

Financial Statistics
Money, Banking and National Accounts

Last revised:
15-09-2017

Financial Accounts

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0 Administrative Information about the Statistical Product

0.1 Name

Financial accounts.

0.2 Subject Area

Quarterly financial accounts for Denmark
National accounts and balance of payments.

0.3 Responsible Authority, Office, Person, etc.

Danmarks Nationalbank, Statistics, Money, Banking and National Accounts Statistics

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0.4 Purpose and History

The aim of the statistics is to clarify how institutional sectors in the economy place/finance their net lending/net borrowing, to show how the financial net worth is placed in financial instruments, and follow the financial flows between the institutional sectors.

The statistics include the financial sector accounts: balance sheets, transactions, revaluations and other changes in volume, i.e. statistics of developments in financial assets and liabilities for the whole economy divided into main sectors. The accounts are part of the national accounts and comply with the guidelines in Eurostat's manual The European System of Accounts 2010 (ESA2010).

Balance sheets of the statistics were published for the first time in January 2004 with data back to 4th quarter 1998. The accounts have since then been extended to include transactions, revaluations and other changes in volume back to 1st quarter 1999. Starting with the publication of 2nd quarter 2014 the accounts include information about counterpart sector, at present back to 4th quarter 2012.

Annual financial accounts are published by Statistics Denmark. The two accounts are basically identical except for a few differences in the choice of sources and methodologies.

0.5 Users and Application

The users are mainly the ECB, the European Commission, The International Monetary Fund (IMF), Danmarks Nationalbank, Statistics Denmark, financial institutions, economic ministries, lobby organisations and financial analysts in general for the purpose of analysis, forecasting and modelling.

0.6 Sources

The main sources are

- Danmarks Nationalbank's Statistics on balance sheets of banks and mortgage banks
- Danmarks Nationalbank's statistics Denmark's international investment position
- Danmarks Nationalbank's statistics Investment funds
- Statistics Denmark's non-profit institutions serving households
- Accounting data for other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders
- Reports from life insurance corporations and pension funds
- Accounting data for non-life insurance corporations from the Danish Financial Supervisory Authority
- Statistics Denmark's quarterly financial accounts for general government
- Danmarks Nationalbank's Securities statistics.

0.7 Legal Authority to Collect Data

Not relevant since the statistics are not primary statistics.

0.8 Response Burden

The burden for the respondents is zero since all information is gathered through registers or through other published statistics.

0.9 EU Regulation

Guideline of the European Central Bank: Guideline (ECB/2013/24) of 25 July 2013.

1 Contents

1.1 Description of Contents

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The statistics include the financial sector accounts: balance sheets, transactions, revaluations and other changes in volume, i.e. statistics of developments in financial assets and liabilities for the whole economy divided into main sectors and corresponding counterpart sectors. The accounts are part of the national accounts and comply with the guidelines in Eurostat's manual The European System of Accounts 2010 (ESA2010).

1.2 Statistical Concepts

The statistics include the financial sector accounts: balance sheets, transactions, revaluations and other changes in volume, i.e. statistics of developments in financial assets and liabilities for the whole economy divided into main sectors and corresponding counterpart sectors.

The balance sheets show each sector's holding of financial assets and liabilities at end-quarter. The transactions account shows buying and selling of financial instruments during the quarter. The revaluations account shows changes in value due to changes in the market value of an instrument, e.g. price changes in a share. The account of other changes in volume describes changes in the value of a financial asset or liability that is not a financial transaction or revaluation. Examples are losses on debtors or relocations of units between sectors.

The financial net worth of each sector is defined as financial assets minus financial liabilities.

The net lending/net borrowing for each sector is calculated as the transactions in assets less the transactions in liabilities. The net lending/net borrowing is an expression for the financial net saving and the link between the non-financial and the financial national accounts.

Under ESA2010 the whole economy is divided into a number of domestic sectors and the rest of the world where the latter is included as a separate sector. The domestic sectors are broken down by economic activity and are generally divided into households, non-profit institutions serving households, financial corporations, non-financial corporations and general government. The statistics comprise a division into 12 sectors in total, cf. below, as financial corporations are subdivided into the sectors Danmarks Nationalbank, deposit-taking corporations and money market funds, investment funds excl. money market funds, other financial intermediaries and captive financial institutions and money lenders, financial auxiliaries, insurance corporations and pension funds. The financial corporation sectors differ by the type of financial intermediation, where financial intermediation generally covers channelling financial assets from persons or enterprises with savings surpluses to persons or enterprises with savings deficits.

The sectors are as follows (with the equivalent ESA2010 codes in brackets):

- *Non-financial corporations* (S.11) consist of institutional units which are independent legal entities and market producers, and whose principal activity is the production of goods and non-financial services.
- *Danmarks Nationalbank* (S.121) is listed as a separate sector.
- *Deposit-taking corporations* (S.122) consists of corporations which are principally engaged in financial intermediation and whose business is to receive deposits and/or close substitutes from other institutional units than the sector as such and to divert these in the form of loans and/or investments in securities for own account. The sector is published together with S. 123.
- *Money market funds* (S.123) consists of all financial intermediaries – except those classified in S.121 and S.122 – which are principally engaged in financial intermediation. Their business is to issue investment fund shares in units which are close substitutes for deposits, from institutional units, and, for their own account, to make investments primarily in money market fund shares/units,

short-term debt securities, and/or deposits. The sector is published together with S.122.

- *Investment funds excl. money market funds* (S.124) consists of all collective investment schemes – except those classified in S.123 – which are principally engaged in financial intermediation. Their business is to issue investment funds shares in units which are not close substitutes for deposits, from institutional units, and, on their own account, to make investments primarily in financial assets other than short-term financial assets and in non-financial assets (usually real estate).
- *Other financial intermediaries, except insurance corporations and pension funds* (S.125) consists of all financial corporations which are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits or investment fund shares, or in relation to insurance, pension and standardised guarantee schemes from institutional units. E.g. the sector consists of Lønmodtagernes Dyrtidsfond (LD). The sector also consists of trusts, venture and leasing corporations and other credit corporations (e.g. debit card companies). The sector is published together with S.127.
- *Financial auxiliaries* (S.126) consists of all financial corporations which are principally engaged in activities closely related to financial intermediation but which are not financial intermediaries themselves. The sector comprises e.g. NETS and VP Securities.
- *Captive financial institutions and money lenders* (S.127) consists of all financial and non-financial holding companies (e.g. A.P. Møller og Hustrus fond til almene formål, Carlsbergfonden, Novo A/S og Kirkbi A/S) The sector comprises all financial corporations which are neither engaged in financial intermediation nor in providing financial auxiliary services, and where most of either their assets or their liabilities are not transacted on open markets. The sector is published together with S.125.
- *Insurance corporations* (S.128) consists of all financial corporations which are principally engaged in financial intermediation as a consequence of the pooling of risks, mainly in the form of direct insurance or reinsurance. The sector comprises life and non-life insurance corporations.

- *Pension funds* (S.129) consists of all financial corporations which are principally engaged in financial intermediation as a consequence of the pooling of social risks and needs of the insured persons (social insurance). Pension funds as social insurance schemes provide income in retirement, and often benefits for death and disability. E.g. the sector comprises ATP (The Danish Labour Market Supplementary Pension).
- *General government* (S.13) consists of institutional units which are non-market producers whose output is intended for individual or collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth. In Denmark, this sector can be divided into three sub-sectors: central government, local government, and social security funds.
- *Households* (S.14) consists of sole proprietors and unincorporated partnerships and employees, etc. Thus the sector comprises individuals or groups of individuals both as consumers and as entrepreneurs producing market goods and non-financial services (market producers) provided that the production of goods and services is not by separate entities treated as quasi-corporations. The sector also includes individuals or groups of individuals as producers of goods and non-financial services for exclusively own final use.
- *Non-profit institutions serving households* (S.15) consists of non-profit institutions which are separate legal entities, which serve households and which are private non-market producers. Their principal resources are voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general government and from property income. E.g. trade unions and charities.
- *Rest of the world* (S.2) is a grouping of units without any characteristic functions and resources. The sector consists of non-resident units insofar as they are engaged in transactions with resident institutional units, or have economic links with resident units. Its accounts provide an overall view of the economic relationships linking the national economy with the rest of the world. The institutions of the EU and international organisations are included.

The financial assets and liabilities are divided into a number of different instruments. The instrument groups are identical for assets and liabilities. ESA2010 comprises 8 principal instruments that again are divided into a number of subinstruments (a total of 24 at the most detailed levels). The statistics comprise the 8 principal instruments and 22 subinstruments at the most detailed level. The available data sources do not directly provide for a complete degree of detail.

The principal instruments and corresponding subinstruments are as follows (with the equivalent ESA2010 codes in brackets).

- *Monetary gold and special drawing rights (SDR)* (AF.1) are only relevant for Danmarks Nationalbank and comprise the foreign-exchange-reserve assets monetary gold (AF.11) and special drawing rights (SDR) (AF.12) (special drawing rights are international reserve assets created by the IMF and allocated to its members as a supplement to the existing reserve assets). The two instruments are stated as one instrument.
- *Currency and deposits* (AF.2) comprise banknotes and coins in circulation (AF.21), transferable deposits (AF.22), i.e. typically sight deposits, and other types of deposits (AF.29). The latter includes time deposits and deposits at notice.
- *Securities other than shares* (AF.3) comprise negotiable securities which do not give the holder ownership rights in relation to the issuer. The instrument is divided into short-term securities (AF.331) and long-term securities (AF.332) The classification as long- or short-term securities, respectively, refers to whether the original maturity (i.e. the term to maturity at issue) was more or less than 1 year. Short-term securities include e.g. Treasury bills and certificates of deposit, while long-term securities include e.g. government and mortgage bonds.
- *Loans* (AF.4) are the financial assets which a creditor either directly or through brokers lend to debtors, maybe evidenced by non-negotiable documents. Loans are divided into short-term loans (AF.41), i.e. loans with an original maturity of 1 year or less, and long-term loans (AF.42) with an original maturity of more than 1 year. In general, loans are stated at nominal value, except mortgage loans which are stated at market value.
- *Shares and other equity* (AF.5) are the financial assets which represent property rights on corporations. These financial assets

generally entitle the holders to a share in the profits of the corporations and to a share in their net assets in the event of liquidation. The sector comprises quoted shares (AF.511), unquoted shares (AF.512) and other equity (AF.519), comprising e.g. ownership interests in cooperative societies, limited partnerships, etc. Money market fund shares (AF.521) and investment fund shares excl. money market funds (AF.522) are also included. The present data sources of unquoted and other equity do not allow a complete coverage of the two instruments. In addition the valuation of the two instruments is set to market value where data are available. The instruments AF.512 and AF.521 are published together.

- *Insurance technical reserves* (AF.6) comprise insurance corporations' and pension funds' provisions to cover obligations vis-à-vis policyholders and beneficiaries. The instrument can be subdivided into 6 sub-instruments. Non-life insurance technical reserves (AF.61), life insurance and annuity entitlements (AF.62), pension entitlements (AF.63), claims of pensions funds on pensions managers (AF.64), entitlements to non-pension benefits (AF.65) and provision for calls under standardised guarantees (AF.66). The instruments AF.61 and AF.66 are published together, and the same applies to the instruments AF.63, AF.64 and AF.65.
- *Financial derivatives and employee stock options* (AF.7) comprise financial derivatives (AF.71) and employee stock options (AF.72). The principal instrument is not subdivided in the statistics.
- *Other accounts receivable/payable* (AF.8) comprise trade credits and advances (AF.81) as well as other accounts receivable/payable, excluding trade credits and advances (AF.89). The latter include e.g. tax payable and social benefits receivable.

2 Time

2.1 Reference Period

Closing balance sheets are stock data for end of quarter. The flow accounts transactions, revaluations and other changes in volume refer to intervening period.

2.2 Date of Publication

The statistics are published on the last banking day in March, June, September and December.

2.3 Punctuality

The statistics are normally published without delay in relation to the scheduled date.

2.4 Frequency

The statistics are published every quarter.

3 Accuracy

3.1 Overall Accuracy

Because of the number of consistency checks, data confrontations and comparisons with the non-financial accounts facilitated by the system of accounts, the overall accuracy is considered to be relatively high.

3.2 Sources of Inaccuracy

The statistics cover the whole economy and are mainly based on a number of primary sources that may be influenced by a certain degree of inaccuracy, which may again affect the statistics. Sometimes the coverage is based on accounts data being grossed up, which causes some inaccuracy in the compilation. Because of the consistency checks and the data confrontations carried out, the influence of the inaccuracy of the sources is, however, reduced on publication.

3.3 Measures on Accuracy

In principle, it is not possible to measure the level of inaccuracy, since data stems from many different sources. The quarterly financial accounts are reconciled to ensure consistency between the non-financial and the financial part of the national accounts. The extent of this reconciliation can be considered as an expression of the total inaccuracy in the system of quarterly sector accounts. This is due to the fact that net lending/net borrowing of each institutional sector, compiled in the financial and non-financial (on an annual basis) part of the national accounts respectively, already before the reconciliation in principle ought to be alike.

4 Comparability

4.1 Comparability over Time

One of the fundamental goals when compiling national accounts statistics is to achieve a high degree of comparability over time. Therefore, the statistical sources are adapted in order to be consistent with the concepts of the national accounts and corrected to eliminate the consequences of changes in coverage, classifications, etc.

4.2 Comparability with other Statistics

The sector definition in the statistics follows ESA2010. This enables comparisons to be made over time with national accounts both for Denmark and abroad. The statistics can be compared to the annual financial accounts published by Statistics Denmark. The two statistics are basically alike except for a few differences in the choice of sources and methodologies. Statistics Denmark and Danmarks Nationalbank are working together to ensure that discrepancies between the two statistics are considered on an ongoing basis.

4.3 Coherence between Provisional and Final Statistics

The statistics are normally revised 1 reference period back when the present quarter is published, cf. also [Danmarks Nationalbank's revision policy for financial statistics](#) and the appurtenant [revision cycle](#).

5 Accessibility

5.1 Forms of Dissemination

Published quarterly via:

www.nationalbanken.dk
<http://nationalbanken.statistikbank.dk>
www.statistikbanken.dk

5.2 Basic Material: Storage and Usability

Basic material is primarily received electronically and stored for further usage.

5.3 Documentation

Cf. Financial Statistics.

5.4 Other Information

A thorough description of financial accounts definitions is available in:

European System of Accounts ESA 2010. Luxembourg: Eurostat 2013.

6 Supplementary Documentation

None.