

Article

Economic Statistics Transformation Programme: enhanced financial accounts (UK flow of funds) – Financial Services Survey 266 - quarterly return of assets and liabilities

Experimental statistics from the ONS Financial Services Survey (FSS 266) quarterly return of assets and liabilities.

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1 . Abstract

The Office for National Statistics (ONS) has previously announced a series of articles that will provide [separate experimental balance sheet statistics](#) for each of the [European System of Accounts 2010](#) (ESA 2010) financial sub-sectors S.123 to S.127. This article presents experimental statistics from the [ONS Financial Services Survey \(FSS 266\) Quarterly Return of Assets and Liabilities](#). This is the first time experimental statistics from the FSS 266 have been published, and covers financial activities outside of the traditional financial sectors of banking, investment, insurance and pension funds. Examples of non-traditional financial activities sampled by the FSS 266 include non-bank financial intermediation, lending, financial leasing, factoring, securities dealing, securitisation, financial auxiliaries and non-bank holding companies.

The publication of FSS 266 experimental statistics is an important development in UK financial statistics and supports the [joint ONS-Bank of England flow of funds initiative](#). The FSS 266 was created to improve the quality of the estimates in the [UK National Accounts'](#) financial sector.

We welcome feedback on this article and the subsequent articles in this series. Please contact us via FlowOfFundsDevelopment@ons.gov.uk if you would like to share feedback with us.

2 . Introduction

We have previously announced a series of articles that will provide [separate experimental balance sheet statistics](#) for each of the [European System of Accounts 2010](#) (ESA 2010) financial sub-sectors S.123 to S.127. These experimental statistics will, after making any necessary improvements and in combination with other data sources, be used as the basis to improve the [UK National Accounts](#) for these financial sub-sectors. The articles will present experimental balance sheet statistics for each of the ESA 2010 sectors not separately published in the [UK National Accounts, The Blue Book 2017 edition](#), that is S.123, S.125, S.126 and S.127. Experimental statistics will also be presented for S.124.

This article is the third in the series of previously announced ONS shadow banking articles and follows on from the [Shadow Banking Introductory article](#) and [S.123 money market funds \(MMFs\) article](#). Experimental statistics for S.124 non-money market funds (NMMFs) will be published in a forthcoming article. Future articles will compare multiple data sources, including the experimental statistics from the FSS 266, to determine the most appropriate data source for each financial instrument, sector and counterparty.

This article presents experimental statistics from the [ONS Financial Services Survey \(FSS 266\) Quarterly Return of Assets and Liabilities](#). This is the first time experimental statistics from the FSS 266 have been published, and covers financial activities outside of the traditional financial sectors of banking, investment, insurance and pension funds. Examples of non-traditional financial activities and firms sampled by the FSS 266 include non-bank financial intermediation, non-bank lending, financial leasing, factoring, securities dealing, securitisation, financial auxiliaries and non-bank holding companies.

This article considers the FSS 266 in the context of the UK National Accounts and the [joint ONS and Bank of England \(BoE\) "flow of funds" \(FoF\) initiative](#). Since December 2014, ONS and the BoE have been working in partnership to improve the [FoF statistics](#) for the UK. The FoF initiative builds upon the existing statistics that we already publish in the [UK Economic Accounts \(UKEA\) and annual financial accounts \(Blue Book and Pink Book\)](#). The FoF initiative will present a full set of experimental "from whom to whom" (W2W) financial accounts and balance sheets in 2019, with the ambition of incorporating these statistics into the [UK National Accounts](#) in 2021.

The full set of experimental statistics published in 2019 will be consistent with the concepts and definitions in the [European System of Accounts 2010](#) (ESA 2010), which is the legislative framework within the European Statistical System. The ONS-BoE FoF initiative aims to develop W2W estimates for financial account transactions and balance sheet levels, publishing the counterparty relationships for each financial instrument rather than the total asset and/or liability position for each institutional sector in isolation. Prior to incorporating these experimental statistics into the UK National Accounts in 2021, some experimental statistics are being published via a series of S.123 to S.127 articles during 2018. This article on FSS 266 is the latest in this series of experimental statistics articles.

As experimental statistics, they are still under active development and are not comparable with the UK National Accounts. Experimental statistics are published to inform and involve users in the development process. The release of experimental statistics at the earliest opportunity is an objective of the ONS-BoE FoF initiative, as it provides users with early sight of developments and the opportunity to submit feedback. Further work is required on the experimental statistics presented in this article.

One of the main objectives of the joint ONS-BoE FoF initiative is to develop data sources for the financial activities within S.125 to S.127. The publication of the FSS 266's experimental statistics demonstrates good progress towards the objective of improving the S.125 to S.127 coverage in the UK National Accounts. The FSS 266 was created to help improve the quality of the estimates in the UK National Accounts' financial sector.

The introduction of the quarterly [Financial Services Survey 266 \(FSS 266\)](#) in Quarter 1 (Jan to Mar) 2015) has been one of the main recent developments in ONS financial statistics. Data for the FSS 266 is obtained by sampling 20 [Standard Industrial Classification](#) (SIC) codes. The FSS 266 initially collected quarterly data during 2015 from 20 SIC codes. The FSS questionnaires were improved with effect from the Quarter 1 2016 survey to reflect respondents' feedback.

FSS 266 experimental statistics for eight quarters (Quarter 1 (Jan to Mar) 2016 to Quarter 4 (Oct to Dec) 2017) are presented in this article.

The FSS 266 experimental statistics for financial assets and liabilities are presented in this article by:

1. Financial instrument
2. SIC group
3. SIC code

In Quarter 4 2017 the 20 SIC codes sampled by the FSS 266 had combined financial asset holdings of £4.6 trillion. Securities dealing on own account (64.991) and non-bank holding companies being the two largest contributors to FSS 266 total financial asset holdings, being jointly responsible for more than 80% of total FSS 266 financial assets and liabilities.

An important improvement arising from the new FSS data and other new data sources will be to significantly improve coverage of the UK's shadow banking (market-based finance) activities and to incorporate these improvements into the [UK National Accounts](#). Publishing the FSS 266's experimental statistics will assist with providing UK data to international organisations that monitor shadow banking (market-based finance), such as the [Financial Stability Board \(FSB\)](#), [G20 DGI-2](#) and [IMF SDDS plus \(SDDS+\)](#).

Shadow banking, in the context of this article, is defined using the FSB's definition of [credit intermediation involving entities and activities \(fully or partly\) outside of the regular banking system \(PDF, 3.28MB\)](#), for example, securitisation and debt-financed lending. Note that not all of the non-traditional financial activities sampled by the FSS 266 fall within the FSB's narrow definition of shadow banking, with financial auxiliary activities being perhaps the most obvious example.

As noted in the [Global Shadow Banking Monitoring Report 2017 \(PDF, 3.28MB\)](#), some authorities and market participants prefer to use other terms such as “market-based finance” instead of “shadow banking”. The FSB uses the term shadow banking as this is the most commonly employed and, in particular, has been used in earlier G20 communications. This article adopts the FSB’s approach by using the term shadow banking, however the equivalent term of market-based finance is also shown in parentheses.

3 . S.125 to S.127 Financial assets and liabilities

UK National Accounts data

The 20 [Standard Industrial Classification](#) (SIC) codes sampled by the [Financial Services Survey 266 \(FSS 266\)](#) cover most, but not all, of the financial activities contained within the [European System of Accounts 2010](#) (ESA 2010) S.125 to S.127 financial sub-sectors:

- S.125 other financial intermediaries (except insurance corporations and pension funds)
- S.126 financial auxiliaries
- S.127 captive financial institutions and money lenders

Since the [Financial Services Survey 266 \(FSS 266\)](#) does not capture all financial activities contained within S.125 to S.127, direct comparisons between the FSS 266 experimental statistics presented in this article and those from the [UK National Accounts](#) for S.125 to S.127 are not possible.

The following tables present end-2016 data from the UK National Accounts 2017 Blue Book for S.124 to S.127 and S.125 to S.127.

Table 1: S.125 to S.127 financial assets end-2016

ESA 2010 Financial sub-sectors	£ billions
S.124-S.127	5,969.8
S.124	967.4
S.125-S.127	5,002.4

Source: UK National Accounts 2017 Blue Book, Tables 4.3.11 and 4.3.11
A

Table 2: S.125 to S.127 financial liabilities end-2016

ESA 2010 Financial sub-sectors	£ billions
S.124-S.127	6,233.3
S.124	1,088.5
S.125-S.127	5,144.8

Source: UK National Accounts 2017 Blue Book, Tables 4.3.11 and 4.3.11
A

In summary, according to the national accounts, the total assets and liabilities of S.125 to S.127 were around £5 trillion at end-2016.

To provide some context for this approximate £5 trillion of financial assets and liabilities for S.125 to S.127, they are compared in the table below with the other ESA 2010 financial sub-sectors assets data for end-2016. The S.121-S.129 data is taken from the 2017 UK National Accounts.

The FSS 266 experimental statistics presented in this article are also shown, even though the FSS 266 does not capture all of the financial activities contained within S.125 to S.127.

Table 3: UK financial sectors' financial assets end-2016

Financial Activities	£ trillion
FSS 266 Experimental Statistics	4.652
S.121-S.123 Monetary Financial Institutions (MFIs)	11.997
S.124 Non-Money Market Funds (NMMFs)	0.967
S.125-S.127	5.002
S.128-S.129 Insurance Corporations and Pension Funds (ICPFs)	4.246

Source: UK National Accounts 2017 Blue Book.

From Table 3 it can be seen that the financial assets of S.125 to S.127 at end-2016 were £5 trillion, and that they:

- were only exceeded by the monetary financial institutions (S.121-S.123) combined sub-sectors (£12 trillion), mostly banking
- were more than four times greater than the investment non-money market funds' (S.124) assets (£1 trillion)
- exceeded the combined financial assets of the insurance corporations (S.128) and pension funds (S.129) sub-sectors (£4.2 trillion)

In summary, at end-2016, the S.125 to S.127 financial sub-sectors had the second largest financial assets in the UK financial sector S.12. The table above also demonstrates the relative importance of the 20 financial SIC codes sampled by the FSS 266, even though they only provide partial coverage of S.125 to S.127.

FSS 266 Data

FSS 266 Financial instrument experimental statistics

The following tables provide the financial instrument composition of the FSS 266's experimental statistics for assets and liabilities at the end of 2016 and 2017.

Table 4: FSS 266 financial assets by financial instrument (£ billions)

FSS 266 Financial Assets by Financial Instrument (£ billions)	2016 Q4	2017 Q4
AF.2 Deposits	328	329
AF.3 Debt Securities	96	102
AF.3 Loans	1,231	1,243
AF.5 Equities, Shares & Units	1,579	1,711
AF.71 Derivatives	1,136	925
Other	282	296
Total Assets	4,652	4,605

Source: Financial Services Survey 266 article

Table 5: FSS 266 financial liabilities by financial instrument (£ billions)

FSS 266 Financial Liabilities by Financial Instrument (£ billions)	2016 Q4	2017 Q4
AF.3 Debt Securities	202	217
AF.3 Loans	1,734	1,785
AF.5 Equity issued, Share Premium and Reserves	1,712	1,865
AF.71 Derivatives	1,119	915
Other	340	336
Total Liabilities	5,107	5,117

Source: Financial Services Survey 266 article

4 . Experimental statistics status

The [Financial Services Survey 266 \(FSS 266\)](#) experimental statistics published in this article are at an early stage of development, and they are not yet sufficiently well developed to be included in the [UK National Accounts](#). For this reason, the results obtained from the FSS 266 are termed “experimental statistics”. They are being published now to provide an update on the [joint ONS and Bank of England \(BoE\) “flow of funds” \(FoF\) initiative](#).

As experimental statistics, they are still under active development. Experimental statistics are published to inform and involve users in the development process. The release of experimental statistics at the earliest opportunity is an objective of the ONS-BoE FoF initiative, as it provides users with early sight of developments and the opportunity to submit feedback. Further work is required on the experimental statistics presented in this article. As the FSS 266 experimental statistics are still under active development they are not comparable with UK National Accounts data.

The FSS 266 remains under development and improvements to its current coverage and sampling are under active consideration. It is likely that the publication of the FSS 266 experimental statistics will result in further suggestions for improvements from stakeholders, academic and financial sector, in addition to those coming from within ONS. It is currently anticipated that appropriate improvements made to the FSS during 2018 will be introduced in Quarter 1 (Jan to Mar) 2019. Some of the FSS 266 improvements expected for Quarter 1 2019 are improved sampling of the institutions in S.125 to S.127 and improved balancing of assets and liabilities. Revisions to the FSS 266 experimental statistics being published in this article should therefore be expected.

We have ambitions to implement longer-term improvements to the questionnaire to improve the usefulness of the data to the [UK National Accounts](#) and the [ONS-BoE FoF initiative](#), particularly the provision of shadow banking data to international organisations that monitor shadow banking (market-based finance), such as the [Financial Stability Board \(FSB\)](#), [G20 DGI-2](#) and [IMF SDDS plus \(SDDS+\)](#).

For the 2021 UK National Accounts, FSS 266 data will be used in conjunction with data from other sources such as commercial data providers, the Bank of England and other ONS surveys. Data obtained from the nine ESA 2010 financial sub-sectors (S.121 to S.129) will be integrated to provide the most comprehensive and accurate FoF matrices, as required by the ONS-BoE FoF initiative. The full set of [European System of Accounts 2010](#) (ESA 2010) financial sub-sectors are shown below.

- S.121 Central bank
- S.122 Deposit-taking corporations – except the central bank
- S.123 Money market funds (MMFs)
- S.124 Non-MMF investment funds (NMMFs)
- S.125 Other financial intermediaries – except insurance corporations and pension funds
- S.126 Financial auxiliaries
- S.127 Captive financial institutions and money lenders
- S.128 Insurance corporations (IC)
- S.129 Pension funds (PF)

Although the FSS 266 provides incomplete coverage of the sub-sectors S.125 to S.127, the FSS 266 is still expected to be a primary source of data for S.125 to S.127. Other data sources will be required to supplement and complement the FSS 266 to provide complete coverage of the financial activities within the sub-sectors S.125 to S.127.

An example of a non-FSS 266 data source is the Bank of England. The Bank of England is expected to provide the following data to complement the data provided by FSS 266:

- bank securitisations
- bank holding companies

The key point is that the FSS 266 doesn't sample either of the above financial activities and so alternative data source(s) are required to populate them, in this case the Bank of England. Other data sources such as commercial data sources are also being investigated to determine what data they might potentially contribute to S.125 to S.127.

In summary, the FSS 266 experimental statistics status and the FSS 266's incomplete coverage of S.125 to S.127, means that the FSS 266 experimental statistics published in this article are not comparable with existing official data sources such as the UK National Accounts. Other data sources will be used to complement the FSS 266 to provide complete coverage of S.125 to S.127.

5 . Financial Services Survey

The [Financial Services Survey on assets and liabilities \(FSS 266\)](#) primarily provides data on stocks of financial assets and liabilities, and also collects some financial instrument counterparty and transactions data. The FSS 266 is a representative sample of the population. The FSS 266 experimental statistics presented in this article are the grossed-up results, and are designed to be representative of the population, rather than the raw FSS 266 survey results themselves.

Since data for the individual [European System of Accounts 2010](#) (ESA 2010) financial sub-sectors S.125, S.126 and S.127 are currently unavailable in the [UK National Accounts](#). The FSS 266 was created to help improve the quality of the estimates in the UK National Accounts' financial sector.

The FSS 266 provides some, but not all, of the counterparty information required by the [joint ONS and Bank of England \(BoE\) "flow of funds" \(FoF\) initiative](#), particularly for the [European System of Accounts 2010](#) (ESA 2010) S.2 Rest of the World (ROW) sector. Improving the FSS 266 counterparty data has been identified as one of the key areas for future improvement in the questionnaire.

The FSS consists of two surveys:

- Financial Services Survey 266 (FSS 266): quarterly return of assets and liabilities
- Financial Services Survey 267 (FSS 267): quarterly return of income and expenditure

The FSS 266 and FSS 267 currently use identical samples of approximately 2,000 to collect information on most, but not all, financial activities within the following [European System of Accounts 2010](#) (ESA 2010) financial sub-sectors:

- S.125 Other financial intermediaries
- S.126 Financial auxiliaries
- S.127 Captive financial institutions and money lenders

Some improvements to the [UK National Accounts](#) have already been made using FSS data for securities dealers, see the [ONS June 2017 article](#) for further details. Securities dealers receive their own dedicated version of the FSS forms.

FSS SICs

For the ESA 2010 sub-sectors S.125 to S.127, the primary, but not exclusive, source of FoF experimental statistics is expected to be the FSS 266.

There are 21 [Standard Industrial Classification](#) (SIC) codes that map approximately to the ESA 2010 financial sub-sectors S.125 to S.127. The FSS 266 samples 20 of these 21 SIC codes. The approximate mappings of these FSS 20 SIC codes to ESA 2010 sub-sectors was described in the [Shadow Banking Introductory article](#).

The only SIC code not sampled by the FSS 266 within S.125 to S.127 is SIC 64.922 mortgage finance companies which maps to an element of S.125. Non-FSS 266 source(s) will be used to populate SIC 64.922 mortgage finance companies.

FSS 266 Standard Industrial Classifications (SICs) coverage

The FSS 266 covers most but not all financial activities within the ESA 2010 financial sub-sectors S.125 to S.127. The financial activities sampled by the FSS are very heterogenous and this is reflected in the fact that the FSS 266 samples 20 of the UK's 34 financial [Standard Industrial Classification](#) (SIC) codes.

Securities dealing on own account (SIC 64.991) and non-bank holding companies are by far the two largest contributors to FSS 266 total financial asset holdings, jointly accounting for more than 80% of total FSS 266 financial assets and liabilities.

The full list of 20 financial SICs codes sampled by the FSS 266 is shown in Table 6.

Table 6: FSS 266 sampled standard industrial classifications (SICs) codes

FSS 266 Sampled Standard Industrial Classifications (SICs) Codes

1	64.201 Agricultural Holding Companies
2	64.202 Production Holding Companies
3	64.203 Construction Holding Companies
4	64.204 Distribution Holding Companies
5	64.205 Financial Services Holding Companies
6	64.209 Other Holding Companies - not elsewhere classified (n.e.c)
7	64.303 Venture and Development Capital Companies
8	64.91 Financial Leasing
9	64.921 Credit Granting by Non-Deposit taking Finance Houses and Other Specialist Consumer Credit Grantors
10	64.929 Other Credit Granting n.e.c. - Excluding 64.921 & 64.922 (64.929 = 64.92-64.921-64.922)
11	64.991 Security Dealing on Own Account
12	64.992 Factoring
13	64.999 Other Financial Service Activities n.e.c. (except Insurance and Pension Funding) Excluding 64.991 & 64.992
14	66.11 Administration of Financial Markets
15	66.12 Security and Commodity Contracts Brokerage
16	66.19 Other Activities Auxiliary to Financial Services (except Insurance and Pension Funding)
17	66.21 Risk and Damage Evaluation
18	66.22 Insurance Agents and Brokers
19	66.29 Other Activities Auxiliary to Insurance and Pension Funding
20	66.3 Fund Management Activities

Source: Redevelopment of the Financial Services and Securities Dealers Surveys, Office for National Statistics. UK Standard Industrial Classification 2007

In some cases the FSS 266 is not the only source of experimental statistics for the aforementioned 20 SICs codes. For example, the Bank of England's data on S.122 deposit taking corporations' deposits (liabilities) and loans (assets) can be compared to FSS 266 data on the deposits made and loans received by non-deposit taking financial entities. The Bank of England's forms [AD \(XLS, 189KB\)](#) and [AL \(XLS, 260KB\)](#) provide [the data for S.122 deposit-taking corporations' deposits and lending activities respectively](#).

Bank of England form AD - analysis of deposits from UK residents

"This is an [industrial analysis of deposits](#) (including liabilities incurred under sale and repurchase agreements) received from UK residents other than monetary financial institutions (MFIs). MFIs are defined as banks and building societies and other monetary financial institutions."

Bank of England form AL - analysis of lending to UK residents

"This is an [industrial analysis of loans and advances](#) (including claims made under sale and repurchase agreements), finance leases, and facilities granted to UK residents other than monetary financial institutions. Funds placed with UK monetary financial institutions (banks and building societies) or non-residents or facilities related to them should not be included in this return. Lending for special schemes for exports (regarded as lending to non-residents) is also excluded."

The [Bank of England Classification Guide \(PDF, 1.24MB\)](#) provides details of the industrial classification used in the Bank of England's deposits form (AD) and lending form (AL). Lending and deposit-taking are grouped into 18 broad industrial categories, which are based on the UK [Standard Industrial Classification](#) 2007

A future ONS-BoE FoF article will compare data from FSS 266, Bank of England, commercial and other sources for S.125 to S.127.

Unsampled financial activities

A consequence of incomplete coverage of S.125 to S.127 by FSS 266, is that it's data are not comparable with data from the UK National Accounts. In particular, the following financial activities within S.125 to S.127 are not sampled by the FSS 266.

- bank securitisations (S.125)
- mortgage finance companies SIC 64.922 (S.125)
- financial head offices (S.126)
- bank holding companies (S.127)

The Bank of England is expected to provide the following data to complement the data provided by FSS 266:

- bank holding companies
- bank securitisations

The key point is that the FSS 266 doesn't sample either of the above financial activities and so alternative data source(s) are required to populate them, in this case the Bank of England

Data on the above financial activities will be provided by non-FSS 266 sources.

6 . Financial instruments coverage

This section provides a brief list of the main [European System of Accounts 2010](#) (ESA 2010) financial instruments used in the [Financial Services Survey 266 \(FSS 266\)](#) experimental statistics tables presented later in this article. Dependent on the individual question, further levels of financial instrument disaggregation may be available.

Financial instruments

FSS 266 experimental statistics are shown for the following main categories of ESA 2010 financial instruments.

- AF.2 Deposits (excluding currency) [assets only]
 - AF.22 Transferable deposits

 - AF.29 Other deposits
- AF.3 Debt securities
 - AF.31 Short-term debt securities (original maturity one year or less)

 - AF.32 Long-term debt securities (original maturity more than one year)
- AF.4 Loans
 - AF.41 Short-term loans (original maturity one year or less)

 - AF.42 Long-term loans (original maturity more than one year)
- AF.5 Equity and investment funds shares or units
 - AF.51 Equity
 - AF.511 Listed shares

 - AF.512 Unlisted shares

 - AF.519 Other equity

 - AF.52 Investment funds shares or units
 - AF.521 Money market funds shares or units

 - AF.522 Non-money market funds shares or units
- AF.71 Financial derivatives
 - AF.711 Forwards

 - AF.712 Options
- AF.8 Other accounts receivable (assets) or payable (liabilities)
 - AF.81 Trade credits and advances

 - AF.89 Other accounts receivable or payable, excluding trade credit and advances

Some of the data provided by the FSS 266 is not necessarily required for national accounts purposes, but is designed to help respondents complete the FSS 266 questionnaire accurately. These data series are identified in the experimental statistics that follow later in this article.

Several FSS 266 survey questions request data in terms of currency, that is sterling and non-sterling. Where this currency information is requested by financial instrument it is shown after the title of the financial instrument in the experimental statistics tables.

Financial instrument counterparty information

The FSS 266 questions relating to financial instruments often request counterparty information, particularly for assets. In many cases Rest of World (ROW) and UK counterparty information is requested, although the exact counterparties requested varies by FSS 266 question.

One of the difficulties with allocating counterparties to ESA 2010 sectors and sub-sectors is that some of the FSS requested counterparties are not standard ESA 2010 counterparties. One of the improvements to the FSS 266 currently being considered is to improve the scope and quality of counterparty information. In particular, the FSS 266 counterparties should better align with ESA 2010 sectors or sub-sectors. When the full set of experimental statistics is released in 2019 the FSS 266 will be used to populate some of these experimental statistics.

In several questions the FSS 266 requests ROW counterparty information beyond the simple ROW total, which may assist with future analysis of specific ROW counterparties, for example ROW banks and ROW Governments.

Given the heterogeneity of FSS 266 counterparties, the approach that has been taken is to provide details of the requested counterparty for each individual FSS 266 financial instrument question in the experimental statistics tables provided later in this article.

7 . Standard Industrial Classifications (SICs) groups

As previously noted, the 20 [Standard Industrial Classification](#) (SIC) codes sampled by the [Financial Services Survey 266 \(FSS 266\)](#) provide incomplete coverage of the [European System of Accounts 2010](#) (ESA 2010) sub-sectors S.125 to S.127, meaning that the FSS 266 experimental statistics are not comparable with the [UK National Accounts](#).

For the sole purposes of presentation in this FSS 266 article, the experimental statistics for the 20 SICs codes sampled by the FSS 266 have been aggregated into three SIC groups:

1. Non-bank financial intermediaries (NBFIs)
2. Financial adjuncts (FAs)
3. Non-bank holding companies (NBHCs)

These three SIC groups have been created via the summation of SICs codes with broadly similar attributes. Each of these three groups is described in the following sections. Further details on the SIC codes can be found in the ONS [Shadow Banking Introductory article](#).

Non-bank financial intermediaries (NBFIs) SIC Group

The Non-bank financial intermediaries (NBFIs) SIC group was created by summing the following 7 FSS SIC codes related to non-bank financial intermediation activities:

Table 7: Non-bank financial intermediaries (NBFIs) SIC group

Non-Bank Financial Intermediaries (NBFIs) by SIC

64.303 Venture and Development Capital Companies

64.91 Financial Leasing

64.921 Credit Granting by Non-Deposit taking Finance Houses and Other Specialist Consumer Credit Grantors

64.929 Other Credit Granting - not elsewhere classified - Excluding 64.921 & 64.922 (i.e. 64.929 = 64.92-64.921-64.922)

64.991 Security Dealing on Own Account

64.992 Factoring

64.999 Other Financial Service Activities - not elsewhere classified - Excluding 64.991 & 64.992

Source: Financial Services Survey 266 article

The SICs within NBFIs primarily fall within the scope of S.125.

According to ESA 2010 (2.86), S.125 institutions:

“are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits, or investment fund shares, or in relation to insurance, pension and standardised guarantee schemes from institutional units”

ESA 2010 (2.88-2.93) provides examples of S.125 institutions:

- financial vehicle corporations (FVC) engaged in securitisation transactions
- security and derivative dealers (on own account)
- financial corporations engaged in lending
 - (a) financial leasing

(that is the financing the acquisition of fixed assets by making a loan from the lessor to the lessee. Financial leasing payments consist of repayments of principal and interest payments, with a small charge for direct services provided)

- (b) hire purchase
- (c) provision of personal finance
- (d) commercial finance
- (e) factoring

[a type of debt finance in which a business sells its accounts receivable, invoices, to a third party (factor) at a discount]

- specialised financial corporations

(a) venture and development capital companies

(b) export or import financing companies

(c) financial intermediaries which acquire deposits and/or close substitutes for deposits, or incur loans vis-à-vis monetary financial institutions only. These financial intermediaries cover also central counterparty clearing houses (CCPs).

Financial adjutants (FAs) SIC group

The financial adjutants (FAs) SIC group was created by summing the seven FSS SIC codes related to financial auxiliary activities:

Table 8: Financial adjutants (FAs) SIC group

Financial Adjutants (FAs) by SIC

66.11 Administration of Financial Markets

66.12 Security and Commodity Contracts Brokerage

66.19 Other Activities Auxiliary to Financial Services (except Insurance and Pension Funding)

66.21 Risk and Damage Evaluation

66.22 Insurance Agents and Brokers

66.29 Other Activities Auxiliary to Insurance and Pension Funding

66.3 Fund Management Activities

Source: Financial Services Survey 266 article

The SICs within FAs primarily fall within the scope of S.126 financial auxiliaries.

According to ESA 2010 (2.63), S.126 institutions:

“comprises auxiliary activities for realising transactions in financial assets and liabilities or the transformation or repackaging of funds. Financial Auxiliaries do not put themselves at risk by acquiring financial assets or incurring liabilities, they merely facilitate financial intermediation”.

According to ESA 2010 (2.95):

“Financial auxiliaries are principally engaged in activities closely related to financial intermediation but which are not financial intermediaries themselves.”

ESA 2010 examples of S.126 institutions include:

- insurance brokers, salvage and average administrators, insurance and pension consultants, and so on
- loan brokers, securities brokers, investment advisers, and so on
- flotation corporations that manage the issue of securities
- corporations whose principal function is to guarantee, by endorsement, bills and similar instruments
- corporations which arrange derivative and hedging instruments, such as swaps, options and futures (without issuing them)
- corporations providing infrastructure for financial markets;
- central supervisory authorities of financial intermediaries and financial markets when they are separate institutional units
- managers of pension funds, mutual funds, and so on
- corporations providing stock exchange and insurance exchange
- non-profit institutions recognised as independent legal entities serving financial corporations, but not engaged in financial intermediation
- payment institutions (facilitating payments between buyer and seller)

Non-bank holding companies (NBHCs) SIC group

The FSS 266 only collects data on non-bank holding companies (NBHCs), as the Bank of England is responsible for collecting data on bank holding companies. The NBHCs SIC group was created by summing the following six SIC codes related to non-bank holding companies.

Table 9: Non-bank holding companies (NBHCs) SIC group

Non-Bank Holding Companies (NBHCs) by SIC

64.201	Agricultural Holding Companies
64.202	Production Holding Companies
64.203	Construction Holding Companies
64.204	Distribution Holding Companies
64.205	Financial Services Holding Companies
64.209	Other Holding Companies (n.e.c)

Source: Financial Services Survey 266 article

According to ESA 2010 (2.14b):

“A holding company that holds the assets of subsidiary corporations but does not undertake any management activities is a captive financial institution (S.127) and classified as a financial corporation. Holding companies are described under ISIC Rev.4, Section K, class 6420 (NACE Rev. 2, K 64.20) as follows:

“This class includes the activities of holding companies, that is units that hold the assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the group.

“The holding companies in this class do not provide any other service to the businesses in which the equity is held, that is they do not administer or manage other units.”

8 . Experimental statistics: total financial assets and liabilities

This section presents the experimental statistics on total financial assets and liabilities by financial instrument for the sum of the 20 [Standard Industrial Classification](#) (SIC) codes sampled by the [Financial Services Survey 266 \(FSS 266\)](#) for Quarter 4 (Oct to Dec) 2016 and Quarter 4 2017. The availability of additional counterparty and currency information is described in each financial instrument’s title.

As previously noted, although the 20 SIC codes sampled for the FSS 266 fall within the [European System of Accounts 2010](#) (ESA 2010) sub-sectors S.125 to S.127, the overall coverage of these ESA 2010 sub-sectors by the FSS 266 is incomplete. Supplementary data will be used from various non-FSS 266 sources to provide complete coverage of S.125 to S.127, although the FSS 266 is expected to be the single largest source of data for the sub-sectors S.125 to S.127.

Balancing financial assets versus liabilities workflow

A common feature of the FSS 266 experimental statistics presented in this article is that financial liabilities exceed financial assets. This comparison highlights the fact that the FSS 266 is still “work in progress” and that the quality improvements affecting the survey to date have mostly concentrated on financial assets’ improvements, rather than financial liabilities’ improvements. Work is currently ongoing to balance the FSS 266 financial assets and liabilities. Non-FSS 266 sources may be required to balance financial assets and liabilities.

Total FSS 266 financial assets by financial instrument

In Quarter 4 2017 financial assets holdings were dominated by the following financial instruments:

- AF.5 equity, shares and unit holdings were the largest financial instrument asset holdings at £1.7 trillion, with holdings of unlisted equity at £1.55 trillion the largest component of F.5
- AF.4 loans asset holdings were £1.2 trillion
- AF.71 derivatives asset holdings were £0.9 trillion
- AF.2 deposit asset holdings were £0.3 trillion

Table 10: FSS 266 financial assets by financial instrument (£ billions)

FSS 266 Financial Assets by Financial Instrument (£ billions)	2016 Q4	2017 Q4
AF.2 Deposits	328	329
AF.3 Debt Securities	96	102
AF.4 Loans	1,231	1,243
AF.5 Equities, Shares & Units	1,579	1,711
AF.71 Derivatives	1,136	925
Other	282	296
Total Assets	4,652	4,605

Source: Financial Services Survey 266 article

Table 11: Total FSS 266 financial asset holdings by financial instrument (£ billions)

Financial Assets by Financial Instrument (£ billions)		2016	2017
		Q4	Q4
Deposits (AF.22 and AF.29)	Deposits (F.22 and F.29)		
AF.22	Transferable Deposits with UK S.122 / RoW Banks or Building Societies / £ v non-£	100.0	128.7
AF.29	Other Deposits with UK S.122 / RoW Banks or Building Societies / £ v non-£	228.4	199.9
AF.22 + AF.29	Total Deposits	328.4	328.7
Short-Term Debt Securities (AF.31)	Debt Securities (Short Term Holdings Original Maturity =< 1 Year) (F.31)		
	Bonds, Negotiable CDs, Debentures, Bills, Non-Participating Preference Shares, Negotiable Loans traded on open markets		
AF.31	Certificates of Deposit issued by UK S.122 / RoW Banks or Building Societies / £ v non-£	0.7	1.5
AF.31	Treasury Bills issued by UK Her Majesty's Treasury S.1311 / RoW Overseas Governments	12.7	11.0
AF.31	Local Authority Debt issued by UK Local Government S.1313	0.0	
AF.31	Commercial Paper issued by UK S.122 / RoW Banks or Building Societies / £ v non-£		1.5
AF.31	Other Commercial Paper issued by in non-UK S.122 / non-RoW Banks or Building Societies / £ v non-£	0.3	0.5
AF.31	Any Other Debt Securities issued by UK Institutions or Businesses / RoW Institutions or Businesses / £ v non-£	20.7	23.4
AF.31	Total Debt (Short Term Debt Holdings)	34.4	37.9
Long-Term Debt Securities (AF.32)	Debt Securities (Long Term Holdings - Original Maturity > 1 Year) (F.32)		
	Bonds, Negotiable CDs, Debentures, Bills, Non-Participating Preference Shares, Negotiable Loans traded on open markets		
AF.32	UK Government Debt issued in £ (S.1311)	4.4	1.8
	UK Government Debt Sterling - 1-15 Year Original Maturity	0.1	-0.4
	UK Government Debt Sterling - 1-15 Year Original Maturity - Index Linked	0.3	0.2
	UK Government Debt Sterling - 1-15 Year Original Maturity - Non-Index Linked	-0.2	-0.6
	UK Government Debt Sterling - >15 Year Original Maturity	4.3	2.2
	UK Government Debt Sterling - >15 Year Original Maturity - Index Linked	0.8	0.8
	UK Government Debt Sterling - >15 Year Original Maturity - Non-Index Linked	3.6	1.4
AF.32	UK Government Debt issued in non-£ (S.1311)	0.0	0.0
AF.32	Local Authority (1.313) issued Debt / £ v non-£	0.0	0.0
AF.32	ROW Overseas Governments, Provincial or Municipal Authorities issued Debt / £ v non-£	16.6	11.8
AF.32	UK Corporate Bonds {issued by S.122 / non-S.122 / £ v non-£	0.6	1.7
AF.33	UK Corporate Bonds issued by non-S.122 / £ v non-£	4.9	4.1
AF.32	Corporate Debt issued Overseas Residents (ROW)	20.9	32.9

AF.32	Non-Participating Preference Shares issued in UK / £ v non-£	0.7	0.9
AF.32	Non-Participating Preference Shares issued in RoW /£ v non-£	1.7	1.9
AF.32	Any Other Debt Securities issued in UK / £ v non-£	5.3	3.3
AF.32	Any Other Debt Securities issued in RoW / £ v non-£	6.1	6.1
AF.32	Total Debt (Long Term Holdings)	61.3	64.5

Source: Financial Services Survey 266 article

Table 12: Total FSS 266 financial asset holdings by financial instrument (£ billions)

Loans =< 1 Year (AF.41)	Loans (Short Term Holdings - Original Maturity =<1 Year) (F.41)	2016 Q4	2017 Q4
AF.41	Loans Outstanding Balance Receivable / £ v non-£	871.5	856.3
AF.41	Loans Outstanding Balance Receivable from Private Individuals (S.14) in UK / Businesses located in UK / Other recipients located in UK / ROW recipients	871.5	856.3
AF.41	Total Loans (Short Term Holdings)	871.5	856.3
Loans > 1 Year (AF. 42)	Loans (Long Term Holdings - Original Maturity > 1 Year) (F.42)		
AF.42	Outstanding Balance Receivable / £ v non-£	359.7	386.3
AF.42	Loans Outstanding Balance Receivable from :	359.7	386.3
	(a) Private Individuals (S.14) in UK		
	(b) Businesses located in UK,		
	(c) Other recipients located in UK / ROW recipients		
AF.42	Outstanding Balance Receivable relating to :	359.7	386.3
	(a) Direct Investment,		
	(b) Loans on Dwellings,		
	(c) Financial Leases to UK Public Sector v UK Businesses v ROW Businesses,		
	(d) Other Loans		
	Direct Investment Loans	19.6	8.4
	Loans Secured on Dwellings	16.8	20.6
	Financial Leases (including HP)	31.2	42.5
	Financial Leases - UK Public Sector	12.5	17.8
	Financial Leases - UK Businesses	15.2	21.9
	Financial Leases - RoW Businesses	3.5	2.8
	Other Loans	292.0	314.8
AF.42	Total Loans (Long Term Holdings)	359.7	386.3
Equity & Investment Fund shares / units (AF.5)	Equities, Shares & Units Holdings (F.5)		
AF.511	Holding of Listed Equity in Institutions or Businesses located in UK v ROW v EU	104.8	109.7
AF.512	Holdings of Unlisted Equity in Institutions / Businesses located UK v ROW v EU	1,421.4	1,551.5
AF.519	Holdings of Any Other Equity in Institutions / Businesses located in UK v ROW v EU	39.1	35.9
AF.521	Holdings of Money Market Fund Shares / UK v ROW	8.5	5.2
AF.522	Holdings of Non-Money Market Fund Shares / UK v ROW	5.5	8.4
AF.5	Total Equities, Shares & Units Holdings	1,579.4	1,710.7
Financial Derivatives AF.71	Derivatives Holdings (F.71)		

AF.71	Forwards (+ve value) with UK Banks or Building Societies (S.122), UK Money Market Trusts and Funds (S.123), UK Non-Money Market Trusts and Funds (S.124), UK Financial Auxiliaries (S.126) OR Captive Financial Institutions and Money Lenders (S.127), UK Financial Intermediaries except Insurance OR Pension Funds, UK Insurance Corporations and Pension Funds, UK Private and Public Non-Financial Corporations, UK Central Government and UK Local Authorities, UK Households and Individuals, UK Non-Profit Institutions Serving Households, Non-UK Residents (ROW)	938.4	749.4
AF.71	Options contracts with UK Banks or Building Societies (S.122), UK Money Market Trusts and Funds (S.123), UK Non-Money Market Trusts and Funds (S.124), UK Financial Auxiliaries (S.126) OR Captive Financial Institutions and Money Lenders (S.127), UK Financial Intermediaries except Insurance OR Pension Funds, UK Insurance Corporations and Pension Funds, UK Private and Public Non-Financial Corporations, UK Central Government and UK Local Authorities, UK Households and Individuals, UK Non-Profit Institutions Serving Households, Non-UK Residents (ROW)	197.1	175.4
AF.71	Total Derivatives Holdings	1,135.6	924.8
Other Accounts Receivable (AF.8)	Other Accounts Receivable (F.8)		
Trade advance AF.81	Goods and Services Paid for but not yet received	7.4	8.5
Trade credit AF.81	Goods and Services Supplied to Customers but not yet been paid for	64.6	71.4
AF.81	Total Other Accounts Receivable	72.0	80.0
	Other Financial Assets		
AF.89	Any Other Balances due to the business	204.2	206.2
-	Tax Deferred Assets - Shown for Information purposes only, not included in Assets Totals	3.1	3.2
-	Any Other Financial Assets	5.4	9.8
	Total Other Financial Assets	209.6	216.0
	Total Financial FSS Assets	4,651.9	4,605.1

Source: Financial Services Survey 266 article

Total FSS 266 financial liabilities by financial instrument

In Quarter 4 2017 financial liabilities were dominated by the following financial instruments:

- AF.5 equities issued, share premium and reserve were the largest financial instrument liability at £1.9 trillion
- AF.4 loan liabilities were £1.8 trillion
- AF.71 derivatives liabilities were £0.9 trillion
- AF.3 debt securities issuance liabilities were £0.2 trillion

Table 13: FSS 266 liabilities by financial instrument (£ billions)

Financial Instrument Liabilities	2016 Q4	2017 Q4
AF.3 Debt Securities	202	217
AF.4 Loans	1,734	1,785
AF.5 Equity issued, Share Premium and Reserves	1,712	1,865
AF.71 Derivatives	1,119	915
Other	340	336
Total Liabilities	5,107	5,117

Source: Financial Services Survey 266 article

Table 14: Total FSS 266 financial liabilities by financial instrument (£ billions)

Financial Liabilities by Financial Instrument		2016 Q4	2017 Q4
	F.31 Debt Securities - Short Term Issues - Original Maturity =< 1 Year		
	Bonds, Negotiable CDs, Debentures, Bills, Non-Participating Preference Shares, Negotiable Loans traded on open markets		
AF.31	Commercial Paper issued / £ v non-£	14.0	12.5
AF.31	Other Debt Securities issued excluding Commercial Paper / £ v non-£	37.0	47.0
AF.31	F.31 Total Debt - Short Term Issues	50.9	59.5
Long-Term Debt Securities (AF.32)	F.32 Debt Securities - Long Term Issues - Original Maturity > 1 Year		
	Bonds, Negotiable CDs, Debentures, Bills, Non-Participating Preference Shares, Negotiable Loans traded on open markets		
AF.32	Other Debt Securities issued including Non-Participating Preference shares / £ v non-£	151.0	157.0
AF.32	Total Debt - Long Term Issues	151.0	157.0
Loans =< 1 Year (AF.41)	F.41 Loans - Short Term Liabilities - Original Maturity =<1 Year		
	Amounts owed under Sales Repurchase Agreements, Gold Swaps or Stock Borrowing and Repayable Margins in respect of Derivative Contracts		
AF.41	Loans Original Maturity <= 1 Year : TOTAL Outstanding Balance Payable	1,076.6	1,042.9
AF.41	Loans from UK S.122 Banks or Building Societies / £ v non-£	223.9	206.8
AF.41	Loans from UK non-S.122 Banks or Building Societies / £ v non-£	339.1	360.5
AF.41	Loans from RoW Banks or Buidling Societies / £ v non-£	143.9	145.6
AF.41	Loans from RoW excluding ROW Banks or Buidling societies / £ v non-£	369.6	330.0
AF.41	Loans TOTAL : Short Term LOANS Liabilities	1,076.6	1,042.9
Loans > 1 Year (AF.42)	F.42 Loans - Long Term Liabilities - Original Maturity > 1 Year		
AF.42	Outstanding Long-Term Loans Balance Liability by Counterparty and Currency		
AF.42	Loans Original Maturity > 1 Year : TOTAL Outstanding Balance Payable	657.6	741.7
AF.42	Loans from UK S.122 Banks or Building Societies / £ v non-£	164.9	164.1
AF.42	Loans from UK non-S.122 Banks or Building Societies / £ v non-£	253.6	340.2
AF.42	Loans from RoW Banks or Buidling Societies / £ v non-£	51.5	76.3
AF.42	Loans from RoW excluding ROW Banks or Buidling societies / £ v non-£	187.6	161.0
AF.42	Outstanding Long-Term Loans Balance Payable by Financial Instrument		
	Loans Long Term : Direct Investment Loans =>10% Voting	75.4	35.9
	Loans Long Term : Loans Secured on Dwellings	19.6	19.1
	Loans Long Term : TOTAL Financial Leases (including HP)	0.2	5.7
	Loans Long Term : Financial Leases - UK Public Sector	0.0	
	Loans Long Term : Financial Leases - UK Businesses	0.2	5.7
	Loans Long Term : Financial Leases - RoW Businesses	0.0	0.0
	Loans Long Term : Other Loans	562.5	680.9

Source: Financial Services Survey 266 article

Table 15: Total FSS 266 financial liabilities by financial instrument (£ billions)

Equity & Investment Fund shares / units (AF.5)	F.5 Equities, Shares & Units Issues	2016 Q4	2017 Q4
	Total Shared Capital issued	486.8	519.2
AF.511	Listed Equity - issued in the UK	29.9	34.2
AF.512	Unlisted Equity - issued in the UK	404.1	416.3
AF.519	Other Equity - issued in the UK	15.8	20.9
	Other Equity - issued in the RoW / EU	37.0	47.7
	Share Premium	568.9	645.1
	Reserves - Total	656.2	700.3
	Reserves - Revaluation	57.6	52.4
	Reserves - Profit and Loss	481.2	461.7
	Reserves - Other	117.4	186.2
AF.5	Equities Issued, Share Premium & Reserves Liabilities	1,711.9	1,864.6
Financial Derivatives AF.71	F.71 Derivatives Liabilities		
AF.71	Forwards (-ve value) with UK Banks or Building Societies (S.122), UK Money Market Trusts and Funds (S.123), UK Non-Money Market Trusts and Funds (S.124), UK Financial Auxiliaries (S.126) OR Captive Financial Institutions and Money Lenders (S.127), UK Financial Intermediaries except Insurance OR Pension Funds, UK Insurance Corporations and Pension Funds, UK Private and Public Non-Financial Corporations, UK Central Government and UK Local Authorities, UK Households and Individuals, UK Non-Profit Institutions Serving Households, Non-UK Residents (ROW)	922.4	738.1
AF.71	Options contracts with UK Banks or Building Societies (S.122), UK Money Market Trusts and Funds (S.123), UK Non-Money Market Trusts and Funds (S.124), UK Financial Auxiliaries (S.126) OR Captive Financial Institutions and Money Lenders (S.127), UK Financial Intermediaries except Insurance OR Pension Funds, UK Insurance Corporations and Pension Funds, UK Private and Public Non-Financial Corporations, UK Central Government and UK Local Authorities, UK Households and Individuals, UK Non-Profit Institutions Serving Households, Non-UK Residents (ROW)	196.6	176.4
AF.71	Total Derivatives Liabilities	1,118.9	914.6
Other Accounts Payable (AF.8)	F.8 Other Accounts Payable		
AF.81	Other Accounts Payable : Goods and Services Received Payment from Customers but not yet Delivered to Customers	4.3	5.0
AF.81	Other Accounts Payable : Goods and Services Received from Supplier but not yet Paid for	61.3	56.6
AF.81	Other Accounts Payable (TOTALS)	65.6	61.6
	Other Financial Liabilities		
AF.89	Other Accounts Payable : Any Other Balances owed by the business	273.3	272.1
-	Tax Deferred Liabilities - Shown for Information purposes only, not included in Liabilities Totals.	2.9	3.6

-	Any Other External Liabilities not already included	0.9	2.3
-	Pension Liabilities - Shown for Information purposes only, not included in Liabilities Totals.	2.6	1.5
AF.72	Employee Stock Options	0.3	0.3
	Total Financial FSS Liabilities	5,107.1	5,116.5

Source: Financial Services Survey 266 article

9 . Experimental statistics: financial assets and liabilities by SIC group

This section presents the total financial asset holdings and liabilities data for the three [Standard Industrial Classification](#) (SIC) groups used in this article for the eight quarters from Quarter 1 (Jan to Mar) 2016 to Quarter 4 (Oct to Dec) 2017 inclusive:

1. Non-bank financial intermediaries (NBFIs)
2. Financial adjuncts (FAs)
3. Non-bank holding companies (NBHCs)

These SIC groupings are the sums of SICs with similar financial activities (for example NBFIs are largely non-bank lending, FAs are largely auxiliary activities and NBHCs are holding companies). The SIC groupings do not have a 1:1 relationship to the [European System of Accounts 2010](#) (ESA 2010) sub-sectors S.125, S.126 and S.127. Each of these SIC groupings is however expected to account for a significant proportion of the financial assets and liabilities in the respective S.125, S.126 and S.127 sub-sectors. As noted earlier, additional financial activities must be added to these individual SIC groupings to obtain the financial sub-sector totals for S.125, S.126 and S.127.

Total FSS 266 financial assets by SIC group

Table 16: Total FSS 266 financial assets by SIC group (£ billions)

Financial Assets (£ billion)	2016 Q1	2016 Q2	2016 Q3	2016 Q4
Non-Bank Financial Intermediaries (NBFIs)	2,357	2,642	2,543	2,405
Financial Adjutants (FAs)	218	215	228	235
Non-Bank Holding Companies (NBHCs)	1,998	2,063	2,060	2,011
Total Financial Assets	4,573	4,921	4,830	4,652

Financial Assets (£ billion)	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Non-Bank Financial Intermediaries (NBFIs)	2,344	2,266	2,253	2,187
Financial Adjutants (FAs)	255	330	308	329
Non-Bank Holding Companies (NBHCs)	2,123	2,097	2,161	2,089
Total Financial Assets	4,722	4,693	4,722	4,605

Source: Financial Services Survey 266 article

From the above table it can be seen that NBFIs and NBHCs dominate the [Financial Services Survey 266 \(FSS 266\)](#)'s total financial assets, each being approximately £2 trillion throughout Quarter 1 (Jan to Mar) 2016 to – Quarter 4 (Oct to Dec) 2017. This finding is to be expected as the financial adjutants (FAs) facilitate financial intermediation and do not require high levels of financial assets or liabilities to undertake their day to day trading activities. Similar comments apply to financial liabilities.

Within NBFIs, security dealing on own account (SIC code 64.991) has both financial assets and liabilities that exceed the other combined NBFIs SIC codes. For further details, see the experimental statistics presented in this article on total financial assets and liabilities by SIC code

Total FSS 266 liabilities by SIC group

Table 17: Total FSS 266 liabilities by SIC group (£ billions)

Financial Liabilities (£ billion)	2016 Q1	2016 Q2	2016 Q3	2016 Q4
Non-Bank Financial Intermediaries (NBFIs)	2,434	2,716	2,649	2,497
Financial Adjutants (FAs)	227	232	256	276
Non-Bank Holding Companies (NBHCs)	2,262	2,257	2,370	2,333
Total Financial Liabilities	4,922	5,205	5,274	5,107

Financial Liabilities (£ billion)	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Non-Bank Financial Intermediaries (NBFIs)	2,404	2,323	2,343	2,282
Financial Adjutants (FAs)	310	362	334	325
Non-Bank Holding Companies (NBHCs)	2,551	2,482	2,528	2,510
Total Financial Liabilities	5,266	5,167	5,205	5,117

Source: Financial Services Survey 266 article

10 . Experimental statistics: financial assets and liabilities by SIC code

This section presents the total financial balance sheet [Financial Services Survey 266 \(FSS 266\)](#) experimental statistics for each of the 20 [Standard Industrial Classification](#) (SIC) codes sampled by the FSS in Quarter 4 (Oct to Dec) 2017, that is the latest quarter of experimental statistics published in this article.

The FSS 266 financial assets and liabilities are dominated by just two financial activities, non-bank holding companies and security dealing on own account (SIC 64.991).

Table 18: Total FSS 266 financial assets by SIC code (£ billions)

SIC	Financial Assets (£ billions)	2016 Q4	2017 Q4
64201	Agriculture Holding Company	0.8	1.1
64202	Production Holding Company	632.0	614.0
64203	Construction Holding Company	48.0	79.0
64204	Distribution Holding Company	245.0	316.0
64205	Financial Services Holding Company	154.0	195.0
64209	Other Holding Company	933.0	884.0
	Non-Bank Holding Companies (NBHCs)	2,011.0	2,089.0
64303	64.303 Activities of Venture and Development Capital Companies	2.0	2.0
64910	Finance Leasing	15.0	15.0
64921	Credit granting, non-deposit taking finance houses and other specialist consumer credit grantors	69.0	74.0
64929	Other credit grantors	33.0	53.0
64991	Security Dealing on Own Account	2,218.0	1,973.0
64992	Factoring	2.0	4.0
64999	Other Financial Services Activities	67.0	67.0
	Non-Bank Financial Intermediaries (NBFIs)	2,405.0	2,187.0
66110	Administration of financial markets	13.0	27.0
66120	Security and Commodity Contracts Brokerage	17.0	27.0
66190	Other Auxiliary Activities	154.0	162.0
66210	Risk and Damage Evaluation	1.0	1.0
66220	Insurance Agents and Brokers	22.0	23.0
66290	Other Pension and Insurance Auxiliary Activity	7.0	6.0
66300	Fund Management Activities	21.0	84.0
	Financial Adjutants (FAs)	235.0	329.0
	TOTAL ASSETS	4,652.0	4,605.0

Source: Financial Services Survey 266 article

Table 19: Total FSS 266 liabilities by SIC Code (£ billions)

SIC	Financial Liabilities (£ Billions)	2016 Q4	2017 Q4
64201	Agriculture holding company	0.8	1.3
64202	Production Holding Company	710.4	708.5
64203	Construction holding company	52.7	78.6
64204	Distribution Holding Company	280.5	306.9
64205	Financial Services Holding Company	171.2	274.8
64209	Other Holding Company	1,117.8	1,140.2
	Non-Bank Holding Companies (NBHCs)	2,333.4	2,510.3
64303	Activities of Venture and Development Capital Companies	1.2	0.6
64910	Finance leasing	20.3	20.1
64921	Credit granting, non-deposit taking finance houses and other specialist consumer credit grantors	71.6	82.3
64929	Other credit grantors	35.6	54.0
64991	Security Dealing on Own Account	2,202.4	1,955.7
64992	Factoring	2.3	2.7
64999	Other financial services activities	164.0	166.3
	Non-Bank Financial Intermediaries (NBFIs)	2,497.4	2,281.7
66110	Administration of financial markets	29.0	39.9
66120	Security and Commodity Contracts Brokerage	19.8	24.7
66190	Other Auxiliary Activities	164.4	168.0
66210	Risk and damage evaluation	0.5	0.7
66220	Insurance agents and brokers	30.3	33.8
66290	Other pension and insurance auxiliary activity	10.9	8.9
66300	Fund management activities	21.3	48.6
	Financial Adjutants (FAs)	276.3	324.5
	TOTAL LIABILITIES	5,107.1	5,116.5

Source: Financial Services Survey 266 article

11 . Shadow banking (market-based finance)

In addition to improving the [UK National Accounts](#), publishing the FSS 266's experimental statistics will assist the UK with providing shadow banking (market-based finance) data to international organisations that monitor shadow banking (market-based finance), such as the [Financial Stability Board \(FSB\)](#), [G20 DGI-2](#) and [IMF SDDS plus \(SDDS+\)](#). This section provides further details on the FSB's monitoring of shadow banking (market-based finance) and how the FSS 266 will assist with providing the FSB with UK shadow banking (market-based finance) data.

The [Financial Stability Board \(FSB\)](#), which is responsible for monitoring shadow banking (market-based finance), [Global Shadow Banking Monitoring Report 2017 \(PDF, 3.28MB\)](#) identifies 10 core other financial intermediaries (OFIs) sectors:

1. Money market funds (S.123)
2. Hedge funds (part of S.124)
3. Other investment funds (part of S.124)
4. Real estate investment trusts (REITs) and real estate (RE) funds
5. Trust companies
6. Finance companies (part of S.125)
7. Broker-dealers (part of S.125)
8. Structured finance vehicles
9. Central counterparties (part of S.125)
10. Captive financial institutions and money lenders (S.127) (for example holding companies)

At least four of these financial activities are within the scope of the FSS 266:

- finance companies (part of S.125)
- broker-dealers (part of S.125)
- central counterparties (part of S.125)
- captive financial institutions and money lenders (S.127)

Note that in the UK, the [European System of Accounts 2010](#) (ESA 2010) S.127 captive financial institutions and money lenders financial sub-sector is dominated by holding companies' assets and liabilities. This conclusion is based on an analysis of the FSS 266 individual SIC codes experimental statistics presented in this article.

The FSB Global Shadow Banking Monitoring Report 2017 also includes financial auxiliaries (S126), and which corresponds to the 7 FSS 266 SIC codes within the financial adjuncts SIC group discussed earlier in the article.

The FSB identifies five economic function (EF)-based narrow measures of shadow banking:

- EF1 Collective Investment schemes that are susceptible to runs
- EF2 Lending dependent on short-term funding
- EF3 Market Intermediation dependent on short-term funding or secured funding of client Assets
- EF4 Facilitating credit creation
- EF5 Securitisation-based credit intermediation

Three of the five EFs include financial activities that at least partly sampled by the FSS 266 that is EF2, EF3 and EF5.

FSB economic function EF2

Lending dependent on short-term funding.

This economic function captures a wide range of activities including consumer finance, automobile finance, retail mortgage provision, commercial property finance and equipment finance.

EF2 includes:

- finance companies
- leasing companies
- factoring companies
- consumer credit companies
- consumer finance
- automobile finance
- retail mortgage provision and real estate credit companies
- commercial property finance
- equipment finance
- non-bank credit card issuers

Most of these entities fall within S.125 other financial intermediaries sub-sector. The prime source of UK assets data for the FSB's EF2 will be the [Financial Services Survey 266 \(FSS 266\)](#), [Standard Industrial Classification](#) (SIC) codes that map to S.125.

Entities engaged in the above activities tend to either compete with banks or offer services in niche markets where banks are not active players.

FSB economic function EF3

EF3 involves the intermediation of market activities that are dependent on short-term funding, including activities such as secured funding of client assets and securities borrowing and lending.

EF3 includes:

- broker-dealers
- securities finance companies

Broker-Dealers fall within the scope of the FSS 266 as follows:

Table 20: Broker-dealer SICs in the FSS 266

Table 20: Broker-Dealer SICs in the FSS 266	
SIC	FSS 266 Financial Activity
64.991	Security Dealing on Own Account
66.120	Security and Commodity Contracts Brokerage

Source: Redevelopment of the Financial Services and Securities Dealers Surveys, Office for National Statistics. UK Standard Industrial Classification 2007

For 2016, the [Global Shadow Banking Monitoring Report 2017 \(PDF, 3.28MB\)](#) states that EF3 accounted for 8% or \$3.8 trillion of the FSB's \$45.2 trillion narrow shadow banking assets total. The top five jurisdictions with EF3 assets in 2016 were US, Japan, China, Korea and the UK. The UK is therefore an important source of shadow banking (market-based finance) data for EF3. These top five jurisdictions accounted for 95% of EF3 assets in 2016.

Broker-dealers (which includes investment firms, securities dealers and securities finance companies) were the most prevalent entity type reported by FSB's jurisdictions in EF3, accounting for 71% of EF3's assets in 2016.

FSB economic function (EF5)

Securitisation-based credit intermediation.

EF5 includes:

- securitisation vehicles
- asset-backed securities
- structured finance vehicles

The SIC 64.999 other financial service activities (except insurance and pension funding) maps to S.125, and includes securitisation activities. SIC 64.999 is sampled by the FSS 266.

Bank securitisation data will be provided by the Bank of England.

12 . Next Steps

For the first time, this article has published experimental statistics on financial assets and liabilities for most (but not all) of the financial activities within the following three [European System of Accounts 2010](#) (ESA 2010) financial sub-sectors:

- S.125 other financial intermediaries
- S.126 financial auxiliaries
- S.127 captive financial Institutions and Money Lenders

The publication of [Financial Services Survey 266 \(FSS 266\)](#) experimental statistics is an important development in UK financial statistics, and particularly for the [joint ONS-BoE FoF initiative](#). The FSS 266 was created to help improve the quality of the estimates in the [UK National Accounts](#)' financial sectors.

One aim of the joint ONS-BoE FoF initiative is to develop data sources for the financial activities within [European System of Accounts 2010](#) (ESA 2010) sub-sectors S.125 to S.127. The publication of these FSS 266 experimental statistics demonstrates our good progress in achieving the objective of improving the S.125 to S.127 statistics in the [UK National Accounts](#).

The publication of the FSS 266 experimental statistics also enhances the UK's ability to provide financial data to the various international financial organisations that monitor shadow banking ((market-based finance), such as the [Financial Stability Board \(FSB\)](#), [G20 DGI-2](#) and [IMF SDDS plus \(SDDS+\)](#).

One important consequence of the ongoing development of the [Financial Services Survey 266 \(FSS 266\)](#), is that in 2019 a full set of experimental statistics will be published, that separately identifies each of the above three sub-sectors, S.125, S.126 and S.127. More generally using the FSS 266 and other sources it will for the first time be possible to provide separate balance sheet data for each of the financial sub-sectors S.125, S.126 and S.127 in the UK National Accounts.

The FSS 266 will also provide some counterparty information for the other shadow banking (market-based finance) sub-sectors of S.123 money market funds (MMFs) and S.124 non-money market funds (NMMFs).

The next steps in the development of the FSS 266 experimental statistics include:

- improved FSS 266 sampling
- improved balancing of FSS 266 balance sheet data (financial assets and liabilities)
- improved coverage of central clearing counterparties (CCPs) in S.125
- inclusion of bank securitisation data in S.125, using Bank of England data
- inclusion of bank holding companies (S.127) using Bank of England data, the FSS 266 explicitly only samples non-bank holding companies,
- inclusion of data from commercial data providers
- inclusion of data from SIC 64.922 mortgage finance companies (S.125) using non-FSS 266 source(s)
- potentially using different samples for the FSS 266 and FSS 267
- improvement to FSS 266 questions, particularly for counterparties

The above list is not exhaustive, and is designed to give a flavour of the ongoing workstream on S.125 to S.127.

It is intended that the data from the above multiple data sources will be integrated with the FSS 266 during 2019 to provide a comprehensive set of experimental statistics. These experimental statistics are expected to be published around the same time as the UK National Accounts in 2019. Future articles will compare multiple data sources, including the experimental statistics from the FSS 266, to determine the most appropriate source for each financial instrument, sector and counterparty.

We welcome feedback on the FSS 266 experimental statistics, which can be submitted to ONS via FlowOfFundsDevelopment@ons.gov.uk.

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14 . Relevant Links

[Flow of Funds archived background information](#)

Explanatory Notes:

- [Institutional sectors and financial instruments](#)
- [AF.2 Currency and deposits](#)
- [AF.3 Debt securities](#)
- [AF.4 Loans](#)
- [AF.5 Equity and investment fund shares or units](#)
- [AF.6 Pensions, insurance and standardised guarantee schemes](#)
- [AF.71 Financial derivatives](#)

11 June 2018 – [Experimental financial statistics for UK insurance sector using Solvency II data](#)

8 May 2018 – [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) – shadow banking, money market funds](#)

2 May 2018 – [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) – using Equifax data to better understand the economy](#)

1 May 2018 – [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) – shadow banking introductory article](#)

30 April 2018 – [Experimental financial statistics for insurance using Solvency II regulatory data – enhanced financial accounts \(UK flow of funds\)](#)

15 February 2018 – [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) – historic households and non-profit institutions serving households \(NPISH\) sectors data on currency and deposits](#)

23 January 2018 – [Economic Review: January 2018 – Economic Statistics Transformation Programme: a flow of funds approach to understanding quantitative easing](#)

17 November 2017 – [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) – 2017 matrix update](#)

23 October 2017 – [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) – progress on commercial data use](#)

25 September 2017 – [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) reconciling sources of historic data for households and the non-profit institutions serving households \(NPISH\) sectors](#)

12 September 2017 – [Economic Statistics Transformation Programme: Enhanced financial accounts \(UK flow of funds\) – A flow of funds approach to understanding financial crises](#)

31 August 2017 – [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) estimating the value of other accounts receivable or payable in the UK economy](#)

21 July 2017 – [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) improving the measurement of company quarterly profits](#)

3 July 2017 - [Economic Statistics Transformation Programme: Enhanced financial accounts \(UK flow of funds\) progress on financial derivatives data](#)

5 June 2017 – [National Accounts articles: The UK Enhanced Financial Accounts; the introduction of the new securities dealers survey data and expansion of financial sub-sector detail](#)

31 May 2017 – [Economic Statistics Transformation Programme: Enhanced financial accounts \(UK flow of funds\) commercial data use](#)

31 May 2017 – [Economic Statistics Transformation Programme: Enhanced financial accounts \(UK flow of funds\) improving the economic sector breakdown](#)

27 April 2017 – [Economic Statistics Transformation Programme: Enhanced financial accounts \(UK flow of funds\) employee stock options](#)

24 April 2017 – [Financial intermediation services indirectly measured \(FISIM\) in the UK revisited](#)

29 March 2017 – [Economic Statistics Transformation Programme: Enhanced financial accounts \(UK flow of funds\) Government tables for the special data dissemination standards plus \(SDDS plus\)](#)

30 January 2017 – [The UK Enhanced Financial Accounts: changes to defined contribution pension fund estimates in the national accounts; part 2 – the data](#)

16 January 2017 – [The UK Enhanced Financial Accounts: changes to defined contribution pension fund estimates in the national accounts; part 1 – the methodology](#)

8 August 2016 – [Economic Statistics Transformation Programme: UK flow of funds experimental balance sheet statistics, 1997 to 2015](#)

14 July 2016 – [Economic Statistics Transformation Programme: Flow of funds - the international context](#)

14 July 2016 – [Economic Statistics Transformation Programme: Developing the enhanced financial accounts \(UK Flow of Funds\)](#)

10 March 2016 – [Identifying Sectoral Interconnectedness in the UK Economy](#)

24 February 2016 – [Improvements to the Sector and Financial Accounts](#)

12 January 2016 – [Historical estimates of financial accounts and balance sheets](#)

6 November 2015 – [Comprehensive review of the UK Financial Accounts](#)

13 July 2015 – [Introduction, progress and future work](#)