

Article

# UK Financial Accounts Update

Outlines our development programme to improve the UK Financial Accounts, part of the UK's National Accounts.

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# 1 . Overview of UK Financial Accounts development programme

This article presents the Office for National Statistics's (ONS's) ongoing development programme to improve the UK Financial Accounts, a central part of the UK's National Accounts. The global financial crisis between 2007 and 2008, and subsequent economic downturns, highlighted financial data gaps and quality issues that meant that the build-up of financial risks across the economy were not sufficiently visible. The ONS development programme is seeking to address some of these gaps, complementing development work in the Bank of England (BoE), and providing new data for the BoE to use when assessing financial stability.

The development programme to date has mainly focussed on meeting requirements to improve data quality and granularity across the various financial sectors. These requirements arise from the International Monetary Fund's (IMF's) Special Data Dissemination Standards Plus (SDDS Plus) and Data Gaps Initiative II (DGI-2), that were designed to close the financial data gaps identified during the global financial crisis. The developments will also improve the quality of the UK National Accounts through our [UK National Accounts. The Blue Book publication](#) and have been designed to focus on the future direction of national accounts guidance and the next phase of international standards.

This article will be of particular interest to policymakers, regulators and international organisations, such as the IMF and the Financial Stability Board (FSB), although many other audiences may be interested in the progress of our national financial sector statistics. The improved financial data obtained from this ongoing development programme will also assist policymakers in monitoring spillovers from the financial sector to other sectors of the economy and internationally. International spillovers are of particular importance to the UK, given the UK's role as a global financial centre. The improved data will support policy makers in monitoring the impact of measures and reforms on the financial sector.

The ONS will publish further detail on this work as the development programme leads to improvements in our financial statistics.

The UK Financial Accounts development programme's progress is summarised here in a range of categories, listed under the following headings:

## Monetary financial institutions

- Central Bank
- other deposit-taking corporations
- money market funds

## Other financial corporations (except insurance corporations and pension funds)

- investment funds
- other financial institutions – improvements to our [Financial Services Survey](#) – quarterly return of assets and liabilities (FSS 266)

## Insurance corporations and pension funds

- insurance corporations – introduction of the Bank of England's [Solvency II](#) (SII) data
- pension funds – new [Financial Survey of Pension Schemes \(FSPS\)](#)

## International standards

- the IMF's [Special Data Dissemination Standard Plus \(SDDS Plus\)](#)
- the IMF's [G20 Data Gaps Initiative 2 \(DGI-2\)](#)

## 2 . Sector updates

### Monetary financial institutions

The Monetary Financial Institutions (MFIs) development programme will for the first time provide separate published data for each of the three subsectors that comprise MFIs:

- Central Bank
- other deposit-taking corporations
- money market funds

A requirement of the International Monetary Fund's (IMF's) Special Data Dissemination Standards Plus (SDDS Plus) is to provide separate financial instrument assets and liabilities data for these three financial subsectors. This will add to the granularity of the data published in the UK Financial Accounts.

Money market funds (MMFs) are a type of low-risk open-ended investment fund (OEF) that give investors a way to diversify credit risk and a place to hold their assets, while aiming to yield a return in line with short-term money market rates. MMFs are an important source of liquidity for both the financial and non-financial sector. See, for example, the [Financial Conduct Authority \(FCA\) December 2023 consultation paper \(CP23/28\)](#) and [HMT's Money Market Funds Framework Policy Note \(PDF, 155KB\)](#).

UK resident MMFs have previously been excluded from UK MFI Financial Accounts as they are relatively small (total assets are estimated at between £20 and £30 billion). In practice, most sterling denominated MMFs are resident in the Republic of Ireland and Luxembourg, representing assets many times greater than those held by UK resident sterling MMFs.

Addressing vulnerabilities in MMFs is an important element of the [Financial Stability Board's](#) (FSB's) work programme to enhance the resilience of the financial sector. Providing data on UK resident MMFs for the first time will assist in monitoring MMF activity. Data for UK resident MMFs will be produced using regulatory data sources, such as the FCA, and commercial data sources.

### Other financial corporations

This workstream consists of four financial subsectors:

- investment funds
- other financial institutions
- insurance corporations
- pension funds

## Investment funds

Total assets managed by UK resident investment funds were approximately £1.6 trillion in 2023, 4.5% of the UK's total financial assets ([UK National Accounts, The Blue Book: 2024](#)).

Investment funds' accounts were first published in 2017 as part of our [expansion of financial subsector detail](#). Data on the holdings of fund shares or units by investing sectors are used to estimate investment funds' liabilities. This includes Solvency II (SII) Insurance data from the Bank of England (BoE) and Financial Survey of Pension Schemes (FSPS) data. The UK insurance and pension funds sectors are the largest investors in UK investment funds and held greater than 70% of UK investment funds' liabilities in 2023.

Improvements have been made to UK investment funds statistics in recent years, and we are implementing further developments. These include:

- expanding the scope of sampled funds to incorporate private equity and authorised contractual schemes (ACS) – including, for the first time, the use of data from private equity data sources
- improvements to the Office for National Statistics (ONS) funds surveys
- enhanced use of commercial, investment industry and regulatory data (for example the FCA register) sources to prepare the ONS funds surveys sample of fund managers

The [March 2024 meeting of the BoE's Financial Policy Committee \(FPC\) \(PDF, 481KB\)](#) discussed the important role of private equity in channelling finance to the UK real economy, particularly for riskier businesses. ACS funds were introduced in 2013 to offer tax transparency benefits to investors and have grown in popularity to represent a considerable share of the UK funds market.

We have improved the investment funds surveys that sample three different types of funds on a quarterly and annual basis:

- open-ended investment funds
- open-ended property funds
- closed-ended investment funds

These surveys will continue to be the primary data source for estimating investment funds' assets and transactions, but complemented by the use of commercial, investment industry and regulatory data. Improvements to the surveys' questions and guidelines were implemented in 2024 and are expected to gradually improve coverage of ACS funds.

Private equity funds raised in the UK are higher than in any other country in Europe, according to the UK's private equity industry body, the [British Private Equity and Venture Capital Association \(BVCA\)](#). Incorporating UK private equity funds data is expected to have a substantial impact on the size of investment funds assets in the UK Financial Accounts.

There are practical issues with collecting private equity funds data via existing ONS surveys. Private equity funds are typically structured as limited partnerships and consequently have less stringent reporting requirements than for other fund types. Limited partnerships are not corporate bodies and are not subject to the same reporting requirements as companies and limited liability partnerships – for example, they do not submit accounts to Companies House. Commercial data sources have been identified that provide details on the assets held by private equity funds and these data will be incorporated into the investment funds' accounts.

Investment funds are separate entities from the fund managers that manage the funds. Fund managers are included in the financial auxiliaries subsector, which is discussed later in this article.

## Other financial institutions

The other financial institutions (OFIs) subsectors vary considerably and account for a large portion of UK financial assets. OFIs subsectors are an important component of the non-bank financial intermediation (NBF) institutions monitored by the BoE, for example in the [FPC's Financial Stability Report \(FSR\)](#). We published our [Other financial institutions' financial balance sheet dataset \(official statistics in development\)](#), which give a broad indication of the importance of OFIs. For example, securities dealers and non-bank holding companies each had estimated assets of more than £2 trillion at the end of 2023, with total estimated OFIs assets of £6.1 trillion. OFIs cover the following activities:

- other financial intermediaries – for example, securities dealers and non-bank lenders
- financial auxiliaries
- captive financial institutions and money lenders (mostly holding companies)

These financial activities are heterogenous, which makes it difficult to collect high-quality data on them when compared with other financial activities. In May 2018, we published our [shadow banking introductory article](#), which outlined plans to improve coverage of these financial subsectors. Examples of OFIs activities include securities dealers, non-bank lending, investment advice, mortgage advisors and holding companies.

We have two Financial Services Surveys (FSS) that seek to capture data within the OFI sectors:

- a balance sheet survey
- an income and expenditure survey

To improve the scope and quality of data for these subsectors, an updated balance sheet questionnaire has been developed. The original survey was launched in 2015 and incremental improvements have been made since then. This update includes new questions to collect breakdowns of balance sheet data that are needed for international templates, including data on fintech for the first time. The [Financial Stability Board defines Financial Innovation \("FinTech"\)](#) as "technologically enabled innovation in financial services that could result in new business models, applications, processes or products with an associated material effect on financial markets and institutions and the provision of financial services."

An expanded universe and sampling approach, which uses asset data to better target the sample, will further improve the quality of the data collected from both surveys.

After a period of data quality assurance, we intend to integrate the improvements to the FSS into the National Accounts. Examples of additional data that the FSS will provide include substantially higher levels of unlisted equity (mostly from holding companies) and securitisation Special Purpose Vehicles (SPV). Data on Financial Head Offices will also be incorporated into the OFIs sectors.

The FSS does not provide 100% coverage of OFIs activities and will be supplemented by other sources. For example, data on mortgage finance companies and bank holding companies will be sourced from the BoE.

## Insurance corporations and pension funds

Data from [Solvency II \(SII\)](#) and the new [Financial Survey of Pension Schemes \(FSPS\)](#) were introduced into the UK Financial Accounts in our [Blue Book 2022 release](#). The improvements to insurance and pension funds data provide a better understanding of the financial assets held by these sectors and their financial sector counterparts. More information on these improvements can be found in our [Insurance and pensions methods changes: 1997 to 2020 paper](#).

## Insurance corporations

Previously National Accounts insurance data were derived from various sources, including annual and quarterly surveys. As of Blue Book 2022, we use SII as the primary data source from 2016 onwards.

SII is a framework that the [Prudential Regulatory Authority \(PRA\)](#), uses to regulate UK insurance companies. Part of this framework includes data submissions from insurance companies to the PRA. To improve estimates for insurance, we carried out detailed research to examine and assess the suitability of SII for use in the National Accounts, and published two articles on our findings:

- our [Experimental financial statistics for insurance using Solvency II regulatory data – enhanced financial accounts \(UK flow of funds\) article](#) (2018)
- our [Enhanced financial accounts \(UK flow of funds\) – Experimental financial statistics for the UK insurance sector using Solvency II data article](#) (2019)

SII provides quarterly, as well as annual, data and provides details of insurers' holdings of financial assets and their exposure to counterparty issuers. SII improves the quality and detail of the financial accounts for the UK Insurance Corporations sector.

The granular level of some of the SII dataset means that there is further potential for the ONS to improve the UK Financial Accounts and to meet the requirements of Data Gaps Initiative (DGI-2) and SDDS Plus. There is also further work described in the ONS 2018 and 2019 insurance sector articles, such as "whom-to-whom" data within the SII dataset that could improve the understanding of inter-sector connectedness in the UK economy. From the end of 2024, SII is changing to become Solvency UK. We are working with the PRA to ensure that Solvency UK continues to provide the data needed for UK economic statistics.

## Pension funds

Pension funds in the UK Financial Accounts only cover the funded occupational workplace pensions. Personal pensions and insurer-provided pensions are covered within the insurance corporations sector, while information on unfunded pensions and the UK state pension can be found in the supplementary National Accounts Table 29: Accrued-to-date pension entitlements in social insurance. Please see our [UK pension surveys: redevelopment and 2019 results article](#) for further details of the pension funds sector.

In 2019, the previous primary pensions funds source, the [ONS 'Pension Fund Survey' \(PFS\) was replaced by the Financial Survey of Pension Schemes \(FSPS\)](#). The FSPS collects information on UK-funded occupational pension schemes and is designed to monitor changes in pension schemes' financial flows and balances. Alternative data sources are used to calculate, complement and quality assure several National Accounts pensions series, such as data from the [Pension Protection Fund Purple Book](#). The improved pensions funds data from the FSPS is used by The Pensions Regulator, the Pension Protection Fund, and the Department for Work and Pensions to help them monitor and understand the pensions market, with ONS data used as part of the evidence base for the [Pension Investments Review](#).

Improvements to pension funds data collection has allowed the UK to improve its data submissions to international organisations. Assets held abroad by country are collected for short-term and long-term debt securities, equities, pooled investment vehicles and structured products. This is combined with insurance corporations country-level data and sent bi-annually to the IMF via the Coordinated Portfolio Investment Survey (CPIS). FSPS data are also used in the OECD's [Pension Markets in Focus publication](#).

## International standards

Detailed information on the individual international standards can be found in [Section 4: International Standards – further information](#) of this article.

The workstreams presented in this article will enable the UK to comply with the various international financial standards that were developed in response to the 2007 to 2008 Global Financial Crisis. These international standards include the IMF's [Special Data Dissemination Standard Plus \(SDDS Plus\)](#) and the [G20 Data Gaps Initiative 2 \(DGI-2\)](#).

Improved financial data provides multiple other benefits such as:

- enhanced financial stability monitoring by the BoE, the FSB and others resulting from better information on counterparties, NBFIs and debt securities information
- the opportunity to develop new data sources, particularly non-survey data sources such as commercial and regulatory data
- improved information on financial instruments, such as the unlisted equity holdings of private equity and holding companies

In August 2022, HM Treasury informed the IMF of the UK's adherence to SDDS Plus and agreed a five-year transition period to fully meet all nine SDDS Plus requirements. At the time of joining in August 2022, the UK met five of the nine requirements. Now, in December 2024, there are three unmet SDDS Plus requirements, all of which relate to the UK's Financial Accounts. These are:

- Table 2.1 Sectoral Balance Sheet
- Table 4.1 Other Financial Corporations Survey (OFCS)
- Table 4.2 Whom-to-Whom Holdings of Debt Securities

Ultimately, UK adherence to SDDS Plus will be demonstrated by:

- the availability of UK SDDS Plus data on the [UK National Summary Data Page \(NSDP\)](#), deadline August 2027
- the IMF's [Dissemination Standards Bulletin Board \(DSBB\)](#) providing UK-sourced SDDS Plus data

DGI-2, launched in September 2015, contains [20 Recommendations](#), and aims to ensure regular collection and dissemination of reliable and timely statistics for policy use. Since the launch of DGI-2 the BoE and the ONS have been working closely to address the data gaps identified. Submissions have been historically assessed with green, amber and red statuses, in terms of the completion level of the templates. The UK aims to improve its compliance as much as possible, with at least "amber" status across all DGI-2 requirements by 2027.

### 3 . Future developments

The Office for National Statistics (ONS) Financial Accounts development programme is expected to contribute towards the forthcoming international standards described in this section.

The [United Nations' System of National Accounts 2025 \(2025 SNA\)](#) will provide updated guidance on how countries should prepare their National Accounts in an internationally consistent manner. This will have an increased focus on Financial Corporations, emphasising their importance to national and global economies. Since the 2025 SNA brings together many of the previous international standards' initiatives, the workstreams discussed in this article will assist the UK in incorporating 2025 SNA into the UK National Accounts. Alongside this, the [IMF's new Balance of Payments and International Investment Position Manual \(BPM7\)](#) will provide guidance on how countries should prepare their "rest of the world" accounts. BPM7 and 2025 SNA are being revised in a co-ordinated way.

In Autumn 2021, the G20 Finance Ministers and Central Bank Governors (FMCBG) endorsed the third phase of the [Data Gap Initiative III \(DGI-3\)](#). Whereas DGI-1 and DGI-2 had a strong financial data gaps focus, DGI-3's 14 recommendations reflect a much wider range of policy gaps that are not linked to the 2007 to 2008 global financial crisis.

Our ongoing development programme to improve the UK Financial Accounts will contribute to DGI-3 via the provision of data in novel areas, such as crypto and fintech, for which some questions have already been added to the new FSS questionnaire. Importantly DGI-3 builds on the DGI-2 requirements work discussed earlier. The identification of debt and equity used to fund projects with a positive environmental impact (green finance) is also covered by DGI-3.



## 4 . International standards – further information

The specific Data Gaps Initiative (DGI-2) and Special Data Dissemination Service Plus (SDDS Plus) requirements to which the Office for National Statistics's (ONS's) ongoing development programme is contributing are:

- DGI-2 II.5: Non-Bank Financial Intermediation (NBF1)
- DGI-2 II.7: Debt Securities Statistics (Debt securities)
- DGI-2 II.8: Institutional Sector Accounts
- DGI-2 II.10: International Investment Position (IIP)
- DGI-2 II.14: Cross-Border Exposures of Non-Bank Corporations
- SDDS Plus: Table 2.1 Sectoral Balance Sheet
- SDDS Plus: Table 4.1 Other Financial Corporations Survey (OFCS)
- SDDS Plus: Table 4.2 Whom-to-Whom Holdings of Debt Securities

The SDDS Plus and DGI-2 are not mutually exclusive international standards but differ in how adherence to each standard must be demonstrated. While each template is set out to identify a particular type of risk and a set of insights, they have a substantial amount of overlap across instruments and sectors. This means that while work to meet a particular standard generally contributes to meeting or improving the quality of other standards, work is required to ensure consistency and coherence of data across templates.

### DGI-2 II.5

DGI-2 II.5 requires the UK to participate in the Financial Stability Board's (FSB's) monitoring of NBF1 via the provision of NBF1 data. The ONS contributes to the work of the FSB by making available Financial Services Surveys (FSS) balance sheet data for 20 financial [Standard Industrial Classification](#) activities that map to the following [System of National Accounts \(2008\) \(PDF, 9.1MB\)](#) financial subsectors:

- other financial intermediaries
- financial auxiliaries
- captive financial institutions and money lenders

The ONS provided FSS data to the FSB for the first time in 2018. This is referenced on page 42 of the [FSB's Global Monitoring Report on NBF1, 2018 \(PDF, 3.1MB\)](#), which highlights the UK's contribution to improved data quality via an almost 30% reduction in unidentified NBF1. The updated FSS will improve further the quality of UK DGI-2 II.5 submissions.

### DGI-2 II.7 and SDDS Plus debt securities

The DGI-2 II.7 Whom-to-Whom Securities Statistics recommendations Table 3.1 and the SDDS Plus Table 4.2 are identical. While the ONS already publishes the DGI-2 table to an amber standard, one of the conditions that the International Monetary Fund (IMF) set for the UK to achieve full SDDS Plus adherence by August 2027, was for the UK to reduce the size of the unknown category of debt securities holdings.

Working in partnership with the Bank of England (BoE), the BIS and the IMF, the ONS has been addressing the unknown holdings category of debt securities. Implementing this improvement is planned once the new MMFs data become available. UK resident MMF's holdings of debt securities are however small; less than 1% of total UK debt securities assets, according to ONS estimates.



## DGI-2 II.8 and SDDS Plus: Sectoral Balance Sheet

The workstreams to separate the National Accounts' Monetary Financial Institutions (MFIs) aggregate into Central Banks, Other Deposit-taking Corporations and MMFs are needed for the UK to be able to complete the SDDS Plus Sectoral Balance Sheet. The work to improve Other Financial Corporations data will also improve the template data across the other financial sectors.

While the ONS already submits data to meet DGI-2 II.8 recommendation to amber status, improvements across the sectoral balance sheet will improve the quality of this submission.

## DGI-2 II.10

DGI-2 II.10: International Investment Position (IIP) is a statistical statement that shows:

- financial assets of residents of an economy that are claims on non-residents and gold bullion held as reserve assets
- liabilities of residents of an economy to non-residents

DGI-2 II.10 has three parts:

- quarterly delivery of the IIP (already completed)
- separate identification of OFCs
- currency breakdowns

The ONS has been working closely with the BoE to find appropriate data sources by currency for financial instruments. In Autumn 2024, the IMF indicated that the ONS plans for DGI-2 II.10 would improve the UK's project status from a red to at least an amber for all three of the parts listed. The ONS is now working to bring in new data sources and make the changes needed.

## DGI-2 II.14 and SDDS Plus: Other Financial Corporations Survey

At the time that DGI-2 concluded in December 2021, the UK was assessed as red and unable to meet the DGI-2 II.14: Cross-Border Exposures of Non-Bank Corporations recommendation. Since then, the planned improvements to the FSS and investment funds, along with the incorporation into Blue Book 2022 of SII and Financial Survey of Pension Schemes (FSPS), enabled the IMF to update its assessment of the UK's DGI-2 II.14 compliance. The IMF advised the ONS in August 2024 that the implementation of these improvements would be sufficient for the UK to achieve Amber status for DGI-2 II.14. The work the ONS is doing on DGI-2 II.14 is expected to contribute to meeting the SDDS Plus OFCS.

## Other international standards

SDDS Plus and DGI-2 are not the only international standards introduced after the Global Financial Crisis that will benefit from the ONS's ongoing development programme to improve the UK Financial Accounts. For example, the FSB is one of several standard-setting bodies and is responsible for coordinating the work of national financial authorities and international standard-setting bodies. In addition, the FSB monitors, and makes recommendations about, the global financial system. The FSB is particularly active in the provision of global Non-Bank Financial Intermediation (NBFI) data.

More recently, since 2024 the [IMF's Review of Data Provision to the Fund for Surveillance Purposes \(DPFS\)](#) requires the UK as an IMF member with systemically important financial sectors (SIFS) to provide the IMF with additional data on other financial corporations and counterparties by Quarter 3 (July to Sept) 2027. The ONS's ongoing development programme to improve the UK Financial Accounts will enable the provision of data to meet the IMF requirements.

## 5 . Glossary

The definitions used to describe the UK's financial sectors and subsectors in this article are consistent with those used in the National Accounts and by the Financial Stability Board (FSB).

### **Monetary financial institutions (MFIs)**

There are three subsectors within the MFIs sector:

- Central Bank – the Bank of England
- deposit-taking corporations – retail banks and building societies
- money market funds – investment funds that only invest in short-term debt securities such as treasury bills, certificates of deposit and commercial paper; they can also invest in long-term debt securities with a residual short-term maturity

### **Other financial institutions (OFIs)**

The other financial institutions sector contains a wide range of units that engage in many different activities. There are four subsectors within the other financial institutions sector:

- non-money market funds – investment trusts, unit trusts and other collective investment schemes whose investment fund shares or units are not close substitutes for deposits
- other financial intermediaries – largely consists of financial institutions that are engaged in long-term financing; examples of institutional units that are classified within this subsector include security and derivative dealers, finance leasing companies, venture and development capital companies, and export and import financing companies
- financial auxiliaries – contains a wide range of institutional units that perform many different activities; examples include insurance brokers, investment advisers, fund managers and payment institutions (facilitating payments between buyer and seller)
- captive financial institutions and money lenders – there are two distinct groups within this subsector: captive financial institutions, which includes holding companies and special purpose entities, and money lenders

### **Insurance corporations and pension funds (ICPF)**

There are two distinct parts to this institutional sector. Firstly, insurance corporations consist of units that provide services of life or non-life insurance, and reinsurance. Secondly, pension funds consist of units that act as social insurance schemes and provide income in retirement, and other benefits for death and disability.

### **Non-bank financial intermediation (NBFI)**

This category covers several of the non-bank subsectors listed in this glossary that carry out financial intermediation:

- investment funds (money market and non-money market)
- other financial intermediaries (a subsector of OFIs)
- insurance corporations
- pension funds

## 6 . Cite this article

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