

Session 2

Financial Sector & National Accounts

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Production, Income, Expenditure Approach&FS

Financial services consist of the following services

- Central Bank
- Financial intermediation (including insurance and pension services);
- Services of financial auxiliaries;
- Other financial services.

Production, Income, Expenditure Approach&FS

Financial services are provided and charged for in four main ways:

- financial services provided for direct payment;
- financial services paid for through loading interest charges
- financial services in acquiring and disposing of financial assets and liabilities in financial markets;
- financial services provided in insurance and pension schemes, where the activity is financed by loading insurance contributions and from the income return on savings.

Production, Income, Expenditure Approach&FS

Financial services provided for direct payment

- ✓ banks charge households to arrange a mortgage, manage an investment portfolio, and administer an estate;
- ✓ specialised institutions charge non-financial corporations for organising a takeover or for administering a restructuring of a group of corporations;
- ✓ credit card companies charge units that accept credit cards usually a percentage of each sale;
- ✓ a card holder is charged an explicit fee, usually each year, for holding the card.

Production, Income, Expenditure Approach&FS

Financial services paid for through loading interest charges

FISIM

Production, Income, Expenditure Approach & FS

Financial services consisting of acquiring and disposing of financial assets and liabilities in financial markets

When a financial institution offers a security (e.g. bill or bond) for a transaction (buy or sale), a service charge is levied.

Production, Income, Expenditure Approach & FS

Financial services provided in insurance and pension schemes,
where activity is financed by loading insurance contributions
and from the income return on savings

Non-life insurance:

total premiums earned plus implicit premium supplements
(equal to the property income earned on technical reserves)
less adjusted claims incurred

Production, Income, Expenditure Approach & FS

Financial services provided in insurance and pension schemes, where activity is financed by loading insurance contributions and from the income return on savings

life insurance:

premiums earned plus premium supplements, less benefits due less increases (plus decreases) in life insurance technical reserves.

Production, Income, Expenditure Approach&FS

Financial services provided in insurance and pension schemes, where activity is financed by loading insurance contributions and from the income return on savings

The output of reinsurance is to be determined in exactly the same way as for non-life insurance, whether it is life or non-life policies that are being reinsured.

Production, Income, Expenditure Approach & FS

Financial services provided in insurance and pension schemes, where activity is financed by loading insurance contributions and from the income return on savings

social insurance scheme

Social security schemes

If separate units are distinguished, their output is determined in the same way as all non-market output as the sum of costs. If separate units are not distinguished, the output of social security is included with the output of the level of government at which it operates

Production, Income, Expenditure Approach & FS

Financial services provided in insurance and pension schemes, where activity is financed by loading insurance contributions and from the income return on savings

social insurance scheme

When an employer operates his own social insurance scheme, the value of the output is determined as the sum of costs including an estimate for a return to any fixed capital used in the operation of the scheme

Production, Income, Expenditure Approach & FS

Financial services provided in insurance and pension schemes, where activity is financed by loading insurance contributions and from the income return on savings

social insurance scheme

Where an employer uses an insurance corporation to manage the scheme on his behalf, the value of the output is the fee charged by the insurance corporation.

Production, Income, Expenditure Approach & FS

Financial services provided in insurance and pension schemes, where activity is financed by loading insurance contributions and from the income return on savings

social insurance scheme

For a multi-employer scheme, the value of output is measured as for life insurance policies: it is investment income received by the schemes less the amount added to reserves.

Production, Income, Expenditure Approach & FS

Financial services provided in insurance and pension schemes, where activity is financed by loading insurance contributions and from the income return on savings

Measuring the output of standardised loan guarantee schemes depends on the type of producer involved. If a standardised loan guarantee scheme operates as a market producer, the value of output is calculated in the same way as non-life insurance. If the scheme operates as a non-market producer, the value of output is calculated as the sum of costs

Production, Income, Expenditure Approach&FS

Income Approach:

No special case.

SSI, BRSA and LFS data are used.

Gross operating surplus is calculated as a residual.

CFC have been not calculated.

Production, Income, Expenditure Approach&FS

Expenditure approach.

Non-market output of Central Bank

FISIM (P2,P3, P6,P7)

Non-Life Insurance (P2&P3)

Supply and Use Tables&FS

Central Bank Output:
 Nace=64.1 CPA=64.1
 Banking sector:
 Nace=64.1 CPA=64.1
 FISIM:
 Nace=64.1 CPA=64.1
 Insurance:
 Nace=65 CPA=65
 Other Act.
 Nace=66 CPA=66
 Other Products:
 Related CPA

CPA/NACE	Output by Activities	Margins	Total Output
PRODUCTS			

Supply and Use Tables&FS

FISIM

CPA/NACE	Intermediate Consumption by Activities	Final Consumption	GFCF	Exports	Total Use
PRODUCT					
D1		Directly allocated to Related sectors			
D29					
D39					
CFC					
B2g/B3g					
B1g/GVA					
B2n/B3n					

Directly allocated to Related sectors

Ins. Sector Accounts&FS

- Important for
- D41: Interest
- FISIM
- D44: Other investment income
- D71: Net non-life insurance premiums
- D72: Non-life insurance claims
- D8: Adjustment for the change in pension entitlements

Regional Accounts&FS

- Top down method is used.
 - Compensation of employees
 - Employment

Exhaustiveness&FS

- Labour input method is used.

- Thanks for your attention...