

**Comments on draft SNA chapter:  
Chapter 11: The financial account**

**Deadline for comments: 12 February 2007  
Send comments to: [sna@un.org](mailto:sna@un.org)**

Your name:	Vetle Hvidsten
Your country/organization:	Statistics Norway
Contact (e.g. email address):	Vetle.Hvidsten@ssb.no

This three-part template allows you to record your comments on draft chapter 11 easily and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any one, any two, or all of the three parts of the template.

Save this template and send it as an attachment to the following e-mail address:  
[sna@un.org](mailto:sna@un.org)

**Part I: General comments**

In the space below, please provide any general comments, such as about the clarity with which the new recommendations were incorporated (30 words or less).

*Comment:*

The tables could be simplified. There are some errors in the text.
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**Part II: Comments on specific draft paragraphs or passages**

In your review of draft chapter 11, you may wish to devote particular attention to the passages listed below. There is space after each issue for any comment you wish to make.

1. One of the points that has been under discussion even as the chapter was being draft was the treatment of inter-bank deposits. Are you satisfied with the inclusion of inter-bank deposits under currency and deposits for the reasons explained in section C2?

*Comment:*

First, why separate bank loans and deposits from other loans and deposits as instruments? The sectorization will take care of the sector dimension.  
Second, why net inter-bank deposits when the SNA follows a general “gross principle”?

2. Is there sufficient, too much or too little detail on the different types of debt securities in section C3?

*Comment:*

Click here and start typing.

3. Is the coverage of the items related to insurance, pension and standardised guarantees satisfactory? (There will be an overview of all items relating to these schemes in chapter 17 on Cross-cutting and Other Special Issues).

*Comment:*

It is our understanding that the treatment of insurance etc. in SNA 93 Rev.1 is the same as in SNA 93. We would have preferred that insurance, pension and standardised guarantees had been explained in more detail (as in SNA93).

4. Sections F to I describe briefly other possible dimensions to the accounts.

*Comment:*

Click here and start typing.

5. Do you agree to moving the section on flow of funds from this chapter to one (chapter 26) dealing with the link between the SNA and monetary and financial statistics?

*Comment:*

Click here and start typing.

### **Part III. Other specific comments**

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comments directly on the PDF of the draft chapter.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make very detailed comments please send a message to [sna@un.org](mailto:sna@un.org) requesting to receive a version of the draft chapter permitting you to comment. To optimize your commenting tools please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>

### **Other comments**

#### **Chapter 11**

Table 11.1      The table is difficult to read. The asset and liability sides should not be split and the general item "net acquisition of financial assets/net incurrence of liabilities" should be avoided. Net lending/net borrowing should be at the bottom of the table.

11.15            We suggest that the first two "indicates"/"indicate" are replaced by "describes"/"describe".

Should "indicate financial claims" be replaced by "represent financial claims"?

We suggest that "A more detailed and complex analysis of financial flows between sectors is discussed in chapter 26. The analysis there illustrates debtor/creditor relationships by type of financial assets" is replaced by "Chapter 26 describes how a full analysis of debtor and creditor sector for each instrument can be portrayed. Such an analysis is known as a detailed flow of funds table."

11.16            We suggest that the first sentence should be taken out. It is misleading since we do not add sectors with net lending positions on one side and sectors with net borrowing positions on the other hand. Sentence two ("For the economy as a whole...") is sufficient.

- 11.35 The difference between the netting principles shown in (d) and (e) is not clear.
- 11.39 We suggest changing the text to:  
 “Monetary gold is owned by monetary authorities and others subject to the authorities’ effective control. Only gold that is held.....”
- 11.40 Is this paragraph necessary?
- 11.46 We suggest that “Chapter 26 describes how a full analysis of debtor and creditor sector for each instrument can be portrayed. Such an analysis is known as a detailed flow of funds table” should be replaced by “Chapter 26 describes a detailed flow of funds table.”
- 11.47/11.55 We do not see the reason for defining repos as deposits even if repos may be part of the national definition of money. The loan treatment is well established.
- 11.49 What is the meaning of this paragraph? An interpretation of the last sentence is that households accept deposits as liabilities.
- 11.69 The “first type” is presented in 11.69 and the third in 11.72. Could have been more compact.
- 11.71/11.72 The sentences “.....and represent not just a reduction of debt but a positive addition to the enterprise’s net worth” and “it is returned to the net worth of the enterprise....” are misleading.
- First, contrary to business accounts in the SNA the net worth is a residual. Net worth is not a financial instrument. In the sentences mentioned above net worth could be replaced by equity.
- We suggest that the second sentence to be replaced with the following:  
 “In the distribution of primary income account, the share of operating surplus less distributed dividends proportionate to the foreign investor's share of equity is shown as being withdrawn and distributed to him as reinvested earnings. Because it is not actually withdrawn, it is returned to the equity of the enterprise by a recording under this heading in the financial account.”
- 11.81/11.82 The very short paragraphs on life insurance and pension entitlements can give the impression that recording in the financial account is merely the difference between net premiums receivable and claims payable. The present SNA is more detailed in this respect explaining other factors like premium supplements and service charges.
- 11.96 The sentence “.....in order to reserve the term deposits for monetary aggregates” could have been written earlier in the chapter.
- Printing errors 11.26 (provides), 11.79 (thee), 11.90 (involves, swas)

