



Jabatan Perangkaan  
MALAYSIA

# FINANCIAL SERVICES & MEASUREMENT OF OUTPUT

Statistical Training Course on Banking, Insurance and Financial Statistics'  
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Organized by:  
Statistical, Economic and Social Research and Training Centre  
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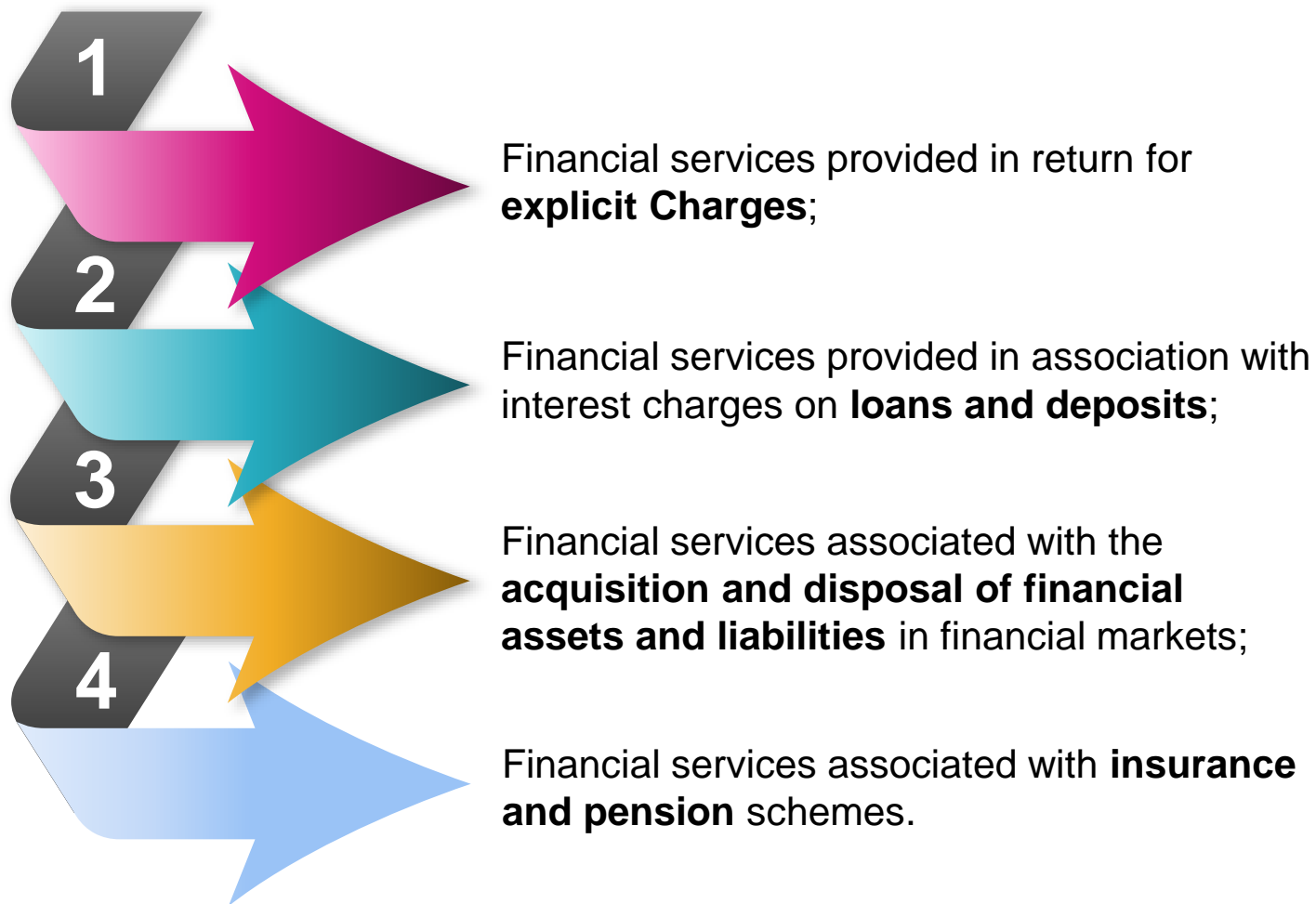
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2016 - 2030

## According to SNA 2008

- Financial services may be paid for **explicitly** or **implicitly**.
- Four main ways in which financial services are provided and charged for may be considered:



- ❑ Examples of explicit charges include:
  - fees paid for getting a bank draft;
  - the annual fees for credit cards; and
  - commissions paid to brokers for the sales and purchases of stocks and shares.
  
- ❑ Examples of implicit charges arise from:
  - the financial services provided in association with interest charges on loans and deposits;
  - the acquisition and disposal of financial assets and liabilities in financial markets; and
  - insurance and pension schemes.
  
- ❑ The financial services provided in association with interest charges on loans and deposits are described in the SNA as FISIM.

Subsector	Method to compute output
<b>Central bank (S121)a</b>	
Monetary policy services	The services are <b>non-market output</b> , which is estimated as the <b>sum of costs</b> (i. e. intermediate consumption, compensation of employees, consumption of fixed capital and other taxes (less subsidies) on production)
Financial intermediation services	The services are market output, which is described as financial intermediation services indirectly measured ( <b>FISIM</b> ) and calculated as: $FISIM = (r_L - rr) \times Y_L + (rr - r_D) \times Y_D$ , where $r_L$ , $r_D$ , $rr$ , $Y_L$ and $Y_D$ represent the lending rate, deposit rate, reference rate, average stock of loans and average stock of deposits respectively
Borderline cases, such as supervisory services	The services may be market or non-market output, depending on whether explicit fees are sufficient to cover the costs of providing such services. Market output is the value of the <b>explicit fees</b> . Non-market output is estimated as the <b>sum of costs</b> (i. e. intermediate consumption, compensation of employees, consumption of fixed capital and other taxes (less subsidies) on production)

Source: Financial Production Flows and Stocks in the SNA

Subsector	Method to compute output
<b>Deposit-taking corporations except the central bank (S122)</b>	<p>Output comprises a combination of the following:</p> <p>(a) <b>Explicit fees</b> charged in lieu of providing services;</p> <p>(b) <b>Financial intermediation services indirectly measured (FISIM)</b>, which is calculated as</p> $(r_L - rr) \times Y_L + (rr - r_D) \times Y_D$ <p>where <math>r_L</math>, <math>r_D</math>, <math>rr</math>, <math>Y_L</math> and <math>Y_D</math> represent the lending rate, deposit rate, reference rate, average stock of loans and average stock of deposits respectively;</p>
<b>Money market funds (MMFs) (S123)</b>	<p>Output comprises a combination of the following fees:</p> <p>(a) Purchase and redemption fees, which are calculated as a percentage of the purchase and redemption values of the units/shares;</p> <p>(b) Exchange fees;</p> <p>(c) Account fees;</p> <p>(d) Annual recurring fees, such as management fees, distribution and/or service fees and other fees based on a percentage of a fund's asset value</p>
<b>Non-MMF investment funds (S124)</b>	<p>Output comprises a combination of the following fees:</p> <p>(a) Purchase and redemption fees which are calculated as a percentage of the purchase value and redemption value of the units/shares;</p> <p>(b) Exchange fees;</p> <p>(c) Account fees;</p> <p>(d) Annual recurring fees, such as management fees, distribution and/or service fees and other fees based on a percentage of a fund's asset value;</p> <p>(e) Performance fees (likely to be more applicable to hedge funds), which are calculated as a percentage of the profits earned by the funds</p>

Source: Financial Production Flows and Stocks in the SNA

Subsector	Method to compute output
<b>Other financial intermediaries, except insurance corporations and pension funds (S125)</b>	
Financial corporations engaged in the securitization of assets	Output is the value of the <b>explicit fees</b>
Security and derivative dealers (operating on own account)	Output is the difference between the buying price (or ask price) and mid-price, and the mid-price and selling price (or bid price) of the financial instrument that is exchanged
Financial corporations engaged in lending, including financial leasing, hire purchase and the provision of personal or commercial finance	Output comprises a combination of the following: (a) <b>Explicit fees</b> ; (b) Implicit financial services provided, which are calculated as $(r_L - rr) \times Y_L$ , where $r_L$ , $rr$ and $Y_L$ represent the lending rate, reference rate and average stock of loans respectively
Central clearing counterparties	Output is the value of the <b>explicit fees</b>
Specialized financial corporations that assist other corporations in raising funds in equity and debt markets and provide strategic advisory services for mergers, acquisitions and other types of financial transactions	Output is the value of the <b>explicit fees</b>
Specialized financial corporations that provide short term financing for corporate mergers and takeovers; export/ import finance; factoring services; venture capital and development capital firms; loans against mortgage on real property by issuing mortgage bonds	Output comprises a combination of the following: (a) <b>Explicit fees</b> ; (b) Implicit financial services provided, which are calculated as $(r_L - rr) \times Y_L$ , where $r_L$ , $rr$ and $Y_L$ represent the lending rate, reference rate and average stock of loans respectively.

Subsector	Method to compute output
<b>Financial auxiliaries (S126)</b>	
Insurance brokers, salvage and claims adjusters (whether employed by the insurance corporation, an independent adjuster or a public adjuster employed by the policyholder), and insurance and pension consultants	Output is the value of the <b>explicit fees</b>
Loan brokers, securities brokers who arrange trades between security buyers and sellers but do not purchase and hold securities on their own account, investment advisers, etc	Output is the value of the <b>explicit fees</b>
Flotation corporations that manage the issue of securities	Output is the value of the <b>explicit fees</b>
Corporations whose principal function is to guarantee, by endorsement, bills and similar instruments	Output is the value of the <b>explicit fees</b>
Corporations that arrange derivative and hedging instruments (without issuing them)	Output is the value of the <b>explicit fees</b>
Corporations providing infrastructure for financial markets, including those providing transaction processing and settlement activities, such as for credit card transactions, as well as securities depository companies, custodians, clearing offices and nominee companies	Output is the value of the <b>explicit fees</b>

Source: Financial Production Flows and Stocks in the SNA

## Continued...Financial auxiliaries

Subsector	Method to compute output
Managers of pension funds, mutual funds, etc. (but not the funds they manage)	Output is computed as follows: (a) For managers of pension funds (i. e. pension administrators), output is the value of the <b>explicit fees</b> ; (b) For managers of mutual funds, output is the value of fees such as management fees and distribution and/or service fees, performance fees (for hedge funds), which are calculated as a percentage of the value of the funds, and performance fees (typically for hedge funds), which are calculated as a percentage of the profits earned by the funds.
Corporations providing stock exchange, insurance exchange, and commodity and derivative exchange	Output is the value of the <b>explicit fees</b>
Foreign exchange bureaux	Output is the difference between the buying price (or ask price) and mid-price, and the mid-price and selling price (or bid price) of the foreign currency that is exchanged.
Non-profit institutions recognized as independent legal entities serving financial corporations, but that do not themselves provide financial services	Output is the value of the explicit fees
Head offices of financial corporations that are principally engaged in controlling financial corporations or groups of financial corporations, but that do not themselves conduct the business of financial corporations	Output is calculated as the value of explicit fees or the sum of costs (i. e. intermediate consumption, compensation of employees, capital costs and other taxes (less subsidies) on production).
Central supervisory authorities of financial intermediaries and financial markets when they are separate institutional units	Output is the value of the explicit fees

Source: Financial Production Flows and Stocks in the SNA



Subsector	Method to compute output
<b>Captive financial institutions and moneylenders (S127)</b>	
Units which are legal entities, such as trusts, estates, agencies' accounts or brass plate companies	Output is estimated as the sum of costs (i. e. intermediate consumption, compensation of employees, capital costs and other taxes (less subsidies) on production)
Holding corporations that hold only the assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the group without providing any other service to the enterprises in which the equity is held, i. e. they do not administer or manage other units	Output is calculated as the value of explicit fees or the <b>sum of costs</b> (i. e. intermediate consumption, compensation of employees, capital costs and other taxes (less subsidies) on production)
Special purpose entities (SPEs) or conduits that qualify as institutional units and raise funds in open markets to be used by their parent corporation	Output is calculated as the value of explicit fees or the sum of costs (i. e. intermediate consumption, compensation of employees, capital costs and other taxes (less subsidies) on production)
Units which provide financial services exclusively with own funds or funds provided by a sponsor to a range of clients and incur the financial risk of the debtor defaulting. They include moneylenders, corporations engaged in lending (providing student and import/export loans, for example) from funds received from a sponsor, such as a government unit or non-profit institution, as well as pawnshops that predominantly engage in lending	Output comprises a combination of the following: (a) Implicit financial services provided, which are calculated as $(r_L - rr) \times Y_L$ , where $r_L$ , $rr$ and $Y_L$ represent the lending rate, reference rate and average stock of loans respectively; (b) Explicit fees

Source: Financial Production Flows and Stocks in the SNA



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# THANK YOU

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