Irving Fisher Committee on Central Bank Statistics

DATA ON THE BALANCE SHEET POSITIONS OF THE HOUSEHOLD, FINANCIAL AND NON-FINANCIAL CORPORATIONS IN SLOVENIA

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1. INTRODUCTION

Financial account statistics represents important analytic tool for analysing financial transactions between institutional sectors within economy and financial interactions between the domestic sectors and the rest of the world.

The methodological basis for the compilation of the financial accounts is the ESA 95 (the European System of Accounts). The financial accounts disclose the stocks and flows that individual institutional sectors hold in individual financial instruments as claims and as liabilities. The financial accounts disclose how a surplus is distributed or a deficit is covered by transactions in financial assets (claims) and liabilities.

The subjects of financial accounts statistics are financial transactions, valuation and other changes and the financial balance sheet. The financial balance sheet of a sector shows financial assets and liabilities at the end of a specified date.

In the first part of the paper the financial accounts will be presented in theory, followed by description of the institutional sectors, in which the individual institutional units are merged, and of financial instruments, through which financial transactions take place between units. In the second part I will focus only on the financial balance sheet of the Slovenian non-financial corporations, financial companies (for banking sector) and households. The financial balance sheet of a sector shows financial assets and liabilities at the end of a specified date. Thus, for the period from 2004 to 2009 a detailed analysis for each sector will be made to present what happened during that period and what were the impacts of current crisis in these sectors.

2. EUROPEAN SYSTEM OF ACCOUNTS 1995 (ESA95)

2.1. ESA95 METHODOLOGY

The methodological basis for the compilation of the financial accounts is the European System of Accounts 1995 (ESA95).

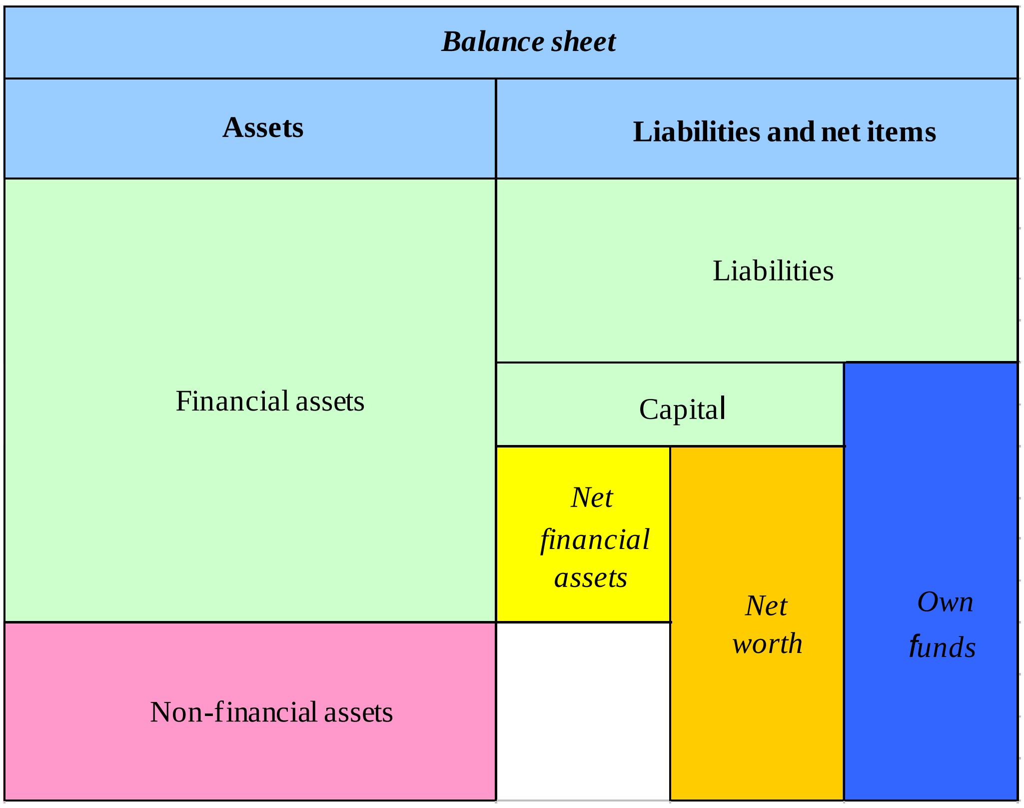
The financial accounts disclose the stocks and flows that individual institutional sectors hold in individual financial instruments as claims and as liabilities. The financial accounts disclose how a surplus is distributed or a deficit is covered by transactions in financial assets (claims) and liabilities.

The net item of a financial account, which represents transactions in financial assets minus transactions in liabilities, should as a rule be equal to the net item of the non-financial (capital) account (net borrowing or net lending B.9).

The basic principles of the ESA95 are:

- all assets and liabilities are valued at current market value;
- the difference between financial assets and liabilities represents the net financial assets;
- the difference between total assets (financial and non-financial) and liabilities represents net worth;
- net worth plus shares and other equity represents own funds.

Picture 1: Balance sheet and net items

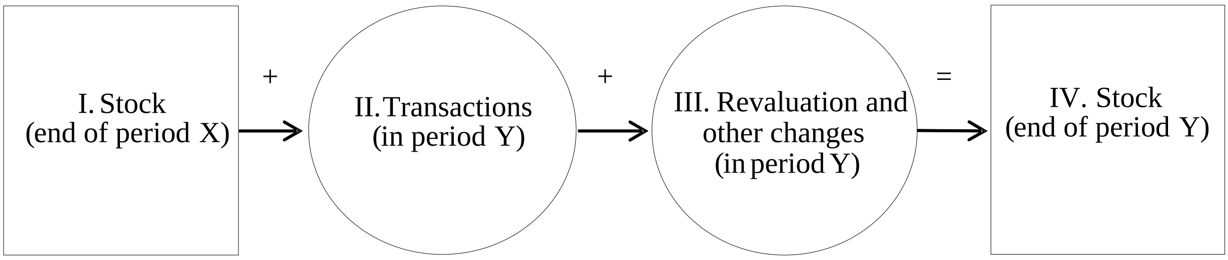


Source: ESA95.

The items in the financial accounts and the items in the balance sheet are not equal in value for reason of the aforementioned ESA95 principles.

Financial accounts may be non-consolidated or consolidated. In a consolidated account claims and liabilities between institutional units within a particular sector are eliminated.

Picture 2: Financial Accounts model



Source: Financial Accounts of Slovenia 2003-2008, p. 35.

2.2. INSTITUTIONAL SECTORS

Institutional units are economic entities that are capable of owning goods and assets, of incurring liabilities and of engaging in economic activities and transactions with other units in their own right (ESA95, p. 8)

For the purposes of the system, the institutional units are grouped together into five mutually exclusive institutional sectors composed of the following types of units:

- non-financial corporations;
- financial corporations;
- general government;
- households;
- non-profit institutions serving households.

The five sectors together make up the total economy. Each sector is also divided into sub-sectors.

Table 1: Classification of sectors

Code	Title of financial instrument
S.1	Slovenian economy
S.11	Non-financial corporations
S.12	Financial corporations
S.121	Central bank
S.122	Other monetary financial institutions
S.123	Other financial intermediaries, except insurance corporations and pension funds
S.124	Financial auxiliaries
S.125	Insurance corporations and pension funds
S.13	General government
S.1311	Central government
S.1313	Local government
S.1314	Social security funds
S.14	Households
S.15	Non-profit institutions serving households
S.2	Rest of the world
S.21	European Union (EU)
S.2111	Economic Monetary Union (EMU)
S.2112	Other EU members outside the EMU, and EU institutions
S.22	Third countries and international organisations (Others outside the EU)

Source: Financial Accounts of Slovenia 2003-2008, see page 254.

The financial accounts of Slovenia disclose the stock of and flows in financial assets and liabilities in terms of different sectors or subsectors under the Standard Classification of Institutional Sectors (Official Gazette of the Republic of Slovenia, No. 13/06).

2.3. FINANCIAL INSTRUMENTS

The stock of and changes in financial assets and liabilities under the ESA95 methodology are disclosed by individual financial instrument, and are equal on both the asset and liability sides.

Financial instruments are divided into seven groups: monetary gold and special drawing rights (F.1), currency and deposits (F.2), securities other than shares (F.3), loans (F.4), shares and other equity (F.5), insurance technical reserves (F.6) and other accounts receivable/payable (F.7) (ESA95, p. 93).

Each individual financial instrument that a particular unit holds as a financial asset has a counterpart item in the liabilities of another unit, and vice-versa. The only financial asset that does not have a counterpart in liabilities is F.1 (Monetary gold and SDRs).

Table 2: Classification of financial instruments

Code	Title of financial instrument
F.1	Monetary gold and SDRs (Special Drawing Rights)
F.2	Currency and deposits
F.21	Currency
F.22	Transferable deposits
F.29	Other deposits
F.3	Securities other than shares
F.33	Securities other than shares, excluding financial derivatives
F.331	Short-term debt securities
F.332	Long-term debt securities
F.34	Financial derivatives
F.4	Loans
F.41	Short-term loans
F.42	Long-term loans
F.5	Shares and other equity
F.51	Shares and other equity, excluding mutual fund shares
F.511	Quoted shares
F.512	Unquoted shares
F.513	Other equity
F.52	Mutual fund shares
F.6	Insurance technical reserves
F.61	Net equity of households in life insurance reserves and pension funds reserves
F.611	Net equity of households in life insurance reserves (Life insurance reserves)
F.612	Net equity of households in pension funds reserves (Pension fund reserves)
F.62	Prepayments of insurance premiums and reserves for outstanding claims (Other technical reserves)
F.7	Other accounts receivable/payable
F.71	Trade credits and advances
F.79	Other accounts receivable/payable, excluding trade credits and advances

Source: Financial Accounts of Slovenia 2003-2008, see page 255.

2.4. DATA SOURCES OF SLOVENIAN FINANCIAL ACCOUNTS

Primary and secondary sources are used for the compilation of the financial accounts.

Primary sources:

- quarterly data (stocks and transactions) based on direct reporting by individual institutional units:
  - non-financial corporations (S.11): reporting threshold: balance sheet total of EUR 1 million;
  - financial corporations (S.12): reporting threshold: balance sheet total of EUR 1 million;
  - general government units (S.13): reporting threshold: balance sheet total of EUR 8 million.

- quarterly IIP (International Investment Position) and BOP (Balance of Payments) data;
- securities statistics.

Secondary sources:
- monetary and banking statistics;
- other financial institutions' statistics;
- public finance statistics.

Annual financial accounts have been compiled from 2001, and quarterly financial accounts from the first quarter of 2004.

3. THE ANALYSIS OF FINANCIAL ACCOUNTS OF SLOVENIA BY INSTITUCIONAL SECTORS

The analysis of financial accounts of Slovenia is focused on the following sectors: non-financial corporations (S.11), financial corporations (S.12) and the household (S.14) in the period from 2004 to 2009. In this studied period, Slovenia has joined European Union, has successfully accepted Euro, has experienced financial and economical prosperity, and has engaged with financial and economic crisis. The purpose of the analysis is to show analytical value of Financial Accounts Statistics.

3.1. INTERNATIONAL FINANCIAL CRISIS AND ITS IMPACTS ON SLOVENIA

3.1.1. Background and causes

The present financial crisis is a crisis caused by an insolvent United States banking system. It is considered to be the worst financial crisis since the Great Depression of the 1930s. It has resulted in the collapse of large financial institutions, the bailout of banks by national governments and downturns in stock markets around the world (Wikipedia, 2010).

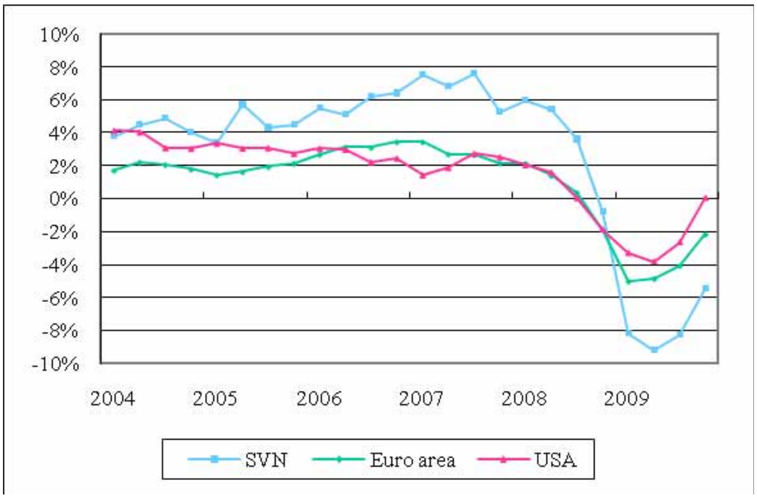
Before August 2007 no one thought that the financial system could collapse. Central banks were able to lend when needed, deposit insurance and investor protections enabled to freed individuals from worrying about the security of their wealth, regulators and supervisors watched over individual institutions and kept their managers and owners from taking on too much risk. Prosperity and stability were evidence that the system worked, inflation was low and growth was high (BIS 79th Annual report, 2009, p.3).

The financial system is based on trust and in the wake of the Lehman Brothers failure in September 2008 that trust was lost. The lenders started to doubt in the quality of loans, their insurance and chance of repayment, and the investors started to doubt in the long-term safety of their investments. The lost of trust in financial system has caused global financial crisis (BIS 79th Annual report, 2009, p. 4). The crisis rapidly developed and spread into a global economic shock, resulting in a number of European bank failures, declines in various stock indexes, and large reductions in the market value of equities and commodities (Wikipedia, 2010).

Impact of financial crisis on the (real) economy was already noticeable in year 2008, when the rapid stopping of economic growth was evident, followed by crossing in negative area (see Picture 3).

The annual GDP real growth rate has decreased from 2% in the middle of the year 2008 to over -4% in the middle of the year 2009 in the Euro area, and similar has happened in the USA. Turnabout was even greater in Slovenia, where in the second quarter of 2009, GDP decreased by 9.3% compared to the second quarter of 2008. This was the third GDP volume decrease in a row and the deepest in the current economic crisis. In the first half of 2009, GDP decreased by 8.8% compared to the same period of 2008.

Picture 3: GDP growth rate in Slovenia, in Euro area and in USA from first quarter 2004 to final quarter 2009 (quarterly data, annual real growth rate in %)



Vir: SURS, ECB, BEA.

3.2. REFLECTION OF FINANCIAL CRISIS ON FINANCIAL ACCOUNTS IN SLOVENIA

3.2.1. Non-financial corporations

Non-financial corporations had 20% of the total financial assets and 38% of the total liabilities in the financial accounts of Slovenia at the end of 2009. Financial assets of non-financial companies accounted for 131% of GDP, and liabilities for 250% of GDP.

Non-financial companies in the euro area had 15% of the total financial assets and 24% of the total liabilities in the financial accounts at the end of 2009. Financial assets of non-financial companies accounted for 179% of GDP, and liabilities for 276% of GDP in the euro area.

Table 3: Stock of financial assets and liabilities of non-financial corporations from 2004 to 2009 (EUR million)

S.11 *(EUR million)*	**Code**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
I. FINANCIAL ASSETS		29,766	34,186	37,610	45,564	46,059	45,679
Currency and deposits	F.2	2,771	3,219	3,484	3,914	3,907	4,020
Loans	F.4	2,682	3,132	3,180	4,525	5,443	5,916
Shares and other equity	F.5	12,612	14,406	15,784	19,776	18,542	18,664
Other accounts receivable	F.7	10,776	12,594	14,258	16,473	17,387	16,271
II. LIABILITIES		56,551	62,984	71,305	87,946	86,959	87,320
Loans	F.4	15,611	18,465	20,920	27,398	33,348	33,431
Shares and other equity	F.5	30,079	31,345	35,543	43,292	35,705	36,385
Other accounts payable	F.7	10,511	12,651	14,332	16,664	17,201	16,527
III. NET FINANCIAL ASSETS		-26,785	-28,798	-33,696	-42,382	-40,900	-41,641

Source: Bank of Slovenia, Financial Accounts Statistics.

The financial assets of non-financial corporations amounted to EUR 45,679 million at the end of 2009, and up 53% or EUR 15,913 million over the observation period of 2004 to 2009, the largest increase of EUR 7,954 million coming in 2007.

Investments in **shares and other equity** accounted for the largest proportion of non-financial corporations' assets at the end of 2009 (EUR 18,664 million or 41% of the total). This was up 48% over the observation period, the largest increase being recorded in 2007 (EUR 2,150 million of net purchases and EUR 1,842 million of positive revaluation changes), but there was actually a decline of EUR 1,233 million in 2008, negative revaluation changes contributing EUR 2,671 million towards the decline. At the end of 2009 non-financial corporations' largest investments were in their own sector (73%, compared with 81% at the end of 2004) and in the rest of the world (19%, compared with 10% at the end of 2004). Investments in shares accounted for 42% of the total at the end of 2009, other equity for 57%, and mutual funds shares for 1%.

Other accounts receivable stood at EUR 16,271 million at the end of 2009 (36% of financial assets), and up 51% over the observation period. Receivables from trade credits and advances accounted for the majority (83%) of other accounts receivable, of which 55% were intra-sectoral (compared with 54% at the end of 2004), and 34% were from the rest of the world (the same at the end of 2004). The favourable economic climate saw non-financial corporations increase their intra-sectoral receivables (by EUR 1,322 million) and receivables from the rest of the world (EUR 530 million) in 2007, but in 2008 and 2009 the financial turmoil meant there was a decline of EUR 326 million.

Non-financial corporations' **loans** granted amounted to EUR 5,916 million (13% of financial assets) at the end of 2009. The largest proportion was made within the sector, the rest of the world and households accounting for the remainder. The amount of inter-corporate lending increased in 2009 (to EUR 330 million, of which the majority was in the form of long-term loans), while lending to non-resident corporations increased to EUR 209 million. There was an increase over the observation period in the proportions accounted for by borrowing by the rest of the world (from 15% at the end of 2004 to 27% at the end of 2009), while the proportion accounted for by non-financial corporations declined (from 65% to 61%) and by the households (from 13% to 7%).

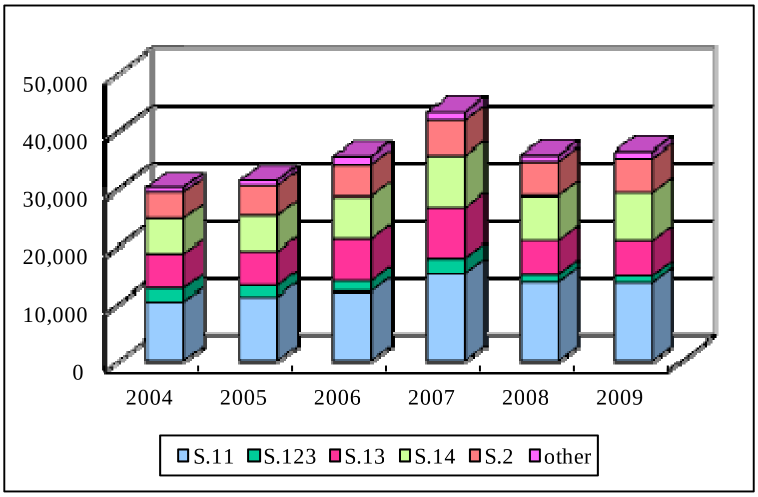
Non-financial corporations' **currency and deposits** stood at EUR 4,020 million at the end of 2009 (9% of financial assets), domestic banks accounting for almost all of this (94%). Currency and deposits increased by 45% over the observation period.

Non-financial corporations in the euro area had most financial assets in the form of shares and other equity (46%), other accounts receivable (21%), loans (18%) and currency and deposits (11%). In comparison with euro area there have been observed a greater proportion of other accounts receivable (+15 pp) and smaller proportions of loans (-5 pp), shares and other equity (-5 pp), and currency and deposits (-2 pp) in financial assets of non-financial companies in Slovenia.

Non-financial corporations' total **liabilities** stood at EUR 87,320 million at the end of 2009, up EUR 30,769 million or 54% over the observation period, the largest increase of EUR 16,641 million coming in 2007.

Liabilities from **shares and other equity** amounted to EUR 36,385 million at the end of 2009 (42% of liabilities), up 21% (EUR 6,306 million) over the observation period, mostly as a result of positive revaluation changes (EUR 3,792 million). There was a decline of 18% or EUR 7,587 million in 2008 (result of negative revaluation changes). Public limited companies accounted for 45% of the total, with other forms of equity accounting for the remaining 55%. The largest holders of equity in non-financial corporations were non-financial corporations (37%), households (23%), the rest of the world (17%), the general government (16%) and other financial intermediaries (3%).

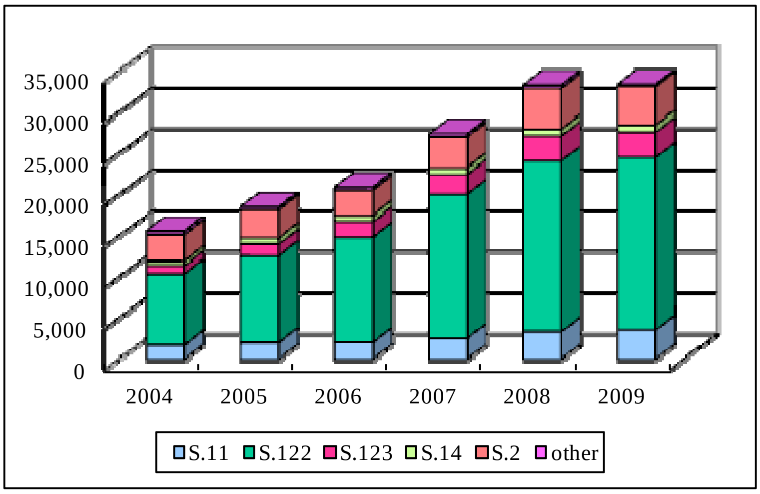
Picture 4: Holders of equity in non-financial corporations by sectors from 2004 to 2009 (stock at year end, EUR million)



Source: Bank of Slovenia, Financial Accounts Statistics.

The stock of **loans** totalled EUR 33,431 million at the end of 2009 (38% of liabilities), up 114% or EUR 17,820 million over the observation period, the largest increase of EUR 6,479 million coming in 2007, primarily as a result of high economic growth, favourable interest rates and M&A activity. Liabilities from loans remained almost unchanged in 2009 regarding to 2008, as a result of the financial turmoil and the resulting crisis in the real sector. Banks accounted for the largest proportion of non-financial corporations' liabilities from loans at the end of 2009 (63% of the total), followed by the rest of the world (14%), non-financial corporations (11%) and other financial intermediaries (9%).

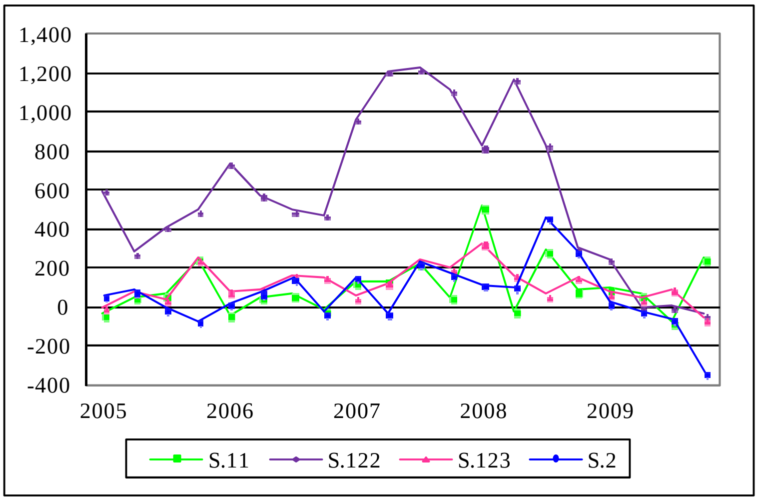
Picture 5: Liabilities of non-financial corporations from loans by sectors from 2004 to 2009 (stock at year end, EUR million)



Source: Bank of Slovenia, Financial Accounts Statistics.

The amount of inter-corporate borrowing increased in 2009 (by EUR 330 million), followed by borrowing from the banks (by EUR 211 million) and from other financial intermediaries (by EUR 151 million EUR), while the borrowing from the rest of the world decreased (by EUR 404 million) (see Picture 6).

Picture 6: Liabilities of non-financial corporations from loans by sectors from 2005 to 2009 (quarterly transactions, EUR million)



Source: Bank of Slovenia, Financial Accounts Statistics.

Issues of **debt securities** accounted for a negligible proportion of non-financial corporations' financing (1% of total liabilities at the end of 2009).

Other accounts payable totalled EUR 16,527 million at the end of 2009 (19% of total liabilities), and consisted primarily of trade credits and advances (75%), mostly to non-financial corporations (60%). Other accounts payable most increased of EUR 2,332 million coming in 2007, but declined by EUR 675 million in 2009 (for the first time in the observation period).

Non-financial corporations in the euro area had most liabilities in the form of shares and other equity (49%), loans (34%) and other accounts payable (12%). In comparison with the euro area there have been observed greater proportions of other accounts payable (+7 pp) and loans (+4 pp), and a smaller proportion of shares and other equity (-7 pp) in liabilities of non-financial companies in Slovenia.

The non-financial corporations sector recorded a deficit of financial assets relative to liabilities over the observation period, as a significant proportion of non-financial corporations' assets is in the form of non-financial assets. The deficit stood at EUR 41,641 million at the end of 2009 (EUR 26,785 million at the end of 2004), having declined in 2008, for the first time, by EUR 1,482 million, primarily as a result of the effect of positive net revaluation changes in shares and other equity (EUR 5,806 million), but again increased in 2009 (by EUR 741 million EUR).

Non-financial corporations' intra-sectoral financial claims and liabilities totalled EUR 25,764 million at the end of 2009, equivalent to 56% of their total financial assets, and 30% of their total liabilities.

The deficit of financial assets relative to liabilities of non-financial companies in Slovenia accounted for 119% of GDP at the end of 2009 (up 20 pp over the observation period), and in euro area accounted for 97% of GDP (up 8 pp). Leverage in Slovenia, calculated as the ratio of debt[1)] and capital, stood at 94% (+41 pp) and in the euro at 75% (+9 pp). Debt of non-financial corporations

[1)] Debt consists debt securities (F.33) and loans (F.4).

relative to GDP in Slovenia accounted for 98% (+39 pp), and in euro area for 102% (+20 pp). Debt relative to financial assets of non-financial companies in Slovenia amounted to 75% (+21 pp), and in euro area to 57% (+3 pp). The data show that the financial situation of non-financial corporations in Slovenia deteriorated over the observation period as a result of increased borrowing and that their indebtedness was already higher than in the euro area at the end of 2009.

3.2.2. Financial corporations

The financial corporations sector is subdivided into five sub-sectors (ESA95, p. 25):

- the central bank (S.121);
- other monetary financial institutions (S.122);
- other financial intermediaries, except insurance corporations and pension funds (S.123);
- financial auxiliaries (S.124);
- insurance corporations and pension funds (S.125).

Table 4: Stock of financial assets and liabilities of financial corporations from 2004 to 2009 (EUR million)

S.12 (EUR million)	**Code**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
I. FINANCIAL ASSETS		41,191	48,157	54,128	67,265	71,144	76,816
Currency and deposits	F.2	4,685	5,742	6,103	7,234	7,595	8,621
Securities other than shares	F.3	14,709	16,347	14,952	14,433	14,416	16,412
Loans	F.4	15,717	19,803	25,054	34,507	41,456	43,244
Shares and other equity	F.5	4,710	4,867	6,499	9,391	6,187	6,694
Insurance technical reserves	F.6	1,060	1,092	1,178	1,430	1,164	1,290
II. LIABILITIES		39,629	46,644	53,063	65,866	70,294	75,788
Currency and deposits	F.2	18,854	21,359	24,080	30,645	34,317	37,122
Securities other than shares	F.3	4,732	5,207	3,554	1,841	2,198	4,337
Loans	F.4	6,537	9,597	12,394	16,343	19,476	18,509
Shares and other equity	F.5	6,411	6,837	8,680	12,130	9,335	10,289
Insurance technical reserves	F.6	2,391	2,805	3,333	3,726	3,997	4,605
III. NET FINANCIAL ASSETS		1,562	1,513	1,064	1,398	850	1,028

Source: Bank of Slovenia, Financial Accounts Statistics.

Regarding that the Other monetary financial institutions are the largest and most important sub-sector within financial corporations, and regarding that the financial crisis has had very important impact on banks, a detailed analysis only of this sub-sector will be presented.

3.2.2.1. Other monetary financial institutions

The sub-sector other monetary institutions[2)] comprise commercial banks, savings banks and money market funds. There were 22 banks, three savings banks and two money market funds in Slovenia at the end of 2009.

Banks had 23% of the total financial assets and 22% of the total liabilities in the financial accounts of Slovenia at the end of 2009. Financial assets of banks accounted for 152% of GDP, and liabilities for 148% of GDP.

Table 5: Stock of financial assets and liabilities of banks from 2004 to 2009 (EUR million)

S.122 (EUR million)	Code	2004	2005	2006	2007	2008	2009
I. FINANCIAL ASSETS		24,417	29,972	34,620	43,381	48,711	53,063
Currency and deposits	F.2	2,852	3,487	4,104	4,131	4,015	4,884
Securities other than shares	F.3	6,570	7,930	7,259	7,011	6,732	8,091
Loans	F.4	13,537	16,890	21,352	30,192	36,179	37,914
Shares and other equity	F.5	976	1,175	1,579	1,781	1,574	1,868
II. LIABILITIES		23,531	28,808	33,409	42,349	47,284	51,534
Currency and deposits	F.2	16,096	18,777	21,154	25,630	28,468	30,903
Securities other than shares	F.3	1,437	1,604	1,667	1,788	2,113	4,253
Loans	F.4	3,504	5,833	7,520	10,651	12,468	11,714
Shares and other equity	F.5	2,270	2,360	2,714	3,911	3,906	4,336
III. NET FINANCIAL ASSETS		886	1,164	1,212	1,032	1,427	1,530

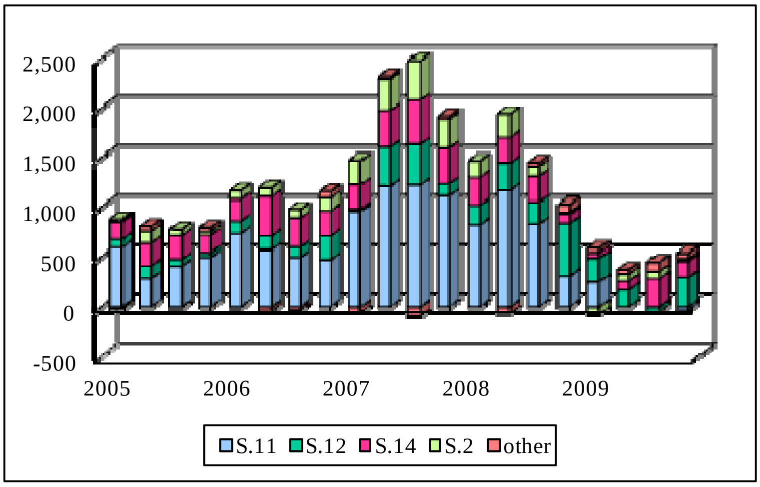
Source: Bank of Slovenia, Financial Accounts Statistics.

The **financial assets** of banks stood at EUR 53,063 million at the end of 2009, and up 117% or EUR 28,646 million over the observation period, the largest increase of EUR 8,761 million coming in 2007.

Banks' **loans** stood at EUR 37,914 million at the end of 2009, and up 180% over the observation period, the largest increase of EUR 8,840 million coming in 2007 (the largest increases were recorded by loans to non-financial corporations (EUR 4,699 million or 37%), loans to households (EUR 1,413 million of 26%) and loans to the rest of the world (EUR 1,304 million)), while the increase in 2008 compared to 2007 reaching 68%, but still was higher than in 2006. Granted loans increased only of EUR 1,735 million in 2009, which indicate on decreasing lending activity (as a result of higher uncertainty in financial markets and reduced demand of savings transmission between loss-making sectors and excess supply sectors). At the end of 2009 banks held their largest stocks of loans with non-financial corporations (55%) and households (22%).

[2)] The term banks is used in the material for sector Other monetary financial institutions (S.122).

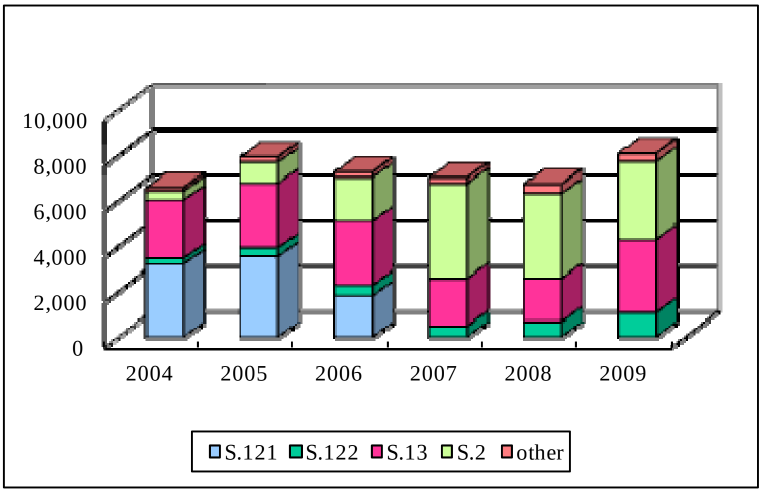
Picture 7: Claims of banks from loans by sectors from 2005 to 2009 (quarterly transactions, EUR million)



Source: Bank of Slovenia, Financial Accounts Statistics.

Banks held investments in **debt securities** in the amount of EUR 8,091 million at the end of 2009, primarily foreign securities (42%, compared with 6% at the end of 2004) and government securities (40%, compared with 39% at the end of 2004). Investments in debt securities increased by 20% in 2009, and by 23% over the observation period. Banks held EUR 1,815 million of claims from central bank bills at the end of 2006, but the introduction of the euro in 2007 meant that they were replaced by investments in foreign debt securities. Investments in government debt securities and in intra-sectoral securities increased in 2009 (by EUR 1,320 million and EUR 393 million respectively), while investments in foreign debt securities declined (by EUR 310 million).

Picture 8: Claims of banks from securities other than shares by sectors from 2004 to 2009 (stock at year end, EUR million)



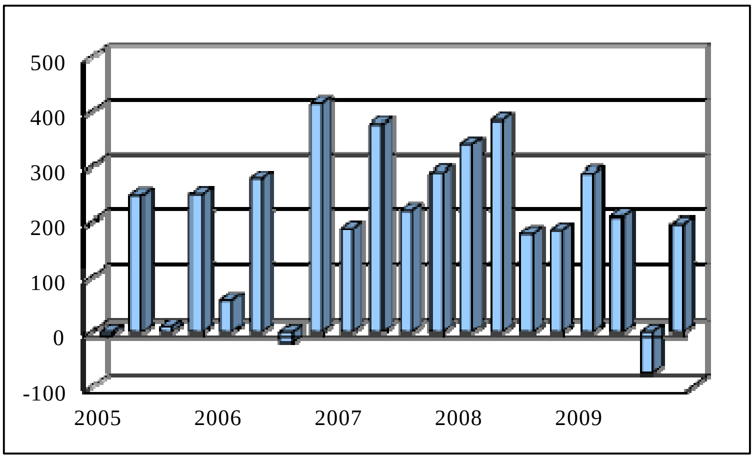
Source: Bank of Slovenia, Financial Accounts Statistics.

Banks held EUR 4,884 million of **currency and deposits** at the end of 2009, of which 59% was with the rest of the world (compared with 43% at the end of 2004), 30% was with the central bank (43% at the end of 2004), and 10% with domestic banks (14% at the end of 2004). Banks' currency and deposits increased by 71% over the observation period, declined for the first time by 3% during 2008 (a decline in deposits in the rest of the world, and an increase in deposits at the central bank), but again increased by 22% during 2009 (an increase in deposits in the rest of the world, at the central bank, and intra-sectoral deposits).

Banks' **liabilities** stood at EUR 51,534 million at the end of 2009, up 9% on the end of 2008, and up EUR 28,003 million or 119% over the observation period, the largest increase of EUR 8,940 million coming in 2007.

The stock of **deposits** at banks stood at EUR 30,903 million at the end of 2009, up 9% or EUR 2,435 million during 2009, and up EUR 14,807 million or 92% over the observation period, the largest increase of EUR 4,476 million coming in 2007. The largest deposits at banks at the end of 2009 were held by households (45% of the total, compared with 61% at the end of 2004), followed by the rest of the world (17%, compared with 9% at the end of 2004) and non-financial corporations (12%, compared with 16% at the end of 2004). The largest increases in 2009 were recorded by general government deposits (EUR 2,058 million; an increase in non-transferable deposits), central bank deposits (EUR 885 million; increased liquidity injection into the banking system), and household deposits (EUR 642 million), and largest decline was recorded by the rest of the world (EUR 1,448 million).

Picture 9: Liabilities of banks to the households from deposits from 2005 to 2009 (quarterly transactions, EUR million)

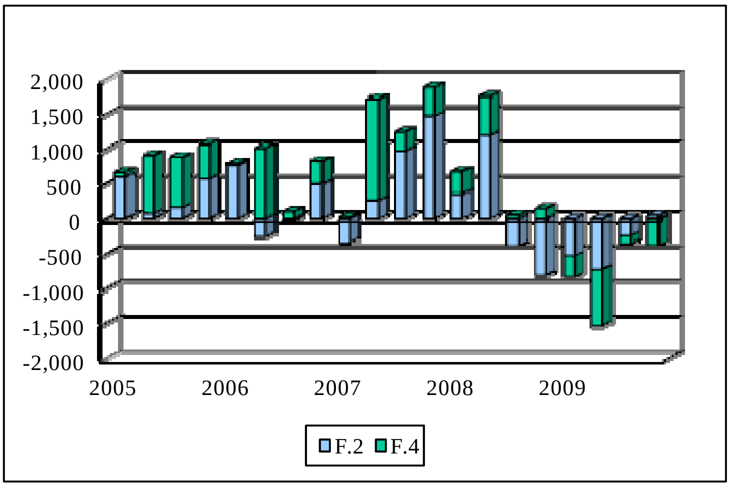


Source: Bank of Slovenia, Financial Accounts Statistics.

Banks' liabilities from **loans** totalled EUR 11,714 million at the end of 2009, down 6% or EUR 754 million for the first time during 2009, and EUR 8,210 million or 234% over the observation period. Loans raised in the rest of the world accounted for the largest proportion of banks' loans at the end of 2009 (79% of the total, of which 81% was from members of the EMU), while the proportion of inter-sectoral borrowing also increased in 2009 (to 21% at the end of the year, compared with 1% at the end of 2004).

Funding from the rest of the world via deposits and loans in 2008 (EUR 1,434 million) was just 32% of that recorded in 2007, an indication that this source of funding was being closed, and in 2009 occurred that the rest of the world stopped funding domestic banks.

Picture 10: Liabilities of banks to the rest of the world from deposits and loans from 2005 to 2009 (quarterly transactions, EUR million)



Source: Bank of Slovenia, Financial Accounts Statistics.

Banks had EUR 4,336 million of liabilities from **shares and other equity** at the end of 2009. Liabilities from unquoted shares were up EUR 434 million in 2009, while liabilities from quoted shares remained almost unchanged during 2009. The largest holder of equity in banks at the end of 2009 was the rest of the world, which accounted for 35% of the total (compared with 28% at the end of 2004), followed by the general government sector (27%, compared with 32% at the end of 2004) and non-financial corporations (20%).

Banks' liabilities from issued debt securities totalled EUR 4,253 million at the end of 2009, up 101% during 2009, and up EUR 2,816 million or 196% over the observation period. The investors in debt securities as at the end of 2009 were the rest of the world (53%, compared with 16% at the end of 2004), banks (25%, compared with 18% at the end of 2004) and insurance corporations and pension funds (12%, compared with 22% at the end of 2004).

Banks had a surplus of financial assets over liabilities of EUR 1,530 million at the end of 2009. The largest surplus was vis-à-vis non-financial corporations (EUR 17,293 million), while the largest deficits were vis-à-vis the rest of the world (EUR 8,283 million) and households (EUR 5,785 million).

Banks' intra-sectoral financial claims and liabilities totalled EUR 4,239 million at the end of 2009, equivalent to 8% of their total financial assets/liabilities.

As in the euro area financial accounts data for the central bank and other monetary financial institutions are not separate, Slovenia will be compared with the euro area at the level of monetary financial institutions (S.121 and S.122).

The financial assets of monetary financial institutions in Slovenia stood at EUR 60,506 million and their liabilities stood at EUR 58,570 million EUR at the end of 2009, which represented 26% of the total financial assets and 25% of the total liabilities in the financial accounts of Slovenia. In the euro area, monetary financial institutions had 31% of the total financial assets and 30% of the total liabilities in the euro area financial accounts at the end of 2009.

The financial assets of monetary financial institutions in Slovenia accounted for 173% of GDP (361% in the euro area), and liabilities stood at 168% of GDP (352% in the euro area), which indicates on a lower deepness of financial intermediation in Slovenia.

In Slovenia, the share of financial assets of monetary financial institutions in the financial assets of all financial corporations stood at 79%, in the euro area the figure was 63%, which show the relatively greater importance of monetary financial institutions in Slovenia.

Monetary financial institutions in Slovenia had most investments in loans (63%), debt securities (21%) and currency and deposits (12%), and the largest liabilities from currency and deposits (63%), loans (20%) and shares and other equity (9%). Monetary financial institutions in the euro area had the largest proportion of their financial assets in loans (39%), currency and deposits (29%), debt securities (21%) and shares and other equity (6%), and the largest proportion of their liabilities from currency and deposits (70%)[3)], debt securities (17%), shares and other equity (9%) and other accounts payable (4%).

A comparison with the euro area shows that monetary financial institutions in Slovenia had on the financial assets side higher proportion of loans (+24 pp) and smaller proportions of currency and deposits (-17 pp) and shares and other equity (-3 pp), and on the liabilities side higher proportion of loans (+20 pp), and lower proportions of debt securities (-10 pp) and currency and deposits (-7 pp).

3.2.3 Households

Households had 17% of the total financial assets and 5% of the total liabilities in the financial accounts of Slovenia at the end of 2009. Financial assets of households accounted for 113% of GDP, and liabilities for 33% of GDP.

Households in the euro area had 17% of the total financial assets and 6% of the total liabilities in the financial accounts at the end of 2009. Financial assets of households accounted for 202% of GDP, and liabilities for 72% of GDP in the euro area.

[3)] In the euro area financial accounts liabilities of monetary financial institutions from loans are recorded among deposits.

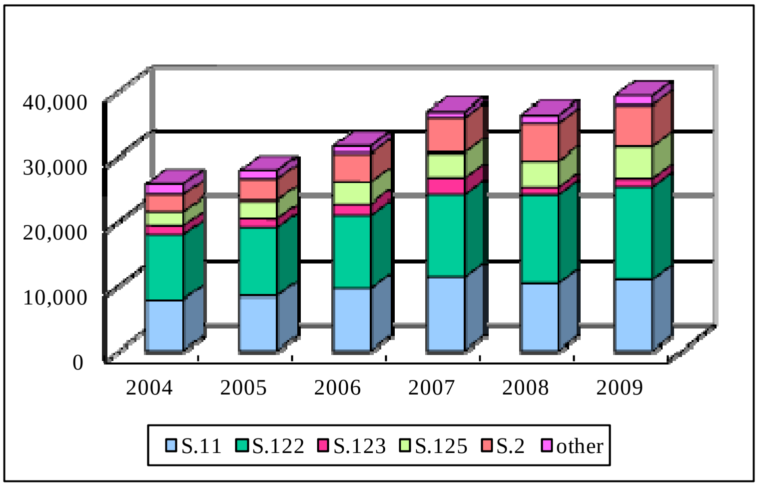
Table 6: Stock of financial assets and liabilities of households from 2004 to 2009 (million EUR)

S.14 (EUR million)	Code	2004	2005	2006	2007	2008	2009
I. FINANCIAL ASSETS		25,673	27,824	31,508	36,877	36,347	39,274
Currency and deposits	F.2	12,807	14,011	15,228	16,887	19,229	20,528
Securities other than shares	F.3	741	468	459	444	436	445
Shares and other equity	F.5	8,234	8,645	10,497	13,621	10,298	11,335
Insurance technical reserves	F.6	1,867	2,280	2,746	3,167	3,390	3,912
Other accounts receivable	F.7	1,407	1,547	1,751	1,914	2,094	2,121
II. LIABILITIES		5,666	6,772	8,004	9,940	11,070	11,662
Loans	F.4	4,432	5,417	6,714	8,537	9,609	10,208
Other accounts payable	F.7	1,233	1,355	1,290	1,403	1,461	1,454
III. NET FINANCIAL ASSETS		20,007	21,052	23,504	26,938	25,277	27,612

Source: Bank of Slovenia, Financial Accounts Statistics.

The **financial assets** of households amounted to EUR 39,274 million at the end of 2009, up EUR 13,601 million or 53% over the observation period, the largest increase of EUR 5,369 million coming in 2007.

Picture 11: Financial assets of the household by sectors from 2004 to 2009 (stock at year end, EUR million)



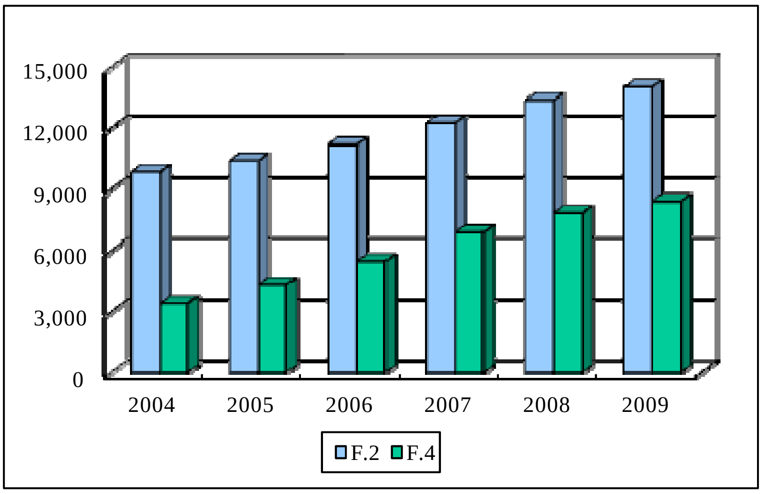
Source: Bank of Slovenia, Financial Accounts Statistics.

Households held EUR 20,528 million of **currency and deposits** at the end of 2009, 52% of their total financial assets, of which currency accounted for 29% (compared with 19% at the end of 2004), and deposits for 71% (compared with 81% at the end of 2004).

Claims from currency amounted to EUR 5,875 million at the end of 2009, up 140% or EUR 3,423 million over the entire period, an average increase of 23% each year, the largest increase coming in 2008 (EUR 1,121 million). The proportion of households' financial assets accounted for by currency increased from 10% at the end of 2004 to 15% at the end of 2009. The rest of the world accounted for 88% or EUR 5,181 million of households' claims from currency at the end of 2009 (compared with 73% or EUR 1,779 million at the end of 2004), this figure consisting of estimated holdings of currency at home. It is estimated that a portion of the currency has been converted into other instruments, mostly investments in real estate, particularly in Croatia, transfers to relatives in the rest of the world, and investments in foreign securities bypassing domestic brokers. Claims from currency from the central bank amounted to EUR 655 million at the end of 2009 (11% of the total claims from currency). The figure increased by EUR 188 million in 2009, households' demand for currency rising because of the uncertain conditions on the financial markets.

Claims from deposits stood at EUR 14,653 million at the end of 2009, 37% of households' total financial assets, up 42% or EUR 4,298 million over the entire period, an average increase of 7% each year. The largest increases in deposits were recorded in 2007 (EUR 1,142 million) and 2008 (EUR 1,221 million). The proportion of financial assets accounted for by deposits ranged from 35% to 40% over the observation period. The majority of households' deposits were held with domestic banks (93%).

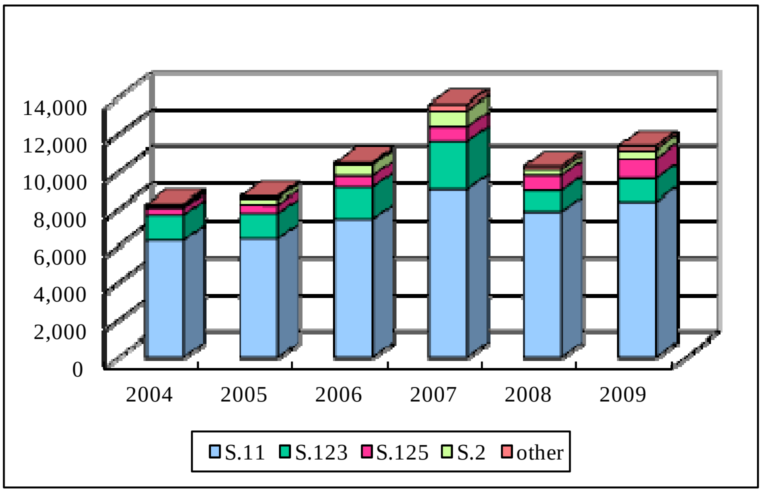
Picture 12: Claims of the household from currency and deposits and liabilities from loans to the banks from 2004 to 2009 (stock at year end, EUR million)



Source: Bank of Slovenia, Financial Accounts Statistics.

At the end of 2009 households held EUR 11,335 million in **shares and other equity**, 29% of their total financial assets. These investments increased by EUR 3,101 million over the entire period, the largest increase being recorded in 2007 (EUR 560 million of net purchases and EUR 2,564 million of positive revaluation changes), but the largest decline being recorder in 2008 (EUR 245 million of net sales and EUR 3,078 million of negative revaluation changes). Households realised EUR 1,303 million of net purchases over the observation period, comprising increases in investments in other equity (of EUR 445 million), domestic and foreign mutual funds (of EUR 259 million) and mutual pension funds (of EUR 589 million), and an increase in investments in shares (of EUR 9 million). Non-financial corporations accounted for 74% of households' investments at the end of 2009 (compared with 66% at the end of 2007), investment funds for 11% (19% at the end of 2007), mutual pension funds for 9% and the rest of the world for 4%.

Picture 13: Investments by the household in share and other equity from 2004 to 2009 (stock at year end, EUR million)



Source: Bank of Slovenia, Financial Accounts Statistics.

Insurance technical reserves accounted for 10% of the total households' financial assets, and stood at EUR 3,912 million at the end of 2009, up EUR 522 million on 2009, and up 110% or EUR 2,045 million over the observation period. Life insurance reserves accounted for 53% of the total insurance technical reserves at the end of 2009, pension fund reserves for 28% and other technical reserves for 19%. Households' claims were primarily from domestic insurance corporations and pension companies (98%).

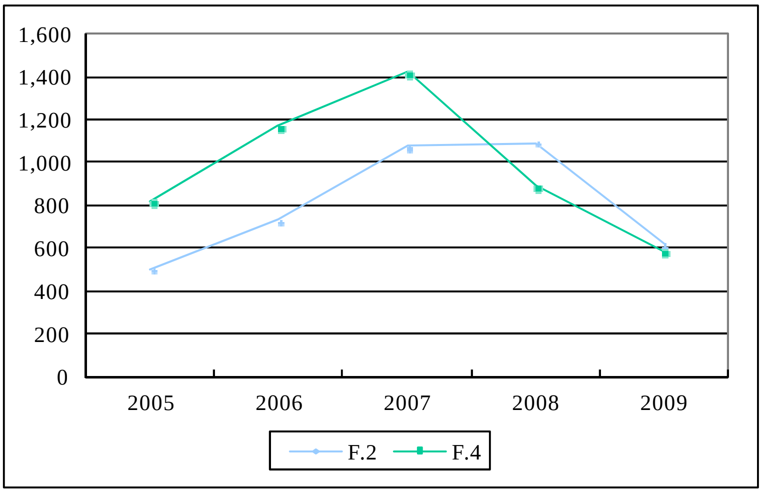
Other accounts receivable stood at EUR 2,121 million at the end of 2009, or 5% of households' total financial assets, up EUR 714 million over the observation period. The majority of other accounts receivable were from non-financial corporations (78%) and the general government sector (14%).

Households in the euro area had most financial assets in the form of currency and deposits (36%), insurance technical reserves (30%), shares and other equity (23%) and debt securities (8%) at the end of 2009. Compared with the euro area households in Slovenia had a greater proportions of investments in currency and deposits (+16 pp) and shares and other equity (+6 pp), at the expense of smaller shares of investment in insurance technical reserves (-20 pp) and debt securities (-7 pp).

Households' **liabilities** totalled EUR 11,662 million at the end of 2009, up 5% or EUR 593 million on the end of 2008, and up 106% or EUR 5,997 million over the observation period, the largest increase coming in 2007 (24% or EUR 1,936 million). At the end of 2009 banks accounted for 72% of households' liabilities, other financial intermediaries for 12% and non-financial corporations for 11%.

Loans taken amounted to EUR 10,208 million at the end of 2009, accounting for 88% of all households' liabilities (compared with 78% at the end of 2004). This figure was up 130% or EUR 5,776 million over the observation period, an average increase of 17% each year, the largest increase coming in 2007 (EUR 1,823 million or 27%). The increase in 2008 was EUR 1,072 million, and in 2009 EUR 599 million (evident slowdown in borrowing). Domestic banks (83%, compared with 77% at the end of 2004) and other financial intermediaries (12%) accounted for the majority of households' loans taken at the end of 2009, of which 86% was in the form of long-term loans.

Picture 14: Claims of the household from currency and deposits and liabilities from loans to banks from 2005 to 2009 (transactions, EUR million)



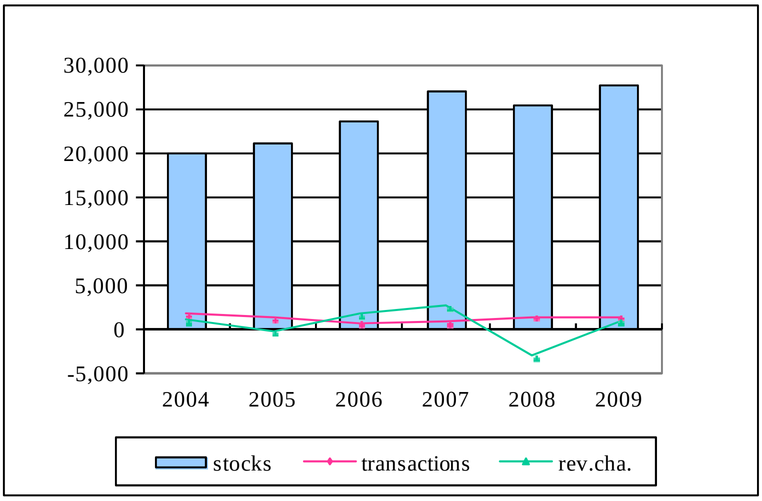
Source: Bank of Slovenia, Financial Accounts Statistics.

Loans taken from banks increased by EUR 2,591 million between the end of 2005 and the end of 2007, but deposits at banks by just EUR 1,804 million. The loans taken increased by EUR 891 million in 2008, just 63% of the increase in 2007, while the increase in deposits at banks was at the level seen in 2007 (for EUR 1,090 million). The loans taken increased by EUR 584 million in 2009 (41% of the increase in 2007), while the increase in deposits at banks was at the level of the loans taken (for EUR 619 million).

Households' **other accounts payable** stood at EUR 1,454 million at the end of 2009, or 12% of the total liabilities, up EUR 221 million over the entire period. Non-financial corporations accounted for the majority (63%) of households' other accounts payable, and the general government sector for 14%.

Households in the euro area had most liabilities in the form of loans (89%) at the end of 2009, which is similar to that of Slovenia.

Picture 14: Net financial assets of S.14 (stocks, transactions and revaluation changes, EUR million)



Source: Bank of Slovenia, Financial Accounts Statistics.

Households recorded a surplus of financial assets over liabilities during the observation period. The surplus increased by EUR 7,605 million or 38% over the observation period to stand at EUR 27,612 million at the end of 2009. The largest increase was recorded in 2007 (EUR 3,433 million), but there was a decline of EUR 1,661 million in 2008 (EUR 1,403 million of positive net transactions, and EUR 3,064 million of negative revaluation changes), followed by an increase of EUR 2,335 million in 2009 (EUR 1,396 million of positive net transactions, and EUR 939 million of positive revaluation changes). At the end of 2009 households held the largest surpluses vis-à-vis non-financial corporations (EUR 9,633 million, primarily from shares and other equity), the rest of the world (EUR 6,410 million, primarily from estimated holdings of currency) and banks (EUR 5,785 million).

The surplus of financial assets relative to liabilities of households in Slovenia accounted for 79% of GDP at the end of 2009 (up 5 pp over the observation period), and in euro area accounted for 129% of GDP (down 2 pp). Debt of households in Slovenia stood at 29%, and in euro area at 65% of GDP. Debt relative to financial assets of households in Slovenia accounted for 26% and in euro area for 32%. The data show that the worse financial situation of households in Slovenia was a result of lower disposable financial assets, however households' indebtedness in Slovenia was lower than in the euro area.

4. CONCLUSION

Financial accounts statistics in Slovenia has developed only in recent years, so its knowledge is rather limited. Purpose of this paper is to contribute to a better understanding of financial accounts statistics and encourage the use of financial accounts for analytical purposes. Financial accounts give us a comprehensive picture of the financial linkages within the economy and with rest of the world and can help us analyze the past, monitor the present and foresee the future.

With this paper I wanted to demonstrate on an example of the latest economic crisis the usefulness of financial accounts of Slovenia for financial analysis and management of economic policy. As it is evident from the paper the economic crisis is visible in all presented sectors.

The financial assets of non-financial corporations stood at EUR 45,679 million (56% to non-financial companies and 23% to the rest of the world) and liabilities accounted to EUR 87,320 million (30% to non-financial companies, 25% to banks and 17% to the rest of the world) at the end of 2009. Over the observation period non-financial companies invested intra-sectoral (50%) and in the rest of the world (33%), but were financed by banks (47%), by own sector (28%) and by the rest of the world (16%). Deficit of non-financial corporations increased by EUR 14,856 million over the observation period, to EUR 41,641 million at the end of 2009. The analysis showed that the financial situation of non-financial corporations deteriorated because of the increased borrowing and lower financial assets.

The financial assets of banks stood at EUR 53,063 million (42% to non-financial companies, 19% to the rest of the world and 16% to households) and liabilities accounted to EUR 51,534 million (35% to the rest of the world and 28% to households) at the end of 2009. Over the observation period banks invested in non-financial corporations (44%), in the rest of the world (27%) and in households (17%) and reduced the investments in central bank, but were financed by the rest of the world (43%) and by households (16%). Rest of the world represented a major source of financing for banks in the period from 2004 to 2009 (the increase of EUR 9,708 million), but in 2008 the impact of financial crisis was already evident, as funding from abroad reached only 32% of funding in 2007. The share of external liabilities in all liabilities of banks declined from 41% at the end of 2007 to 35% at the end of 2009. Banks began to deleverage in the rest of the world in the third quarter of 2008. Deleveraging of banks in the rest of the world have been partly replaced by funding by government, central bank and intra-sectoral.

The financial assets of non-financial corporations stood at EUR 39,274 million (36% to banks and 28% to non-financial companies) and liabilities accounted to EUR 11,662 million (72% to banks) at the end of 2009. Over the observation period households invested in the rest of the world (36%) and in banks (36%), but were financed by banks (80%). Households recorded a surplus of financial assets over liabilities during the observation period, which means that households continue to fund other sectors. The largest increase of surplus was recorded in 2007 (by EUR 3,433 million), but there was a decline in 2008 for the first time (by EUR 1,661 million, mainly as a result of lower financial assets - due to a fall in prices of securities), followed by an increase (by EUR 2,335 million) in 2009. Analysis showed that the worse financial situation of households in Slovenia was a result of lower disposable financial assets, however households' indebtedness in Slovenia was lower than in the euro area.

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6. APPENDIX

6.1. CLASSIFICATION OF SECTORS AND SUB-SECTORS

The Slovenian economy (S.1) consists of resident institutional units.

Non-financial corporations (S.11) are market producers whose principal activity is the production of goods and non-financial services.

The central bank (S.121) is the Bank of Slovenia.

Other monetary financial institutions (S.122) comprise commercial banks, savings banks and money-market funds.

Other financial intermediaries except insurance corporations and pension funds (S.123) comprise:
- mutual funds;
- investment companies (ICs);
- management companies;
- corporations engaged in financial leasing;
- corporations engaged in factoring (trading in claims).

Financial auxiliaries (S.124) include:
- brokerage houses;
- exchange offices;
- institutions providing financial market infrastructure services (e.g. KDD - the Central Securities Clearing Corporation);
- stock exchanges (Ljubljana Stock Exchange).

Insurance corporations and pension funds (S.125) comprise:
- insurance and reinsurance corporations;
- mutual pension funds;
- pension companies.

Central government (S.1311) includes:
- direct state budget spending units (non-governmental, governmental and judicial spending units);
- indirect budget spending units (public institutes and agencies) at state level;
- public funds at state level;
- the Slovene Compensation Fund (SOD).

Local government (S.1313) comprises:
- municipalities;
- regional authorities;
- public funds at municipal level;
- indirect budget spending units at local level.

Social security funds (S.1314) comprise:

- the Health Insurance Institute (ZZZS);
- the Pension and Disability Insurance Institute (ZPIZ);
- Kapitalska Družba (pension fund manager; KAD).

The households sector (S.14) consists of private individuals and sole traders.

Non-profit institutions serving households (S.15) include societies, political parties, trade unions, clubs, associations, religious communities and humanitarian organisations.

The rest of the world (S.2) consists of non-resident units, and comprises S.21 (EU) and S.22 (Others outside the EU). The EU comprises EU Member States, divided into the countries of the EMU (S.2111) and other EU members (S.2112).

6.2. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Category F.1 Monetary gold and SDRs comprises:

- Monetary gold, which is gold held as a component of international reserves by monetary authorities or by others subject to the effective control of the authorities;
- SDRs (special drawing rights), which are international reserve assets created by the International Monetary Fund and allocated to its members to supplement existing reserve assets.

As a rule F.1 is a financial asset of the central bank (S.121). A feature of F.1 is that no institutional unit or sector discloses a liability deriving from the instrument. Only in transactions is the counterpart item disclosed on the side of financial assets of the rest of the world (S.2) in the same amount as it is disclosed by the central bank (S.121), but with a negative sign.

Category F.2 Currency and deposits consists of three sub-categories of financial instruments:

- Sub-category F.21 Currency consists of notes and coins that are commonly used to make payments, and comprises notes and coins in circulation issued by resident monetary authorities and notes and coins in circulation issued by non-resident monetary authorities held by residents. All sectors may hold F.21 as a financial asset. F.21 represents a liability of the unit that issued it (generally the central bank).
- Sub-category F.22 Transferable deposits consists of sight deposits in domestic or foreign currency. Transferable deposits can be converted into currency or transferred by cheque, banker’s order, debit entry or the like, without any kind of significant restriction or penalty. F.22 also includes deposits between monetary financial institutions (such as deposits that other monetary financial institutions hold with the central bank to satisfy compulsory reserve requirements). All sectors may hold F.22 as a financial asset. Liabilities deriving from F.22 are disclosed as a rule by monetary financial institutions (S.121 and S.122) and by the rest of the world (S.2).

- Sub-category F.29 Other deposits consists of deposits that cannot be used to make payments at any time and are not convertible into currency or transferable deposits without any kind of significant restriction or penalty. Other deposits comprise:
  - fixed-term deposits;
  - savings deposits;
  - certificates of deposit that are non-negotiable, or whose negotiability, while theoretically possible, is very limited;
  - repo transactions (repurchase agreements) that are liabilities of monetary financial institutions;
  - repayable margin payments related to financial derivatives that are liabilities of monetary financial institutions;
  - deposits resulting from a savings scheme or contract;
  - evidence of deposits issued by savings and loan associations, building societies, credit unions and the like;
  - claims against and liabilities to the International Monetary Fund;
  - other deposits not included in sub-category F.22.

  All sectors may hold F.29 as a financial asset. Liabilities deriving from F.29 are disclosed as a rule by monetary financial institutions (S.121 and S.122) and by the rest of the world (S.2).

Category F.3 Securities other than shares consists of:

- F.33 Securities other than shares (debt securities), excluding financial derivatives, and is further sub-divided into:
  - F.331 Short-term debt securities, which are securities with an original maturity of one year or less, and comprise:
    - treasury bills and other short-term securities issued by the general government;
    - short-term bills of exchange (own bills, commodity bills, drawn bills, drafts);
    - bills;
    - commercial paper;
    - negotiable certificates of deposit;
    - bankers' acceptances.
  - F.332 Long-term debt securities, which are securities with an original maturity of more than one year, and comprise:
    - bonds;
    - floating rate notes (FRNs);
    - other debt securities with an original maturity of more than one year.
- F.34 Financial derivatives comprises:
  - options, tradable and over-the-counter (OTC);
  - standardised futures, provided that they have a market value because they are tradable or can be offset;
  - swaps, provided that they have a market value because they are tradable or can be offset;

- forward rate agreements, provided that they have a market value because they are tradable or can be offset;
- warrants. Warrants are a special form of tradable option.

All sectors may hold F.3 as a financial asset. F.3 is generally liabilities of non-financial corporations (S.11), financial corporations (S.12), general government (S.13) and the rest of the world (S.2).

Category F.4 is divided into two sub-categories:

- F.41 Short-term loans consists of loans with an original maturity of one year or less;
- F.42 Long-term loans consist of loans with an original maturity of more than one year.

Category F.4 Loans consists of all types of loan created when creditors lend funds to debtors, either directly or through brokers, that are either evidenced by non-negotiable documents or not evidenced by documents. The initiative concerning a loan normally lies with the borrower. F.4 also includes loans to finance trade credits, finance leasing, repurchase agreements, and repayable margin payments related to financial derivatives when these agreements and payments are liabilities of corporations that are not monetary financial institutions. F.4 does not include trade credits or advances. All sectors may hold F.4 as a financial asset and liability.

Category F.5 Shares and other equity comprise:

- F.51 Shares and other equity, excluding mutual funds shares, which comprise:
  - F.511 Quoted shares, namely equity securities quoted on the domestic market or a foreign market;
  - F.512 Unquoted shares, namely equity securities not quoted on the domestic market or a foreign market;
  - F.513 Other equity, namely equity that is not in the form of shares.
- F.52 Mutual funds shares, which comprise:
  - shares in investment companies;
  - investment coupons registered to one or more units of a mutual fund;
  - mutual pension fund units.

All sectors may hold F.51 as a financial asset. F.51 is generally liabilities of non-financial corporations (S.11), financial corporations (S.12) and the rest of the world (S.2). Exceptionally, individual units of general government (S.13) may hold a liability in F.51.

All sectors may hold F.52 as a financial asset. Money market funds (S.122), investment companies and mutual funds (S.123), mutual pension funds (S.125) and the rest of the world (S.2) may hold liabilities in F.52.

Category F.6 Insurance technical reserves comprise the insurance technical reserves of insurance corporations and pension funds against policyholders and beneficiaries, and is divided into two basic sub-categories of financial instruments:

- F.61 Net equity of households in life insurance reserves and in pension funds reserves, which is further sub-divided into:
  - F.611 Net equity of households in life insurance reserves, comprising:
    - net life insurance provisions;
    - net provisions for life insurance policies where the investment risk is borne by the policyholder;
  - F.612 Net equity of households in pension funds reserves, which consists of provisions deriving from pensions.
- F.62 Prepayments of insurance premiums and reserves for outstanding claims, which consists of:
  - net prepayments of insurance premiums;
  - net provisions for bonuses, rebates and cancellations;
  - net reserves for outstanding claims;
  - equalisation reserves;
  - other net insurance technical reserves.

F.611 may be financial assets of households (S.14) as policyholders, and liabilities of insurance corporations (S.125).
F.612 may be financial assets of households (S.14) as policyholders, and is generally a liability of pension funds (S.125).
F.62 may be financial assets of all sectors as policyholders (prepayments of insurance premiums) or beneficiaries (reserves for outstanding claims), and is generally a liability of insurance corporations and pension funds (S.125).

Those who are obliged to report and who create insurance technical reserves report the net technical reserves for the instrument of insurance technical reserves as a liability of the reporter, and allocate them as liabilities to individual sectors/subsectors as policyholders or beneficiaries (e.g. liabilities to households, liabilities to non-financial corporations).

Category F.7 Other accounts receivable/payable consists of:

- F.71 Trade credits and advances, which consists of financial claims or liabilities arising from the direct extension of credit by suppliers and buyers for goods and services transactions, and advance payments for work that is in progress or to be undertaken and associated with such transactions. F.71 includes all as-yet-unpaid claims and liabilities deriving from goods and services. F.71 may be financial assets or liabilities for all sectors;
- F.79 Other accounts receivable/payable, excluding trade credits and advances consists of all other claims and liabilities arising from timing differences between transactions and payments made in respect of taxes, social contributions, wages, rents, dividends, interest

and transactions in financial assets on the secondary market. F.79 may be financial assets or liabilities for all sectors.

As a rule accrued interest is included in the instrument to which the interest relates (e.g. interest on deposits is included in F.2, interest on loans is included in F.4, and interest on securities is included in F.3). However, should it be impossible to include the interest in the relevant instrument, it is disclosed in F.79.