

Classification and terminology of financial corporations in the updated SNA

Summary conclusion

Questions/recommendations

1. The main recommendations are to
 - (a) Classify financial corporations into the five sub-sectors monetary financial intermediaries, investment funds, insurance corporations and pension funds¹, miscellaneous financial intermediaries, and financial auxiliaries; and to
 - (b) Present the terms financial corporations and financial intermediation, monetary financial intermediaries, investment funds, miscellaneous financial intermediaries, and financial auxiliaries in boxes in the new SNA.

Outcomes

2. The AEG agreed to the following changes to the proposals presented in the paper:

Money-market funds should be shifted from “Monetary financial [institutions]” into the “Investment funds” category and shown explicitly.

Using the same term to describe an instrument and the controlling institution (e.g. “Pension funds”) is confusing. The AEG considered that a term like “Pension fund corporations” is clumsy and suggestions for alternative descriptions should be sent to the Editor.

The specific codes used should be changed in the updated SNA to avoid confusion between the current System and the updated one (e.g. the 1993 SNA code of S.121 refers to the “Central Bank” while, in this paper S.121 is proposed for a higher level item “Monetary financial institutions”). The AEG agreed that the updated system should use a new set of codes, at the discretion of the ISWGNA.
3. The AEG agreed that the Editor should look at possible alternatives to make a distinction between the terminology of “Miscellaneous financial institutions” and “Financial auxiliaries”.
4. The definition of “Investment funds” will be considered as part of the consultations mentioned.

¹ In addition, splitting up pension funds and insurance corporations could enable a richer analysis of different types of collective investment schemes.