

Financial Accounts Statistics - Balance sheets for financial assets and liabilities (stocks) - basic terminology and methodology

Balance sheets for financial assets and liabilities (stocks) in the Financial Accounts Statistics represent a group of tables which show the values of financial assets and liabilities stocks on a particular day (most commonly the last day in a month) by individual institutional sectors and financial instruments (balance sheets). A detailed analysis of data on assets and liabilities stocks shows the structure of the value of financial assets of individual institutional sectors, the structure and representation of individual financial instruments, the size and the role of financial intermediation in the economy (i.e. financial market depth) and the degree of the economy's financial openness to the rest of the world.

The starting methodological basis for the compilation of annual financial accounts is defined by the European system of national and regional accounts in the Community (*European System of Accounts- ESA 95*) which defines the basic provisions as regards sectorisation, financial instruments classification, position and transaction data recording and valuation and adjustment rules.

Financial accounts are compiled on the basis of currently available groups of data sources such as monetary statistics and international investment position (Croatian National Bank data), statistical reports of insurance and reinsurance corporations and leasing corporations (HANFA data), statistical reports of investment and pension funds and their management companies (CNB and HANFA data), annual reports of corporations GFI POD (FINA), reports on central and local government equity holdings in corporations (Croatian Privatization Fund, Ministry of Finance), data on general government debt (Ministry of Finance and Croatian National Bank) and the Zagreb Stock Exchange trading reports.

Institutional sectors shown in the Financial Accounts Statistics have been largely harmonised with the methodological standards of ESA 95.

TOTAL - REPUBLIC OF CROATIA (S.1)

This sector shows the sum total of financial assets and liabilities of all domestic institutional sectors described below.

Non-financial corporations (S.11)

The sector non-financial corporations consists of corporations and quasi-corporations which are not engaged in financial intermediation, but are mainly engaged in market production and the provision of non-financial services.

Financial corporations (S.12)

The financial corporations sector is subdivided into five subsectors: the central bank (S.121), other monetary financial institutions (S.122), other financial intermediaries, (S.123), financial auxiliaries (S.124) and insurance corporations and pension funds (S.125).

Central bank (S.121)

This subsector includes the Croatian National Bank.

Other monetary financial institutions (S.122)

This subsector consists of all financial corporations and quasi-corporations, except those classified in the central bank subsector which are principally engaged in financial intermediation and whose business is to receive deposits and/or close substitutes for deposits from institutional units (other than monetary financial institutions) and, for their own account, to grant loans and/or to make investments in securities.

Example: banks, savings banks, housing savings banks and open-ended money market funds.

Other financial intermediaries (S.123)

The subsector other financial intermediaries consists of non-monetary financial corporations and quasi-corporations (except insurance corporations and pension funds) which are primarily engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and/or close substitutes for deposits from institutional units other than other monetary financial institutions (S.122).

Example: The Croatian Bank for Reconstruction and Development, open-ended investment funds (except money market funds), closed-end investment funds, investment funds established on the basis of a special law, leasing corporations etc.

Financial auxiliaries (S.124)

The subsector financial auxiliaries consists of all financial corporations and quasi-corporations which are principally engaged in auxiliary financial activities.

Example: the Financial Agency (FINA), the Central Depository and Clearing Company (CDCC, former Central Depository Agency - CDA), the State Agency for Deposit Insurance and Bank Rehabilitation (DAB), the Zagreb Stock Exchange (ZSE), insurance brokers and insurance agents, investment and pension funds management companies, investment companies (former brokerage firms), etc.

Insurance corporations and pension funds (S.125)

This subsector consists of non-monetary financial corporations and quasi-corporations which are principally engaged in financial intermediation as the consequence of the pooling of risks.

Example: Insurance and reinsurance corporations, mandatory and voluntary pension funds.

General government (S.13)

The general government sector includes all units which are principally engaged in the production of non-market goods and services intended for individual or collective consumption and/or redistribution of national income and wealth. The general government sector consists of the central government (S.1311), local government (S.1312) and social security funds (S.1314).

Central government (S.1311)

The subsector central government consists of administrative bodies and departments of the central government and other central agencies whose competence extends over the whole economic territory of the country, except social security funds.

Local government (S.1312)

The subsector local government includes public administration whose competence extends to only a local part of the economic territory, apart from local agencies of social security funds.

Social security funds (S.1314)

The subsector social security funds includes all central and local institutional units whose principal activity is to provide social benefits (the amount of the contribution paid by an individual is not directly linked to the risk to which that individual is exposed).

Example: Croatian Institute for Health Insurance, Croatian Pension Insurance Administration, Croatian Employment Service, Croatian Institute for Health Protection and Safety at Work.

Households and non-profit institutions serving households (S.14+S.15)

The households sector covers individuals or groups of individuals as consumers and producers of goods and non-financial services exclusively for own final consumption and as consumers in the non-financial and financial services market, provided that their activities are not those of quasi-corporations.

Example: natural persons and craftsmen/sole proprietorships.

Non-profit institutions serving households are institutions which are non-market producers and which serve individual groups of households.

Example: trade unions, religious societies, political parties, non-governmental organisations, sport and citizens associations, etc.

REST OF THE WORLD (S.2)

The rest of the world sector consists of all non-residents with which domestic institutional sectors engage in financial transactions which result in a change in financial assets and liabilities.

Financial instruments shown in the Financial Accounts Statistics have been aligned to the maximum extent possible with the methodological standards of ESA 95.

Monetary gold and special drawing rights (SDR) (F.1)

This instrument consists of two subcategories of financial instruments: monetary gold and special drawing rights (SDR). This instrument may appear only on the financial assets side.

Currency and deposits (F.2)

The category currency and deposits consists of all currency in circulation which is used as a legal tender and all types of deposits (such as negotiable, sight and time deposits) in the national and foreign currencies.

Securities other than shares (F.3)

The category securities other than shares consists of all securities other than shares (short-term and long-term) that is financial assets which are negotiable and traded on the secondary market (or whose value can be determined on the market) and do not grant the holder any ownership rights in the institutional unit issuing them.

Example: bills, bonds, certificates of deposit, commercial papers, debentures, financial derivatives and similar instruments normally traded in the financial markets. All domestic sectors and the sector rest of the world may hold securities other than shares (f.3) as financial assets. Also, securities other than shares (F.3) may also be financial liabilities of counterpart sectors such as financial and non-financial corporations, central and local authorities and the rest of the world.

Loans (F.4)

The loans (F.4) instrument category consists of all short-term and long-term forms of lending (including repo arrangements), i.e. of financial assets which emerge when creditors lend to the debtors, or financial liabilities which arise when debtors borrow from the creditors.

Shares and other equity (F.5)

Shares and other equity are financial instruments which represent property rights on corporations or quasi-corporations and entitle holders to a share in the profits of the

corporations or quasi-corporations and to a share in their net assets in the event of liquidation. This category includes shares (ordinary or preference shares, quoted or unquoted shares), other equity in corporations or quasi-corporations, mutual funds shares, equity in limited liability companies, government investments in the capital of international organisations which are legally constituted as corporations with share capital, etc.

Insurance technical reserves (F.6)

Technical provisions of insurance corporations and (autonomous and non-autonomous) pension funds against policy holders or beneficiaries. This instrument includes net equity of households in life insurance reserves, pension funds reserves, prepayments of insurance premiums, and reserves for outstanding claims.

Other accounts receivable/payable (F.7)

Financial assets which are created as a counterpart of a financial or a non-financial transaction in cases where there is a timing difference between a transaction and the corresponding payment.

Example: trade credits and advances (financial claims relating to the delivery of goods or services where payment has not taken place, trade credits accepted by factoring corporations except when regarded as a loan, arrears concerning the payment of goods and services, when not evidenced by a loan and other accounts receivable/payable, including financial claims which arise from timing differences between an ensuing transaction and the corresponding payment such as taxes, social contributions, wages and salaries, dividends, interest, transactions in financial assets on the secondary market, etc.