



Department of Statistics
M A L A Y S I A

FINANCIAL SERVICES & MEASUREMENT OF OUTPUT

Statistical Training Course on Banking, Insurance and Financial Statistics'
National Statistics and Information Authority (NSIA) of Afghanistan
17-19 August 2021

Organized by:
Statistical, Economic and Social Research and Training Centre
for Islamic Countries (SESRIC)

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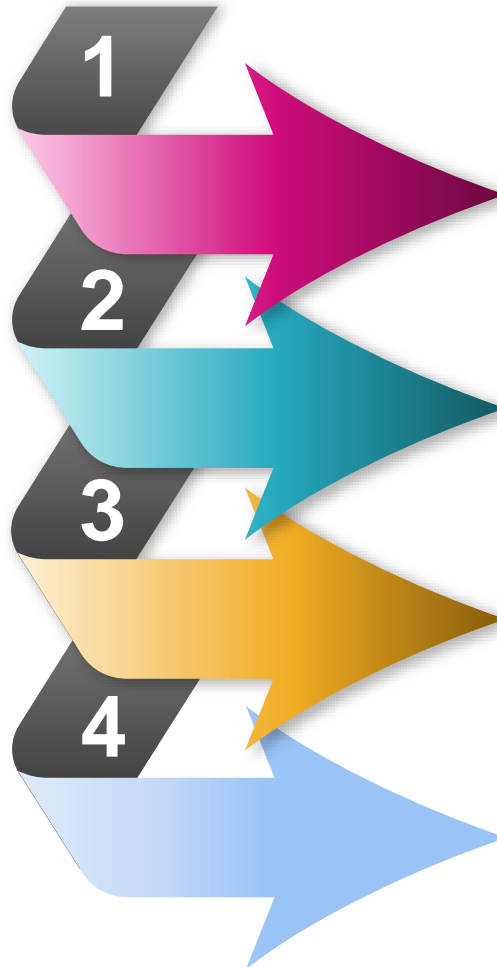
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2016 - 2030

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:



Financial services provided in return for **explicit Charges**;

Financial services provided in association with interest charges on **loans and deposits**;

Financial services associated with the **acquisition and disposal of financial assets and liabilities** in financial markets;

Financial services associated with **insurance and pension** schemes.



CONCEPT OF FINANCIAL SERVICES

- ❑ 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.





1. Central Bank – monthly, quarterly and annual basis
2. Administrative data from regulators
3. Financial and Annual reports of companies
4. Economic Census and Economic Surveys



Subsector	Method to compute output
Central bank (S121)a	
Monetary policy services	The services are non-market output , which is estimated as the sum of costs (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 (FISIM) 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 explicit fees . Non-market output is estimated as the sum of costs (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





OUTPUT OF FINANCIAL CORPORATIONS

Subsector	Method to compute output
<p>Deposit-taking corporations except the central bank (S122)</p>	<p>Output comprises a combination of the following:</p> <ul style="list-style-type: none"> (a) Explicit fees charged in lieu of providing services; (b) Financial intermediation services indirectly measured (FISIM), which is calculated as $(r_L - rr) \times Y_L + (rr - r_D) \times Y_D$ <p>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;</p>
<p>Money market funds (MMFs) (S123)</p>	<p>Output comprises a combination of the following fees:</p> <ul style="list-style-type: none"> (a) Purchase and redemption fees, which are calculated as a percentage of the purchase and redemption values of the units/shares; (b) Exchange fees; (c) Account fees; (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>Non-MMF investment funds (S124)</p>	<p>Output comprises a combination of the following fees:</p> <ul style="list-style-type: none"> (a) Purchase and redemption fees which are calculated as a percentage of the purchase value and redemption value of the units/shares; (b) Exchange fees; (c) Account fees; (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; (e) Performance fees (likely to be more applicable to hedge funds), which are calculated as a percentage of the profits earned by the funds

Source: Financial Production Flows and Stocks in the SNA



OUTPUT OF FINANCIAL CORPORATIONS

Subsector	Method to compute output
Other financial intermediaries, except insurance corporations and pension funds (S125)	
Financial corporations engaged in the securitization of assets	Output is the value of the explicit fees
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) Explicit fees ; (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 explicit fees
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 explicit fees
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) Explicit fees ; (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.





OUTPUT OF FINANCIAL CORPORATIONS



Subsector	Method to compute output
Financial auxiliaries (S126)	
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 explicit fees
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 explicit fees
Flotation corporations that manage the issue of securities	Output is the value of the explicit fees
Corporations whose principal function is to guarantee, by endorsement, bills and similar instruments	Output is the value of the explicit fees
Corporations that arrange derivative and hedging instruments (without issuing them)	Output is the value of the explicit fees
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 explicit fees

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 explicit fees ; (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 explicit fees
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



OUTPUT OF FINANCIAL CORPORATIONS



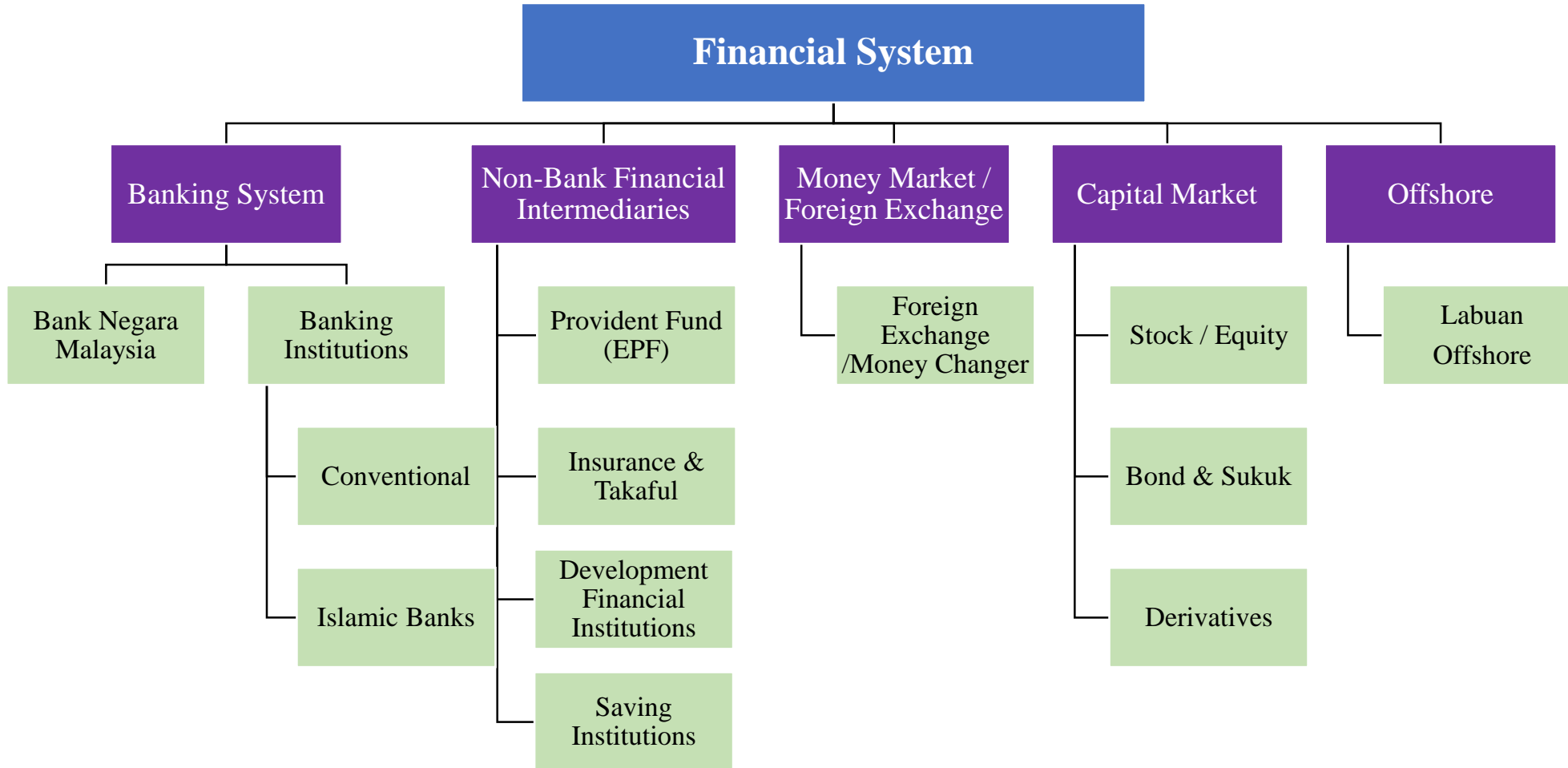
Subsector	Method to compute output
Captive financial institutions and moneylenders (S127)	
Units which are legal entities, such as trusts, estates, agencies' accounts or brass plate companies	Output is estimated as the sum of costs (i. e. intermediate consumption, compensation of employees, capital costs 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 sum of costs (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



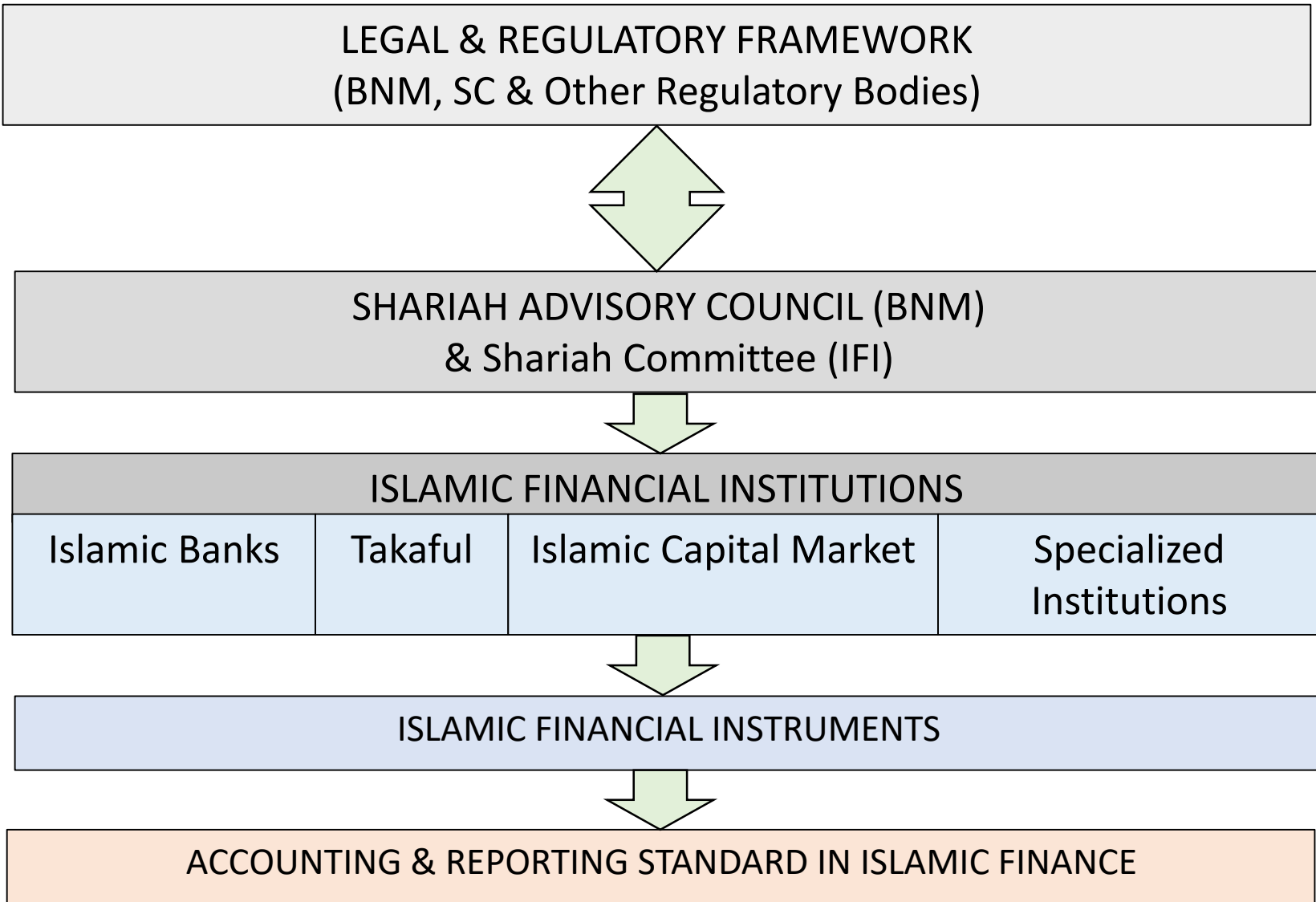


Malaysia Financial System & Structure





Governance of Islamic Financial Services in Malaysia



Abbreviation :
 BNM : Bank Negara Malaysia
 SC : Securities Commission
 IFI : Islamic Financial Institution



SECTION K : FINANCIAL AND INSURANCE/TAKAFUL ACTIVITIES

LEVEL	MSIC 2008 Ver. 1.0
DIVISION	3
GROUP	10
CLASS	18
ITEM	64

This section includes financial service activities, including insurance, reinsurance, takaful, retakaful and pension funding activities, and activities to support financial services.

This section also includes the activities of holding assets, such as activities of holding companies and the activities of trusts, funds and similar financial entities.

FINANCIAL SERVICE ACTIVITIES, EXCEPT INSURANCE/TAKAFUL AND PENSION FUNDING

This division includes the activities of obtaining and redistributing funds other than for the purpose of insurance/takaful or pension funding or compulsory social security.

GROUP 641 Monetary intermediation

This group includes the obtaining of funds in the form of transferable deposits, i.e. funds that are fixed in money terms, and obtained on a day-to-day basis and, apart from central banking, obtained from non-financial sources.

GROUP 642 Activities of holding companies

This group includes the activities of holding companies, i.e. units that hold the assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity owns the group. The holding companies in this group do not provide any other service to the businesses in which the equity is held, i.e. they do not administer or manage other units.

GROUP 643 Trusts, funds and similar financial entities

This group includes legal entities organized to pool securities or other financial assets, without managing, on behalf of shareholders or beneficiaries. The portfolios are customized to achieve specific investment characteristics, such as diversification, risk, rate of return, and price volatility. These entities earn interest, dividends, and other property income, but have little or no employment and no revenue from the sale of services.



Malaysia Industrial Classification of Financial Sector

CLASS	ITEM	DESCRIPTION
6411		Central banking
	64110	Central banking
6419⁽¹⁾		Other monetary intermediation
	64191	Commercial Banks
	64192	Islamic Banks
	64193	Offshore Banks ⁽²⁾
	64194	Investment Banks
	64195	Development financial institutions (with deposits taking functions) ⁽³⁾
	64199	Other monetary intermediation (with deposits taking functions) n.e.c.
6420⁽¹⁾		Activities of holding companies
	64200	Activities of holding companies
6430⁽¹⁾		Trusts, funds and similar financial entities
	64301	Venture capital companies ⁽²⁾
	64302	Unit trust fund excludes REITs
	64303	Property unit trust (REITs)
	64304	Other administration of trusts accounts
	64309	Trusts, funds and similar financial entities n.e.c.
6491⁽¹⁾		Financial leasing
	64910	Financial leasing activities ⁽²⁾
6492⁽³⁾		Other credit granting
	64921	Development financial institutions (without deposits taking functions) ⁽⁴⁾
	64922	Credit card services
	64923	Licensed money lending activities
	64924	Pawnshops and pawnbrokers includes Ar-Rahnu
	64925	Co-operative with credits functions
	64929	Other credit granting n.e.c.
6499⁽¹⁾		Other financial service activities, except insurance/takaful and pension funding activities, n.e.c.
	64991	Factoring companies
	64992	Representative office of foreign banks
	64993	Nominee companies
	64999	Other financial service activities, except insurance/takaful and pension funding n.e.c.





INSURANCE/TAKAFUL, REINSURANCE/RETAKAFUL AND PENSION FUNDING, EXCEPT COMPULSORY SOCIAL SECURITY

This division includes the underwriting annuities and insurance policies/takaful certificates and investing premiums/contributions to build up a portfolio of financial assets to be used against future claims. Provision of direct insurance/takaful and reinsurance/retakaful are included.

GROUP 651 Insurance/Takaful

This group includes life insurance/family takaful and life reinsurance/family retakaful with or without a substantial savings element and other non-life insurance/non-family takaful.

GROUP 652 Reinsurance/Retakaful

This group includes the activities of assuming all or part of the risk associated with existing insurance policies/takaful certificates originally underwritten by other insurance/takaful carriers.

GROUP 653 Pension funding and provident funding

This group includes legal entities (i.e. funds, plans and/or programmed) organized to provide retirement income benefits exclusively for the sponsor's employees or members. This includes pension plans with defined benefits, as well as individual plans where benefits are simply defined through the member's contribution.

CLASS	ITEM	DESCRIPTION
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6511		Insurance/Takaful
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65111	Life insurance
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65112	Family takaful
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6512		General insurance
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65121	General insurance
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65122	General takaful
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65123	Composite insurance
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65124	Offshore insurance
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65125	Offshore takaful ⁽¹⁾
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6520		Reinsurance/Retakaful
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65201	Life reinsurance
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65202	Family retakaful
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65203	General reinsurance
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65204	General retakaful
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65205	Composite retakaful
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65206	Offshore reinsurance
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65207	Offshore retakaful
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CLASS	ITEM	DESCRIPTION
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6530 ⁽¹⁾		Pension and provident funding
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65301	Pension funding ⁽²⁾
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65302	Provident funding
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ACTIVITIES AUXILIARY TO FINANCIAL SERVICE AND INSURANCE/ TAKAFUL ACTIVITIES

This division includes the provision of services involved in or closely related to financial service activities, but not themselves providing financial services. The primary breakdown of this division is according to the type of financial transaction or funding served.

GROUP 661 Activities auxiliary to financial service activities, except insurance/takaful and pension funding

This group includes the furnishing of physical or electronic marketplaces for the purpose of facilitating the buying and selling of stocks, stock options, bonds or commodity contracts.

GROUP 662 Activities auxiliary to insurance/takaful and pension funding

This group includes acting as agents (i.e. brokers) in selling annuities and insurance policies/takaful certificates or providing other employee benefits and insurance/takaful and pension related services such as claims adjustment and third party administration.

GROUP 663 Fund management activities

This group includes portfolio and fund management activities on a fee or contract basis, for individuals, businesses and others.

CLASS	ITEM	DESCRIPTION	CLASS	ITEM	DESCRIPTION
6611		Administration of financial markets	6621 ⁽¹⁾		Risk and damage evaluation
	66111	Stock exchanges		66211	Insurance adjusting service
	66112	Exchanges for commodity contracts		66212	Takaful adjusting service
	66113	Securities exchange	6622		Activities of insurance/takaful agents and brokers
	66114	Exchanges for commodity futures contracts		66221	Insurance agents
	66119	Administration of financial markets n.e.c.		66222	Takaful agents
6612 ⁽¹⁾		Security and commodity contracts brokerage		66223	Insurance brokers
	66121	Stock, share and bond brokers		66224	Takaful brokers
	66122	Commodity brokers and dealers	6629 ⁽²⁾		Other activities auxiliary to insurance, takaful and pension funding
	66123	Gold bullion dealers		66290	Other activities auxiliary to insurance, takaful and pension funding ⁽³⁾
	66124	Foreign exchange broker and dealers (Bureaux de change)			
	66125	Money-changing services	6630		Fund management activities
	66129	Other financial and commodity futures brokers and dealers		66301	Management of pension funds
6619 ⁽²⁾		Other activities auxiliary to financial service activities		66302	Assets/portfolio management
	66191	Investment advisory services		66303	Unit trust management companies
	66192	Financial consultancy services			
	66199	Activities auxiliary to finance n.e.c.			



System of National Accounts 2008



European Commission



International Monetary Fund



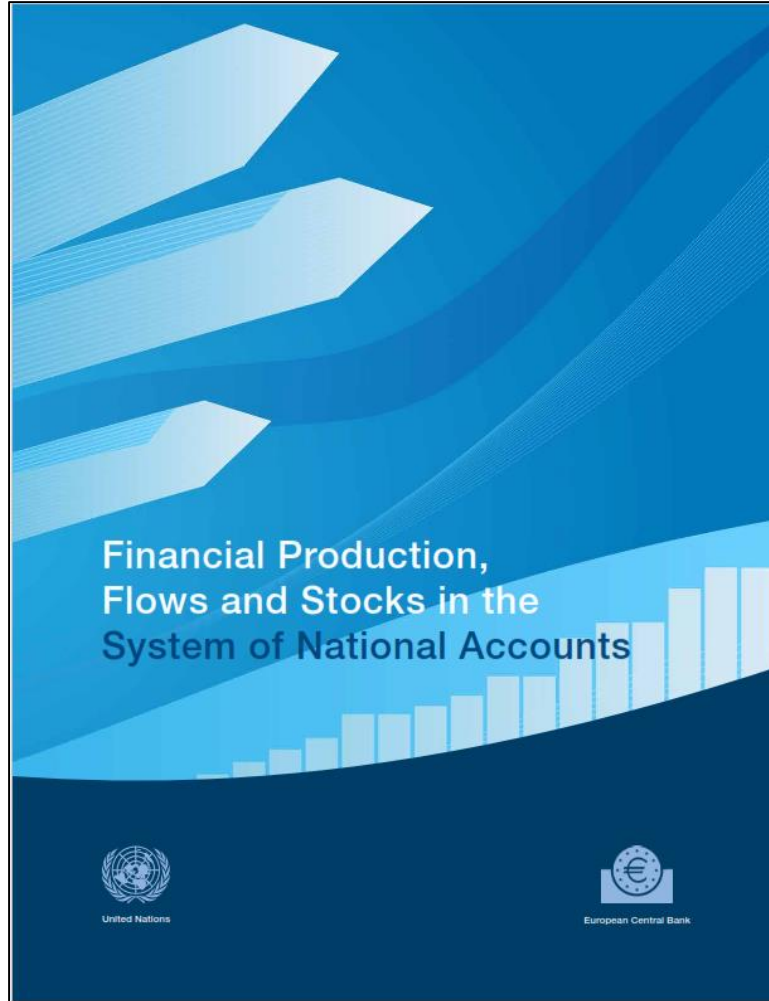
Organisation for Economic
Co-operation and Development



United Nations



World Bank



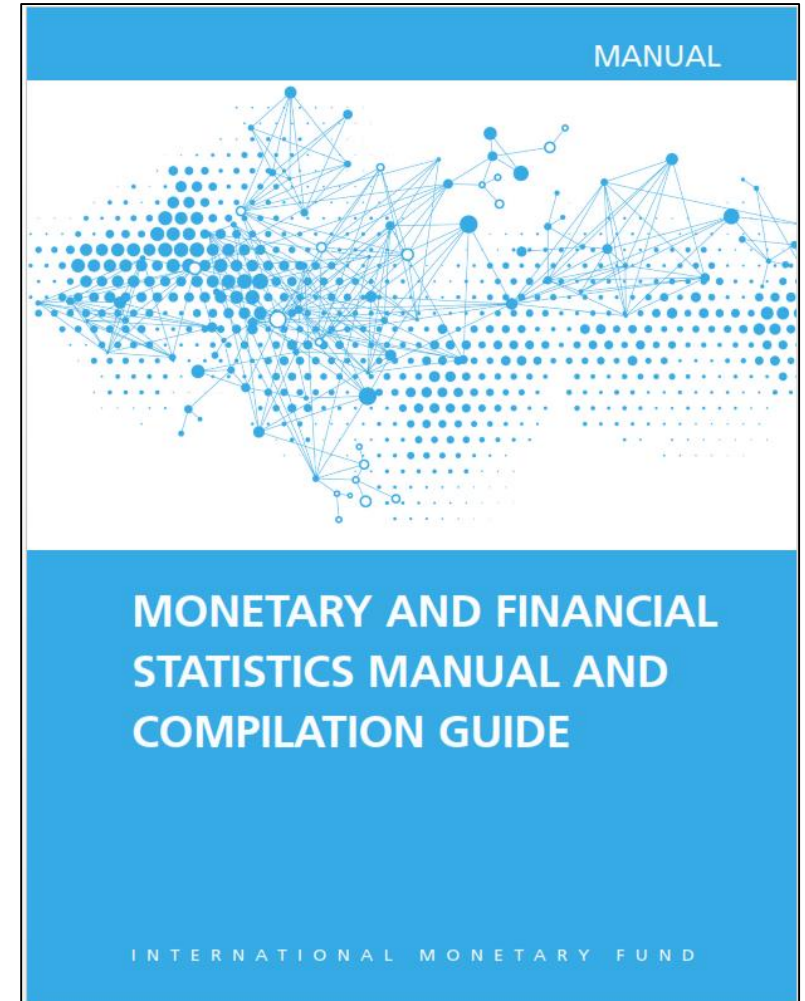
Financial Production, Flows and Stocks in the System of National Accounts



United Nations



European Central Bank



MANUAL

MONETARY AND FINANCIAL STATISTICS MANUAL AND COMPILATION GUIDE

INTERNATIONAL MONETARY FUND



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