. In these accounts all the savings of life insurance companies are imputed to households and the transfer of these savings back to life insurance companies is considered a financial transaction or in the case of the French system, a capital transfer. The Expert Group on Changes in Financial Assets and Liabilities suggested a similar approach to the savings of households through life insurance and pension funds (see illustration A, Annex I). However, the Working Group on Statistics of Financial Assets and Liabilities proposed that the actuarial reserves against life insurance policies and annuity plans only be considered the claims of households on these funds.<sup>6/</sup> This of course means treating increases in these reserves only as the savings of households; the rest of the savings of these funds would be attributed to the funds themselves.

32. The recommendation of the Working Group on the treatment of household savings in life insurance companies and pension funds seems more realistic than attributing all of the savings made through these funds to households. Nevertheless, some countries, in commenting on the joint IMF-UN paper, "Problems in Integrating Income and Financial Statistics", have indicated that they plan to attribute all the savings of these funds to households. The comments of these countries suggest that, in some instances, all the savings through life insurance and pension funds will be imputed to households because of the lack of the data that are required to follow the approach suggested in the Joint UN/IMF Statement. This approach involved (i) the separation of premiums on life insurance policies into a term (insurance) component, to be recorded in an income account, and a savings deposit component, to be recorded in a capital reconciliation account, (ii) distinguishing, in the income account, interest credited to policy holders' accounts from the interest earnings of the life insurance companies and (iii) recording, as capital transfers in the capital reconciliation account,

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<sup>6/</sup> See paragraphs 45-47, Report of Session Held in Geneva, 29 February to 4 March 1960, op.cit.

benefits that increase the assets of households at the expense of the life insurance companies when mortality experience exceeds expectations (see illustration B, Annex I). It is the data that are required for the use of the first and third procedure that presumably are unavailable. However, the increase in the actuarial reserves against life insurance policies plus imputed interest only may be treated as household savings through life insurance without employing the first and third procedures in making entries in the income and product accounts. One such approach, based on the data which are generally available and utilized in national income accounting, is illustrated in Annex III. In this approach, the life insurance premiums paid by households less the sum of a service charge, claims paid by life insurance companies and the increase in reserves against life insurance policies are treated as though current transfer payments. The life insurance service charge is part of the consumption expenditure of households and covers the administrative costs and operating surplus of the life insurance companies. The life insurance companies receive interest on their property and impute to households interest on the reserves held against outstanding life insurance policies.

## V. THE STATISTICAL UNIT AND SECTORING IN FINANCIAL ACCOUNTS

### A. THE TRANSACTOR AND HOLDER UNIT

#### (a) Enterprises

33. There is general agreement that the holding-transactor unit to be utilized in financial accounts is the unit which independently owns and controls assortments of financial assets and liabilities and engages in transactions in these instruments. In gathering and compiling financial statistics on businesses, countries therefore make use of the enterprise (i.e., a unit of ownership), in contrast to the establishment or other subdivisions of the enterprise. The Working Group on Statistics of Financial Assets and Liabilities and the joint papers prepared by the International Monetary Fund and the Statistical Office of the United Nations, as well as other documents of the Statistical Office, have also recommended use of the enterprise in financial statistics.

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34. The enterprise may however be defined according to varying degrees of breadth ranging from the legal entity (i.e., the individual proprietorship, corporations, co-operative or other organization which may enter into contractual agreements, own property, incur liabilities for debts, have bank accounts) to the family of legal entities bound together by ties of ownership (e.g., where more than 50 per cent of the ownership of the equity in each legal entity is held by another legal entity) or, even, by ties of control. However, to separate the transactions and holdings of domestic and foreign units from one another, the broadest concept of the family of legal entities that might be utilized in compiling financial transaction and balance-sheet accounts should exclude non-resident legal entities from the family of entries. Further, in order to make it practical to compile these accounts, the family of commonly owned or controlled legal entities would probably need to be limited to that for which consolidated balance sheets and other accounts are available.

35. In practice, most countries are utilizing single legal entities as the transactor-holding units in work in the field of financial statistics, as these units have independent accounts, can be easily identified, and are usually the subject of data that are available from governmental administrative records. A few countries, however, are utilizing, or exploring the use of, families of legal entities of varying breadth, in order to approximate more closely the unit for which, in fact, financial decisions are made and executed collectively and to eliminate financial transactions between members of the family which are sometimes matters of administrative or legal convenience. These countries find it essential to delineate, precisely, the collection of legal entities to be utilized and to ensure that the same family of legal entities is employed in the various aspects of financial statistics, as well as in the income and product statistics to be interrelated or integrated with the financial data. Countries which utilize single legal entities will also find it necessary to take such precautions where these entities are tied together by common ownership.



(b) Enterprises and Households

36. Whereas incorporated enterprises, whether privately or publicly owned, have legal identity independent of their owners, this is of course not the case for unincorporated enterprises. In the case of private unincorporated business, especially individual proprietorships, strict application of the principles outlined above would therefore result in holder-transactor units covering both the business and its owners. Further, the households (families) of these owners would need to be included in the common unit. However, for purposes of analysing financial transactions and holdings, especially in relation to income, expenditures and product, the desirability of separating the business and household activities from one another is generally recognized. Therefore, some countries (e.g., Canada, the Federal Republic of Germany, France and the United States) have divided, or propose to divide, the business and household of the proprietors of private unincorporated enterprises into separate holder-transactor units. The Joint UN/IMF Statement also suggested the use of separate transactor-holder units for the business and the household of the proprietors of private unincorporated enterprises.

37. Material difficulties have been encountered in drawing that distinction in the case of financial transactions and holdings, particularly those of individual proprietorships. It has therefore been necessary to adopt conventions on the division, between the business and household, of transactions in the holdings of financial assets and liabilities, where the distinction is made. For example, all transactions and holdings which are not clearly part of the business are allocated to the household. In distinguishing between the private unincorporated enterprises and the household of the owners in the case of income and product accounting, which is a common practice, problems are also encountered, but these difficulties are less severe than those faced in making the distinction in the case of financial statistics. The problems in income and product accounting centre on separating the savings and sources of the finance of real investment of the business from that of the household. The conventions commonly adopted in dealing with these questions are, of course, to attribute to households all of the savings of unincorporated enterprises and to impute transactions between households and unincorporated enterprises to account for the financing of the real investment of these enterprises.

38. In view of the difficulties encountered in utilizing separate financial transactor-holder units for the business and household of the proprietors of unincorporated enterprises, some countries (e.g., the Netherlands, the Nordic countries and the United Kingdom) propose to utilize one statistical unit covering both aspects of the activities of these proprietors. These countries will follow the same practice in the income, expenditure and product accounts included in an integrated set of accounts on financial and income statistics. The Netherlands and the Nordic countries also plan to continue use in their traditional income, expenditure and product accounts, of separate statistical units for the business and households of the proprietors of private unincorporated enterprises. In part because of this, in the Netherlands plan, only the capital reconciliation account of the income and product accounts will be sectored in precisely the same fashion as the financial transactions and balance-sheet accounts. It should be noted that the recommendations of the Working Group on Statistics of Financial Assets and Liabilities allow for the separation or combination of the business and households of the proprietors of private unincorporated enterprises in defining the transactor-holder unit in financial statistics.

39. Where households do not contain proprietors of private unincorporated businesses, the use of the household as the statistical unit does not present problems in gathering and compiling financial or income and expenditure statistics. In the case of private non-profit organizations, the association of persons, whether or not incorporated, would be the statistical unit in the light of the principles outlined above, and is the transactor-holder unit employed in practice.

(c) Enterprises and Government

40. Problems of defining a suitable transactor-holder unit also occur with respect to government enterprise (i.e., those which are not corporations) in the case of countries with market economies. These enterprises are financially integrated with the owning general government bodies. Nevertheless, a number of countries (e.g., the Federal Republic of Germany, France, the Netherlands and the Nordic countries) do, or propose to, treat government enterprise as

individual transactor-holder units, separate from those for the owning general government bodies. This is the procedure that these and other countries follow in compiling income and product accounts since the role and activities of government enterprises are quite different from that of general government. Dealing with government enterprises as separate statistical units therefore facilitates the integration of accounts on financial and income and product statistics. For these reasons, among others, the Working Group on Statistics of Financial Assets and Liabilities and the Joint UN/IMF Statement recommended, in effect, the use of a statistical unit relating to the government enterprise only. The use of this approach requires the adoption of certain conventions on the separation of transactions in and holdings of assets and liabilities, as in the case of private unincorporated enterprises. The alternative of dealing with government enterprises and the owning general government bodies as one statistical unit is also utilized - for example, in the United States Flow-of-Funds/Savings accounts.

41. In the United States accounts, the central government and its public enterprises, whether or not incorporated, except certain financial institutions, are, in effect, dealt with as one transactor-holder unit. This is also the case for the various local governments. However, some consideration is being given to subdivision of this unit. In the actual or proposed financial accounts of practically all countries, the various general government activities of the central or local government units are not subdivided into separate statistical units. However, the Nordic countries have suggested that it would be advantageous to deal with social insurance schemes which are organized as legally independent units as well as selected segregated public funds, as transactor-holder units separate from those for general government.

#### B. GROUPING TRANSACTOR-HOLDER UNITS INTO SECTORS

42. The use of a transactor-holder unit such as the enterprise, household, general government, etc. in financial statistics implies the classification in financial accounts of these units into sectors according to their institutional characteristics. This is in contrast to the subdivision, in the case of income and product accounts, according to function (i.e., production, consumption) or

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kind of industrial activity. Further, each institutional sector should consist of units which are as similar, as is practical, with regard to kinds of financial assets and liabilities held and dealt in and with regard to the role and behaviour in financial transactions, and the importance of these transactions relative to the income and product transactions. Limiting factors on the detail of the sectoring are, of course, the scope of the statistical units that it is practical to delineate and the volume of work associated with various modes of sectoring.

43. Use of the criteria outlined above has led countries to distinguish, or to work toward distinguishing, at least between government, subdivided into central and local, financial institutions, subdivided into monetary system, life insurance and pension funds and other, non-financial corporate enterprises, the rest of the domestic economy, and the rest of the world (see, for example, Annex IV). It might be noted that these correspond essentially to the minimum recommendations made for European use by the Working Group on Statistics of Financial Assets and Liabilities. Additional distinctions are generally drawn in national sectoring schemes for financial statistics, but the way and detail in which these distinctions are made, vary, depending on institutional arrangements, the practical problem of delineating suitable transactor-holder units, and the priorities assigned to the various requirements for the data. Thus, the selected schemes set out in Annex IV indicate considerable diversity in approach and in detail to additional sectoring.

44. The use of separate transactor-holder units for private unincorporated enterprises and the households of the owners of these enterprises generally results in a separate sector for private unincorporated enterprises. Where transactor-holder units are not separated in this fashion, two alternatives to sectoring are being considered: either all households and the associated private unincorporated businesses are grouped together in one sector; or the private unincorporated businesses together with the households (families) headed by their owners are covered in a different sector from that for other households. The United Kingdom is adopting the former alternative; the Netherlands and the Nordic countries are planning to utilize the latter alternative. Transactions in and holdings of financial assets and liabilities,

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as well as the relationship between these activities and income, expenditure and production, may be expected to be different for the two categories of households. However, the use of two sectors, instead of one, adds materially to the basic data required to compile the financial accounts, as well as any integrated income and expenditure accounts that are prepared. The Netherlands programme, for example, provides for the collection of basic data on families headed by employees, pensioners, etc.

45. The use of transactor-holder units for government enterprises separate from those for the owning general government bodies usually results in grouping the government enterprises together in a special sector. In the compilation of the United States Flow-of-Funds/Savings accounts, financial institutions are sectored in considerable detail (see Annex IV). In these accounts, a separate sector is devoted to private farm enterprises.

#### VI. INCOME, EXPENDITURE AND PRODUCT ACCOUNTS IN AN INTEGRATED SET OF ACCOUNTS

46. At this juncture, it is convenient to discuss the question of an integrated set of accounts on financial and income statistics from two points of view: To what level of the income, expenditure and product accounts - for example, the capital reconciliation account, the appropriation account (i.e., the redistribution of income and consumption and savings), the primary income account, or the product account - should the institutional sectoring and the deconsolidation of entries of the financial accounts be carried back? And, how might the income and product accounts that are compiled in this fashion be organized? A number of other questions that arise in devising an integrated set of accounts on income and financial accounts to a payable (receivable) basis in the income and product accounts, the treatment of capital gains (losses) on financial instruments, or the transactions between households and life insurance companies and the like - have already been dealt with earlier. In discussing the integration of accounts on financial and income statistics from the point of view of the two questions listed above, use will be made of the illustrative list of accounts set out in Annex I.

47. Two types of considerations need to be weighed against one another in deciding on the extensiveness and mode of integration between income and product accounts and financial accounts. One set of considerations relates to the needs for integrated income and financial statistics and the relative urgency of the various requirements. The other set of considerations concerns the problems and difficulties of compiling income and product data in the form of the deconsolidated accounts that are wanted on financial statistics and the extent to which such accounts will satisfy the needs which have been served by the income and product accounts that are already being compiled. The approach taken in a country in compiling income and product accounts is therefore likely to be of significance in deciding on the extent to which income and product accounts should be deconsolidated in the same fashion as the financial accounts. As the brief review, above, of national trends indicated, countries are planning various degrees of integration between income and product accounts and financial accounts. These plans apparently reflect not only the way in which they have been compiling income and product accounts but also the other considerations mentioned in this paragraph.

A. THE CAPITAL RECONCILIATION ACCOUNT

48. All countries compiling, or planning to compile, accounts on financial statistics will sector these accounts and the capital reconciliation and/or real investment accounts in the same detailed way, and will enforce consistency in entries between the two sets of accounts. Also, the Expert Group on Statistics of Changes in Financial Assets and Liabilities suggested that, as a minimum, the capital reconciliation and real investment account of a system of income and product accounts be fully integrated with a financial transaction account (see illustration A, Annex I). The capital reconciliation account of course furnishes the link between the income and product and financial accounts and indicates the extent to which each sector has financed its real investment or contributed to the finance of the real investment of other sectors through financial transactions - i.e., by reducing or increasing, respectively, its net financial assets or by increasing or reducing, respectively, its net financial liabilities. It is at this juncture in the income and product accounts

that the transactions between financial institutions and the other sectors of the economy become significant. Further, consistency between the capital reconciliation and/or real investment account, on the one hand, and the financial transactions or similar accounts, on the other, is essential if the latter type of account is to serve a number of important requirements; and it is practical, on the whole, to attain this consistency.

#### B. THE INCOME AND APPROPRIATION ACCOUNTS

49. Some countries do not propose to compile primary income or appropriation accounts that are sectored in the same way or detail as their accounts on financial statistics. These accounts, as well as the product account in their system, are now sectored in a functional and limited fashion (e.g., the household sector does not include unincorporated enterprises and receives income and appropriates it to consumption and savings, and all enterprises, including financial institutions, are grouped together in one sector, and it is convenient to sector the income and product accounts in this way. Further, deconsolidating the primary income and appropriation accounts on an institutional basis raises both conceptual and practical statistical difficulties, and financial institutions do not play a significant role in production or the generation or appropriation of income. For example, the contribution to production, as defined in the SNA of banks and other important financial institutions, consists essentially of service charges (actual and imputed) and the receipts of interest, dividends, etc. by these institutions are imputed to other segments of the economy, in particular, households. Attempted deconsolidation of the primary income and appropriation accounts uncovers some anomalies and problems with regard to the treatment of interest and the retention of funds by financial institutions. Also, in order to apply the same approach as in financial statistics - for instance, in sectoring and in the combination, instead of consolidation, of entries for the various transactor units, much more basic data than are presently available are required. For example, data will be needed on the transactions of private unincorporated enterprises separate from those for private corporate enterprises or on the detailed transactions of various kinds of financial institutions.

50. Other countries, however, do, or propose to, deconsolidate the primary income and appropriation accounts in the same fashion as the financial accounts. Data are wanted on savings, consumption, disposable income and income from property and production that are consistent not only with one another but also with the data in the financial accounts. Such data would make it possible to investigate relationships such as between income, consumption, savings and real and financial investment for various sectors, between the income, consumption and changes in the liquid assets and consumer debts of households, or between receipts and payments in connexion with the use of property and the holdings of financial assets and liabilities. Some of these countries already have, or consider it practical to delineate, unincorporated enterprises and financial institutions in primary income and appropriation accounts. Because some of these countries (e.g., the Nordic countries or the United Kingdom) consider receipts and payments of interest akin to transfer payments, they do not face apparent anomalies in dealing with interest transactions between non-financial enterprises and financial institutions or financial institutions and households. Some of these countries propose to have one account dealing with primary income, the redistribution of income and consumption and savings; others are considering subdividing these transactions among the three pertinent accounts or into two accounts - i.e., a primary income account and an appropriation account (see Annex I).

51. If it is not feasible to deal with primary income as well as the appropriation of this income in an integrated set of accounts on income and financial statistics, countries may find it advantageous to carry such integration back to the appropriation account only. This account would show the total of primary income, the redistribution of income and the resulting disposable income, and the apportionment of the disposable income between consumption and savings. This approach to integration, while avoiding a number of the problems that arise in deconsolidating the primary income account (e.g., the separate data required on private unincorporated enterprises, the separation of financial from non-financial units, the treatment of interest) would probably furnish the interrelated data on income and financial transactions that are most urgently needed.



52. Whether integration with the financial accounts is carried back to primary income or the appropriation of this income, it would be advantageous to organize the deconsolidated accounts so that the data on income and expenditures which are required for national income accounts may be conveniently compiled. This involves the segregation of the various types of primary incomes, transfer payments, consumption and other appropriations of income from one another.

#### C. ALL INCOME AND PRODUCT ACCOUNTS

53. Few, if any, countries propose, at this juncture, to follow the full suggestions of the UN-IMF papers on integrated accounts and of the Expert Group on Statistics and Change in Financial Assets and Liabilities that all of the income, expenditure and product accounts be deconsolidated in the same way as the financial accounts. Countries seem to consider it essential to subdivide the accounts on the generation of the product on a functional, instead of an institutional basis, and, as has already been pointed out, the role of financial institutions in the production is insignificant. However, some countries compile, or are giving some thought to compiling, an account on the distribution of shares from production as part of an integrated set of income and financial accounts (see Annex I). The Nordic countries have suggested, for example, that an account on the distribution of the factor shares from the product might serve as the link between the account on the generation of the product and the account on primary income. In their system of accounts, the establishment is utilized as the statistical unit in the account in the generation of the product whereas the enterprise must be employed in the account covering primary income. The account on the distribution of the factor shares in the product could be compiled on both bases.

54. In the UN-IMF papers, deconsolidation in the same fashion as in the financial accounts has been suggested in the case of the production account, as well as the other income accounts, in part for purposes of statistical convenience. It was considered useful to delineate a single integrated system of accounts that would yield the data for both the traditional consolidated national income and product accounts and the desired comparisons between income and financial statistics. This implied that the accounts should be organized

so that the various aggregates wanted (e.g., contribution to the gross domestic product at market prices, indirect taxes, factor shares in the product, transfer payments, consumption, savings) could be easily compiled from the accounts. The accounts outlined in illustration A of Annex I were designed to furnish such aggregates that were consistent with the United Nations System of National Accounts (SNA). In these accounts, therefore, all interest payments made by non-financial enterprises are recorded in the product account and all interest received by them are recorded in the primary income and appropriation account. Also the contribution to the product of banks and other financial institutions consisted of actual or imputed service charges, and these institutions received interest as income from property which did not belong to them.

55. In order to provide for a more realistic treatment of financial institutions, the Joint UN/IMF Statement suggested use of a single account on all current transactions except consumption and savings (see illustration B, Annex I). However, the result of this approach was that the main classes of transactions - the generation of the product, factor shares in the product transfer payments - are not clearly segregated from one another. Further, the balancing item on the current account does not measure a very useful concept of income. Part of these deficiencies might be eliminated by shifting current transfer payments from the income accounts to appropriation accounts, which would also cover consumption expenditures and savings. However, the lack of clear distinctions between the generation of the product, the income shares in the product and income from property would still remain.

56. In order to make these distinctions, and at the same time resolve the anomalies in the treatment of financial institutions, alteration in the way in which interest is dealt with in the SNA seems to be required. One approach to this could be to consider interest similar in character to transfer payments and therefore to deal with interest transactions as part of the redistribution of income. This is the way in which the Nordic countries and the United Kingdom treat interest payments and receipts. Another approach is that utilized in the French accounts. In these accounts, banks and similar financial institutions do not contribute to production and imputations of charges for their services to non-financial enterprises and households are not made. A third approach was

outlined in IMF-UN memorandum "Problems in Integrating Income and Financial Statistics".<sup>7/</sup> This alternative involved (i) the netting of interest receipts from production against interest payments in the product accounts of non-financial enterprises, (ii) the entry of actual interest receipts and payments net of transactions with non-financial enterprises in the production accounts of banks and similar financial institutions, and (iii) the abandonment of an imputed bank service charge to households. As a result, the magnitude of the product would be reduced by the amount of the imputed bank service charge to households and the anomalous difference appears between the size of the product and the magnitude of the factor shares in the product.

#### VII. CONCLUSION

57. It will be seen from what has been said above that a number of countries, in Europe and elsewhere, are engaged in developing accounts on financial statistics that are interrelated or integrated with accounts on income and product statistics. Important aspects of this task are not only formulating the accounting structure but also gathering the required basic data on real and financial transactions and on holdings of financial assets and liabilities.<sup>8/</sup> In fact, just as the accounting structure desired indicates the type of data required, the data that it is practicable to gather points to the accounts that may be compiled. Statistical authorities are therefore exploring both aspects of the work simultaneously. Further, differences between countries in the approach being taken to interrelated or integrated accounts on financial and income statistics reflect differences both in emphasis on and priorities assigned to the various requirements for these accounts and in the problems and difficulties of gathering the data required to compile these accounts.

58. In view of the increasing volume of national work on the subject of accounts covering real and financial transactions and related subjects, continued exchange on national plans, problems, and experience in this field would seem useful. The Statistical Commission may wish to indicate the future direction of international work in this field.

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<sup>7/</sup> See: paragraphs 24-26, Annex, Conf. Eur. Stats/WG.11/38.

<sup>8/</sup> For detailed discussion of the latter question see: Statistics of the Financial Accounts of Enterprises, E/CN.3/289.

ANNEX II. SELECTED CLASSIFICATION SCHEMES FOR FINANCIAL ASSETS AND LIABILITIES.

(Some alterations, which do not affect the substance of the categories, have been made in the titles of the categories in order to facilitate comparison. Also certain summary categories utilized are not shown in some cases.)

Working Group on Statistics of Financial Assets and Liabilities <sup>1/</sup>	Joint UN/IMF Statement <sup>2/</sup>	Joint Nordic Memorandum <sup>3/</sup>	National Accounts of France <sup>4/</sup>	Plan of Netherlands Central Bureau of Statistics <sup>5/</sup>	U. S. Flow of Funds/Savings <sup>6/</sup>
Gold and foreign exchange	Gold and foreign exchange	Gold	Gold and foreign exchange	Gold and foreign exchange	Gold and treasury currency
Currency and demand deposits	Money	Notes and coin Demand, checking account and current deposits	Money. Deposits and advances between financial institutions excluded but a separate item	Primary liquidities - Currency and demand deposits except those of monetary system which is a separate item.	Demand deposits and currency
Other deposits	Other deposits	Other bank deposits	Other deposits	Secondary liquidities - Other deposits, treasury bills, notes and free balances and the like.	Fixed value redeemable claims Time deposits Savings deposits
Central government securities Bills and bonds with less than one year to maturity Other bonds Short-term loans Long-term loans	Central government obligations Bills Bonds Loans			Central government obligations Bonds Other	Central government savings bonds Central government obligations
Local government securities Bills and bonds with less than one year to maturity Other bonds Short-term loans Long-term loans	Local government obligations			Local government bonds Bonds of "Bank Nederlandsche Gemeenten"	Local government obligations
Corporate securities Debt securities, quoted Debt securities, not quoted Equity securities, quoted Equity securities, not quoted	Corporate obligations Bonds Mortgages Loans Shares	Bills ) Bonds ) Each classified Shares ) by debtor sector Loans )	Debentures ) Bonds ) Shares ) Each clas- Short-term credit ) sified by Medium term credit ) debtor sector Long-term loans )	Corporate and mortgage bonds Corporate shares	Corporate and foreign bonds Corporate shares
Mortgages	Other mortgages Subdivided for assets into On households On unincorporated businesses On farms			Mortgages Dwellings Other	Mortgages on 1 to 4 family properties Other mortgages
Consumer credit	Consumer credit			Consumer credit	Consumer credit
Other loans and advances	Other loans Subdivided for assets into To households To unincorporated businesses To farms			Other loans Short-term loans) Each classified Long-term loans ) by debtor sector	Security credit Bank loans, n e.c. Other loans
	Trade credit			Trade credit	Trade credit
Net equity on life insurance		Life insurance equity		Net equity on life insurance and pension funds	Savings through life insurance Saving through pension fund
Proprietors' net investment in unincorporated enterprises		Capital participations		Proprietors' net investment in unincorporated business Capital participations (classified by debtor sector)	Proprietors' net investment in unincorporated business
Other financial assets (liabilities)		Other financial transactions			Miscellaneous financial transactions

<sup>1/</sup> Foreign assets are to be distinguished from domestic assets. The categories listed except, of course, gold and foreign exchange are designed for the classification of both kinds of financial assets, but domestic assets and liabilities primarily. Report of Sessions held in Geneva, 29 February to 4 March 1960, Working Group on Statistics of Financial Assets and Liabilities, Conf. Eur. Stats/WG.11/37

<sup>2/</sup> Joint UN/IMF Statements on Integrated Income and Financial Accounts, Working Group on Statistics of Financial Assets and Liabilities.

<sup>3/</sup> Financial Capital Accounts, Joint Memorandum by Denmark, Finland, Norway and Sweden, Working Group on Statistics of Financial Assets and Liabilities, Conf. Eur. Stats/WG.11/34 Add 1.

<sup>4/</sup> Letter from Ministry of Finance.

<sup>5/</sup> Claims on foreign debtors are separated from those on domestic debtors. The detailed classification except, of course, for gold and foreign exchange, is designed for claims on domestic debtors. Claims on foreigners are also to be classified along the lines indicated but in far less detail. The scheme of classification was abstracted from "Statistics of Financial Assets and Liabilities in the Netherlands, A Progress Report", by Mr. C. A. Oomens, Central Bureau of Statistics, to the Tutzing Conference of the International Association for Research in Income and Wealth.

<sup>6/</sup> "A Quarterly Presentation of Flow of Funds, Saving and Investment", Federal Reserve Bulletin, August 1959

(The accounts listed in the stub of the table are intended only as a convenient frame of reference to describe the schemes dealt with. The terminology utilized in the description of the selected schemes does not necessarily correspond to that utilized in the national or other source. In order to facilitate comparisons, use has been made of as uniform terminology as possible, without altering meaning.)

Type of Account	Illustration A. Suggestions of Expert Group 1/ and UN paper, ST/Stat/Conf.7/L.6	Illustration B. Joint UN/EIF Statement 2/	Illustration C. From Joint Nordic Memorandum 3/	Illustration D. National Accounts of France 4/	Illustration E U.S. Flow of Funds/Savings 5/
1. Product	<u>Account 1</u> Generation of gross product of sector, including in case of banks and similar financial institutions and life-insurance companies and pension schemes, imputed service charges. Distribution of gross product of sector among factors of production, depreciation and indirect taxes less subsidies and gross interest paid, in case of non-financial enterprises. Operating surplus of sector is the balancing item.	<u>Accounts 1, 2, and 3 combined</u> The receipts and disbursements of the sector in connection with gross product, income from property, current transfer payments and other current transactions except those shown, in case of Account 4 included are imputed bank service charges and interest payable and receivable and term element of life insurance premium. Disposable income or undistributed earnings of sector is balancing item.	<u>Account 1, in part</u> Gross product of sector at factor cost, consisting, in the case of banks, life-insurance companies, pension funds and the like, of imputed service charges. Distribution of the gross product among factors of production and depreciation. Operating surplus, including interest payable, is balancing item for enterprises, no operating surplus for other sectors.	<u>Account 1, in part</u> Gross product at market price, of sector, except Government and financial institutions, which are not included in the boundaries of production. Distribution of the gross product of sector to the factors of production, interest, casualty insurance premiums paid and indirect taxes paid, and subsidies received in connection with production. Gross operating surplus (i.e., including depreciation) at factor cost is the balancing item.	
2. Primary Income	<u>Accounts 2, 3, and 4 combined</u> Operating surplus, factor income from production, income from property received and paid out by sector, including all actual and imputed interest, and indirect taxes received and subsidies paid by Government. Imputed interest paid by life insurance companies and pension schemes to households. Operating surplus of unincorporated enterprises credited to households. Current transfer payments to and by the sector, direct taxes and consumption expenditures including, in the case of households imputed bank service charges and actual and imputed life insurance (and pension) premiums less benefits. Savings of the sector is the balancing item, unincorporated enterprises and life insurance companies and pension schemes have no savings.	<u>Accounts 2, 3, and 4 combined</u> Income from property received and paid out by sector and indirect taxes received and subsidies paid by Government. Current transfer payments to and by the sector, including actual and imputed interest, direct taxes, and consumption expenditures, including in the case of the household sectors, imputed bank and life-insurance service charges. Savings of the sector is the balancing item.	<u>Accounts 2, 3, and 4 combined</u> Income from property received and paid out by sector and indirect taxes received and subsidies paid by Government. Current transfer payments to and by the sector, including actual and imputed interest, direct taxes, and consumption expenditures, including in the case of the household sectors, imputed bank and life-insurance service charges. Savings of the sector is the balancing item.	<u>Accounts 2, 3, and 4 combined</u> Gross operating surplus and factor income from production of sector and income from property received and paid by sector, including actual interest transactions. In addition, taxes received in the case of Government, casualty premiums and benefits in the case of insurance companies and households, wages and salaries paid by Government and financial institutions and received by households, and social insurance and pension contributions and payment in the case of Government and households. Current transfer payments to and from sector, direct taxes and consumption expenditure. Gross savings is the balancing item, unincorporated enterprises have no gross savings as their gross operating surplus is credited to households.	<u>Accounts 2, 3 and 4 combined, in part</u> Net income of sector from production and property, current transfer receipts or payments of sector (in most cases, net but in case of direct taxes, gross), and consumption expenditure and provision for consumption of fixed capital. Life insurance and annuity premiums less benefits debited to households and credited to life insurance and savings of households through life insurance and certain pension schemes are credited to households and debited to these companies and funds. Gross savings is balancing item. Gross savings of private unincorporated business is equated to provision for consumption of fixed capital as net income of these sectors is transferred to households. The detail shown varies from sector to sector. The greatest amount of detail on current receipts and disbursements is shown for household and Government sectors.
3. Redistribution of Income					
4. Consumption Expenditure and Savings		<u>Account 4</u> Disposable income and consumption expenditure, interest on consumers' or government debt and savings or undistributed earnings and savings of sector. Savings is balancing item, unincorporated enterprises have no savings.			
5. Capital Reconciliation			<u>Account 5</u> Net increase in real assets, as consistently measured at market values and in holdings of financial instruments as consistently measured at face or market values. Savings, capital gains, whether or not realized, as appropriate, on real assets and financial instruments, and statistical discrepancy.		
6. Gross Real Investments	<u>Accounts 5 and 6 combined</u> The gross capital formation of the sector. Savings, capital transfers to and from the sector, and provisions for consumption of fixed capital. Net borrowing is balancing item.	<u>Accounts 5 and 6 combined</u> The gross capital formation and net increase in financial assets of the sector. Savings or net investment in unincorporated enterprises, capital transfers to and from the sector, provision for consumption of fixed capital and discrepancy. Also, included are savings deposit element of life premium, imputed interest or savings deposit element of life premiums, casualty and life benefits, and direct investment paid and received. Net increase in financial assets is balancing item. Discrepancy is difference between net increase in financial assets as computed from financial transactions account and as computed from this account.	<u>Account 6</u> Gross capital formation, net acquisitions of used assets, and capital gains, whether or not realized, on real assets. Depreciation and net increase in real assets, as consistently measured at market values.	<u>Accounts 5 and 6 combined</u> The gross capital formation of the sector. Gross savings (i.e., including depreciation allowances) and capital transfers to and from sector. Proprietors' gross investment in unincorporated businesses and life insurance premiums paid less benefits received treated as capital transfers. Surplus (deficit) of gross savings and capital transfers over gross capital formation is balancing item.	<u>Accounts 5 and 6 combined</u> Gross investment, gross capital formation and net financial investment (net result of financial transactions) of sector. Gross investment computed from other two items, discrepancy between gross investment and gross savings shown as a memorandum item.
7. Financial Transactions (Investment)	<u>Account 7</u> Net borrowing and transactions in financial assets and liabilities. Sales netted against purchases for assets, redemptions against acquisitions for liabilities. Proprietors' net investment in unincorporated enterprises and insurance and pension premiums and benefits treated as financial transactions. Discrepancy in net result of financial transactions as computed from preceding account and this account shown in this account.	<u>Account 7</u> Net increase in financial assets and transactions in financial assets and liabilities. Sales netted against purchases for assets, redemptions against acquisitions for liabilities.	<u>Account 7</u> Net acquisitions of financial instruments - net financial investments at transaction values and statistical discrepancy - and capital gains or financial instruments, whether or not realized, as appropriate. Net increase in financial instruments to be decomposed into change in value of holdings of the various kinds of financial assets and liabilities, each consistently valued at either face or market.	<u>Account 7</u> Net result of financial transactions, discrepancy between this item and balancing item in preceding accounts and creditor-debtor matrix and summary for each sector on transactions in financial assets and liabilities. Sales netted against purchases for most kinds of assets, redemptions against acquisitions for most kinds of liabilities. However, in the case of bonds and long-term credit, the detailed figures are shown gross of this netting.	<u>Account 7</u> Net acquisitions of and transactions in financial assets of sector, and net increase of and transactions in financial liabilities of sector. Sales netted against purchases for assets, redemptions against acquisitions for liabilities. Proprietors' net investment in private unincorporated enterprises and household savings through life insurance and pension funds treated as financial transactions.

ANNEX I. (Cont.) SELECTED SCHEMES OF ACCOUNTS ON FINANCIAL AND INCOME AND PRODUCT STATISTICS

(The accounts listed in the table are intended only as a convenient frame of reference to describe the schemes dealt with. The terminology utilized in the description of the selected schemes does not necessarily correspond to that utilized in the national or other source. In order to facilitate comparisons, use has been made of as uniform terminology as possible, without altering meaning.)

Type of Account	Illustration A. Suggestions of Expert Group <u>1/</u> and UN paper, ST/Stat/Conf 7/L.6	Illustration B. Joint UN/IMF Statement <u>2/</u>	Illustration C. From Joint Nordic Memorandum <u>3/</u>	Illustration D. National Accounts of France <u>4/</u>	Illustration E. U. S. Flow of Funds/Saving <u>5/</u>
8. Financial Balance-Sheets		<p><u>Account 8</u> Net balance of financial assets or liabilities and holdings of financial assets and liabilities. Financial liabilities valued at face and marketable financial assets valued at market. Therefore, same marketable financial instrument valued differently as asset and liability, and value of holdings of assets need not equal value of outstanding obligations. Net balances of financial assets (or liabilities) designed so that gains (losses) between the two balance-sheet periods, whether or not realized in actual transactions, may be measured.</p>	<p><u>Account 8</u> Creditor-debtor matrices on holdings of financial assets and liabilities. The same financial instruments are to be assigned the same value - at face and, in addition, some at market - as an asset and as a liability. The value of the holdings of assets is therefore equal, in principle, to the value of the outstanding obligations.</p>		<p><u>Account 8</u> Holdings of financial assets and liabilities for each sector. Assets and liabilities are, in general, at face value though shares are priced at market value. Identical valuation of a financial instrument as an asset and liability is not enforced, and shares are not shown as a liability. Links between financial transactions accounts and balance sheet accounts are not shown.</p>

1/ For suggestions of Expert Group on Statistics of Changes in Financial Assets and Liabilities, see Report of the Session Held in Geneva, Conf. Eur. Stats/WG 11/29. For UN paper, see Integration of Financial Flows into a System of National Accounts, ST/Stat/Conf 7/L.6.

2/ Joint UN/IMF Statement on Integrated Income and Financial Accounts, Working Group on Statistics of Financial Assets and Liabilities.

3/ This scheme was set out as an illustration of a system of accounts in Financial Capital Accounts, Joint Memorandum by Denmark, Finland, Norway and Sweden, Conf. Eur. Stats/WG 11/34, Add. 1.

4/ See Les Comptes de la Nation, Vol. II, Les Méthodes, Ministère des Finances et des Affaires Economiques, Paris, 1960.

5/ "A Quarterly Presentation of Flow of Funds, Savings and Investment", Federal Reserve Bulletin, August 1959.

ANNEX III. AN ILLUSTRATION OF SELECTED ENTRIES IN INCOME AND PRODUCT ACCOUNTS FOR LIFE INSURANCE COMPANIES AND HOUSEHOLDS

Type of Account (As in Annex I.)	Life Insurance Companies		Households	
	Debits	Credits	Debits	Credits
Account 1. Product	Administrative costs	Imputed service charge in life insurance		
	Operating surplus			
Accounts 2, 3, and 4: Primary income, Redistribution of income, and Consumption and savings	Interest imputed to households on reserves against life insurance policies outstanding.	Operating surplus Interest received Net life insurance premiums received less imputed service charge in life insurance.	Net life premiums paid less imputed service charge in life insurance.	Interest imputed to households on reserves against life insurance policies.
	Claims paid to households.	Consumption expenditure Imputed service charge in life insurance.	Claims paid to households.	
	Increase in reserves against life insurance policies.			Increase in reserves against life insurance policies.
	Savings			Savings

ANNEX IV. SELECTED SCHEMES OF SECTORING IN ACCOUNTS ON FINANCIAL STATISTICS

(The order and way in which the sectors distinguished have been listed is not necessarily that of the scheme described. The listings have been organized and arranged to facilitate comparisons. Some changes of a non-substantive character have been made in the titles of the sectors for the same purpose.)

Minimum List for International Use of Working Group on Statistics of Financial Assets and Liabilities <sup>1/</sup>	Joint UN/IMF Statement <sup>2/</sup>	Joint Nordic Memorandum <sup>3/</sup>	National Accounts of France <sup>4/</sup>	Plan of Netherlands Central Bureau of Statistics <sup>5/</sup>	U.S. Flow of Funds <sup>6/</sup>
<u>Government</u> 1. Central government 2. Stages of local government (as appropriate in each country)	<u>Government</u> 1. Central government 2. Local government	<u>Government</u> 1. Central government 2. Local government 3. Social insurance schemes (legally independent)	<u>Administration</u> (total in summary accounts) 1. Central government 2. Local government 3. Social insurance 4. Semi-independent administrations 5. Foreign and international administrations 6. Private non-profit organizations	<u>Government</u> 1. Central government 2. Local government 3. Social insurance	<u>Government</u> 1. Central government, including its corporation and other enterprises 2. State and local governments, including their corporations and other enterprises
<u>Financial Institutions</u> 3. Monetary system (consolidated) a. Central Bank b. Other deposit banks 4. Insurance companies and pension funds 5. Other financial institutions	<u>Financial Institutions</u> 3. Monetary System  4. Insurance companies  5. Other financial institutions	<u>Financial Institutions</u> 4. Central bank 5. Public deposit banks 6. Private deposit banks 7. Public life and pension insurance 8. Private life and pension insurance 9. Other public credit institutions 10. Other private credit institutions	<u>Financial Institutions</u> (total in summary accounts) 7. Banking System 8. Other financial institutions	<u>Financial Institutions</u> 4. Monetary system 5. Life insurance companies 6. Other financial institutions	<u>Financial Institutions</u> 3. Monetary authority and commercial banks a. Monetary authority (consolidated) b. Commercial banks (consolidated) 4. Savings institutions a. Mutual savings banks b. Savings and loan associations c. Credit Unions 5. Insurances a. Life insurance companies b. Private non-insurance pension plans c. Other private insurance companies 6. Financial, n e c a. Finance companies b. Security brokers and dealers c. Open-end investment companies d. Other financial business
<u>Non-Financial Enterprises and Rest of Domestic Economy</u>  Alternative A 6. Non-financial enterprise except private unincorporated enterprises a. Public (corporate and unincorporated) b. Private corporate c. Producers' cooperatives 7. Other domestic (households, private unincorporated enterprises and private non-profit institutions)	Alternative B 6. Non-financial enterprises  a. Public (corporate and unincorporated) b. Private (corporate and unincorporated) c. Producers' cooperatives 7. Other domestic (households and private non-profit institutions)	<u>Non-Financial Enterprises and Rest of Domestic Economy</u> 6. Corporate enterprises except farms (public and private) 7. Unincorporated enterprises except farms (public and private) 8. Farms 9. Households and non-profit institutions	<u>Non-Financial Enterprises</u> (total in summary accounts) 9. Incorporated enterprises (sub-divided into public and private) 10. Unincorporated enterprises (sub-divided into public and private)  <u>Households</u> 11. Households	<u>Non-Financial Enterprises and Rest of Domestic Economy</u> 7. Private corporations 8. Public corporations 9. Government enterprises  10. Unincorporated private enterprises, families of proprietors, and private non-profit organizations 11. Families of employees and others, n e c.	<u>Non-Financial Private Enterprises and Rest of Domestic Economy</u> 7. Private non-farm corporate enterprises 8. Private non-farm unincorporated enterprises 9. Private farm enterprises (unincorporated and corporate)  10. Households and private non-profit organizations
<u>Rest of the world</u> 8. Rest of the world	<u>Rest of the World</u> 10. Total of domestic sectors or rest of the world	<u>Rest of the world</u> 19. Rest of the world	<u>Rest of the world</u> (total in summary accounts) 12. Outside Franc zone 13. In Franc zone	<u>Rest of World</u> 12. Rest of world	<u>Rest of the World</u> 11. Rest of the world

<sup>1/</sup> Report of Session Held in Geneva, 29 February to 4 March 1960, Working Group on Statistics of Financial Assets and Liabilities, Conf. Eur. Stats/WG.11/37.

<sup>2/</sup> Joint UN/IMF Statement on Integrated Income and Financial Accounts, Working Group on Statistics of Financial Assets and Liabilities.

<sup>3/</sup> Financial Capital Accounts, Joint Memorandum by Denmark, Finland, Norway and Sweden, Conf Eur Stats/WG.11/34 Add 1

<sup>4/</sup> Letter from Ministry of Finance, France

<sup>5/</sup> "Statistics of Financial Assets and Liabilities in the Netherlands, A Progress Report", by Mr C. A. Oomens, Central Bureau of Statistics, to Tutzing Conference of the International Association for Research in Income and Wealth.

<sup>6/</sup> Letter from Division of Statistical Standards, Bureau of the Budget, United States.