

Compendium

Financial corporations

Financial corporations including monetary financial institutions, insurance corporations and pension funds, and other financial corporations.

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The financial corporations sector (S.12) consists of institutional units that are independent legal entities and market producers, and whose principal activity is the production of financial services. Such institutional units comprise all corporations and quasi corporations that are principally engaged in:

- financial intermediation (financial intermediaries)
- auxiliary financial activities (financial auxiliaries)

Also included are institutional units providing financial services, where most of either their assets or their liabilities are not transacted on open markets.

Financial intermediation is the activity in which an institutional unit acquires financial assets and incurs liabilities on its own account by engaging in financial transactions on the market. The assets and liabilities of financial intermediaries are transformed or repackaged in relation to, for example, maturity, scale or risk in the financial intermediation process. Auxiliary financial activities are activities related to financial intermediation, but which do not involve financial intermediation themselves.

Financial corporations are presented in the following groupings:

- monetary financial Institutions (MFI)
- insurance corporations and pension funds (ICPF)¹
- financial corporations except MFI and ICPF

Further information on sector classifications and classification decisions can be found in [Economic statistics classifications](#).

Notes:

1. This combines the pension entitlements of households held in both private and public sector pension schemes and also represents the value of the deficit of these pension schemes. This is calculated as the liabilities of pension funds minus their assets.

For private sector pension schemes, the calculation to produce an annual, end-year estimate of private sector employees' defined benefit pension entitlements is based on updated data on the full buyout (FBO) liabilities reported in the Pension Protection Fund (PPF) Purple Book. This is now consistent with the latest Purple Book, which has figures as at 31 March 2019. The Office for National Statistics (ONS) has also used administrative data from the Pensions Regulator, first used in Blue Book 2018, to update the estimate of private sector employees' defined contribution pension entitlements.

For public sector pension schemes, public sector employees' pension entitlements have been updated for 2016 to 2018 using the latest administrative data, including information from the 2016 triennial valuation of the Local Government Pension Scheme (LGPS) and results from ONS pensions surveys.

Additionally, the ONS has updated total pension scheme net assets for the private and public sectors. The update for the private sector is based on data from the ONS's new Financial Survey of Pension Schemes, replacing forecasts from 2018 onwards. For the public sector, the source of revision is a mixture of the latest administrative and survey data relating to the sector, replacing a forecast for 2017 onwards.