

Short-term and long-term loans statistics in the UK flow of funds accounts matrices

Explanatory notes for the compilation of loans statistics UK flow of funds accounts matrices: 2019, as part of the Economic Statistics Transformation Programme.

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1 . AF.41– Short-term loans

Introduction

This note explains the sources and methods used in the compilation of the experimental from-whom-to-whom short-term loan statistics. Table 1 shows the estimates for balance sheet assets by sector, together with the counterparty sector, which holds the liability, for 2018. These data are consistent with the [UK Economic Accounts 2019 Q2 \(UKEA\)](#), on a [Blue Book 2019](#) basis, except where explicitly highlighted.

We will continue the programme of development and quality assurance of these newly released experimental from-whom-to-whom statistics]and any improvements identified in the wider datasets will be integrated within the national accounts at the earliest opportunity.

We welcome feedback on the data sources and methods outlined in these notes. Any feedback on the statistics and accompanying explanatory notes can be sent to flowoffundsdevelopment@ons.gov.uk.

Table 1: Counterpart matrix showing short-term loans in the UK flow of funds accounts: 2018

£bn		Liabilities:												Total
		S11001	S1100P	S12K	S12P	S124	S12Q	S1311	S1313	S14	S15	S2	S1N	
	Assets:	PC	PNFC	MFI	OFI	NMMF2	ICPF	CG	LG	HH	NPISH	RoW	Unknown	
S11001	PC	-	-	-	-	-	-	-	-	-	-	-	-	-
S1100P	PNFC	-	-	-	-	-	-	-	-	-	-	-	-	-
S12K	MFI	1.0	394.2	-	809.2	6.4	31.3	3.0	9.2	155.8	8.0	1,260.8	-	2,672.0
S12P	OFI	-	-	-	-	-	-	-	-	-	-	-	-	-
S124	NMMF ¹	-	-	-	-	-	-	-	-	-	-	-	-	-
S12Q	ICPF	-	-	-	-	-	-	-	-	-	-	-	-	-
S1311	CG	-	-	-	-	-	-	-	-	-	-	-	-	-
S1313	LG	-	-	-	-	-	-	-	-	-	-	-	-	-
S14	HH	-	-	-	-	-	-	-	-	-	-	-	-	-
S15	NPISH	-	-	0.0	-	-	-	-	-	-	-	-	-	0.0
S2	RoW	0.0	147.9	-	627.3	0.4	54.6	21.5	0.0	44.3	12.4	-	-	908.0
S1N	Unknown	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	1.0	542.1	0.0	1,436.5	6.7	85.8	24.6	9.2	200.1	20.4	1,260.8	-	

Source: Flow of funds, Office for National Statistics, 2019

Notes

1. Non-money market funds (NMMF) are presented as a subset of other financial institutions (OFI). [Back to table](#)
2. Consistent with UK Economic Accounts 2019 Q2 (Apr to June). [Back to table](#)
3. PC is public corporations, PNFC is private non-financial corporations, MFI is monetary financial institutions, OFI is other financial institutions except MFIs and ICPFs, NMMF is non-money market funds, ICPF is insurance corporations and pension funds, CG is central government, LG is local government, HH is households, NPISH is non-profit institutions serving households, RoW is rest of the world, and – no value possible for this relationship. [Back to table](#)

Data sources by institutional sector

Estimates for short-term loans relate to the extension and take-up of credit between sectors of the UK economy and with the rest of the world. Currently only monetary financial institutions (MFIs) and the rest of the world (RoW) hold short-term loans.

Short-term loans from monetary financial institutions (MFIs)

Short-term loans from MFIs are extended to all the institutional sectors in the UK economy and the rest of the world (RoW). These estimates are predominantly sourced from the Bank of England (the Bank) surveys of MFIs. Prior to 2008, data on loans from building societies were sourced from the Financial Services Authority (FSA) as these institutions were not surveyed by the Bank before this time.

Short-term loans from the rest of the world (RoW)

Short-term loans from RoW are extended to all institutional sectors of the UK economy and predominantly cover direct investment loans and loans from non-resident MFIs. The former is sourced from the foreign direct investment (FDI) surveys and the latter from data compiled by the Bank for International Settlements (BIS). Direct investment loans include both outward and inward investment. Other data sources include Ministry of Housing, Communities and Local Government (MHCLG) and the devolved administrations.

2 . AF.42 – Long-term loans

Introduction

This note explains the sources and methods used in the compilation of the experimental from-whom-to-whom long-term loans statistics. Table 2 shows the estimates for balance sheet assets by sector, together with the counterparty sector that holds the liability, for 2017. These data are consistent with the [UK Economic Accounts 2019 Q2 \(UKEA\)](#), on a [Blue Book 2019](#) basis, except where explicitly highlighted.

This section describes the data sources for these estimates and [Section 3](#) outlines areas where the Experimental Statistics differ from what is currently published in the national accounts. These anomalies arise where a number of changes to the input data have been identified and implemented in these Experimental Statistics, following a review of the construction of the time series. The impact of these differences is small, at negative 0.1% of total loans (assets) in 2017.

We will continue the programme of development and quality assurance of these newly released Experimental Statistics and any improvements identified during this process will be integrated within the national accounts at the earliest opportunity.

We welcome feedback on the data sources and methods outlined in these notes. Any feedback on the statistics and accompanying explanatory notes can be sent to flowoffundsdevelopment@ons.gov.uk.

Table 2: Counterpart matrix showing long-term loans in the UK flow of funds accounts: 2018

£bn		Liabilities:												Total
		S11001	S1100P	S12K	S12P	S124	S12Q	S1311	S1313	S14	S15	S2	S1N	
	Assets:	PC	PNFC	MFI	OFI	NMMF2	ICPF	CG	LG	HH	NPISH	RoW	Unknown	
S11001	PC	0.0	0.1	-	-	-	-	0.0	0.3	0.0	-	0.6	-	1.0
S1100P	PNFC	0.5	-	-	39.2	-	-	6.2	1.3	-	-	270.5	0.0	317.6
S12K	MFI	1.6	39.5	-	0.1	-	-	-	-	1,247.8	0.0	1.0	-	1,290.0
S12P	OFI	0.0	196.0	-	4.1	-	-	-	0.0	187.5	-	450.8	-10.1	828.3
S124	NMMF ¹	-	-	-	-	-	-	-	-	-	-	-	-	-
S12Q	ICPF	0.0	98.4	-	56.6	-	-	0.0	0.7	26.5	-	14.8	10.1	207.2
S1311	CG	0.7	17.6	-	0.0	-	-	0.0	76.3	83.0	-	3.0	-	180.5
S1313	LG	7.8	0.1	-	0.0	-	-	0.5	0.0	15.5	-	-	-	23.8
S14	HH	0.0	2.3	0.0	13.6	-	0.5	-	0.0	2.4	-	-	-	18.8
S15	NPISH	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
S2	RoW	1.1	408.3	0.0	74.2	0.5	14.6	0.5	8.8	-	-	-	-	507.4
S1N	Unknown	0.0	0.0	-	-	2.5	-	0.0	-	-6.9	6.9	-	-	0.0
	Total	11.6	762.2	0.0	187.8	3.0	15.1	7.1	87.5	1,555.7	6.9	740.7	0.0	

Source: Flow of funds, Office for National Statistics, 2019

Notes

1. Non-money market funds (NMMF) are presented as a subset of other financial institutions (OFI). [Back to table](#)
2. Consistent with UK Economic Accounts 2019 Q2 (Apr to June). [Back to table](#)
3. PC is public corporations, PNFC is private non-financial corporations, MFI is monetary financial institutions, OFI is other financial institutions except MFIs and ICPFs, NMMF is non-money market funds, ICPF is insurance corporations and pension funds, CG is central government, LG is local government, HH is households, NPISH is non-profit institutions serving households, RoW is rest of the world, and – no value possible for this relationship. [Back to table](#)

Data sources by institutional sector

Estimates for loans relate to the extension and take-up of credit between sectors of the UK economy and with the rest of the world. This includes all components of loans published in the [UK Economic Accounts](#): loans secured on dwellings, finance leasing on loans, direct investment loans and other long-term loans. All sectors can theoretically issue and hold loans, although lending between some sectors is currently assumed to be zero. Monetary financial institution loan liabilities are not included in these statistics as they are classified as deposits in line with international standards.

Long-term loans from public corporations (PCs)

Loans from public corporations consist of loans to other public corporations, private non-financial corporations (PNFCs), central government, local government, households and the rest of the world. These data are predominantly sourced from the ONS Public Corporations Survey, with additional data from the Ministry of Housing, Communities and Local Government (MHCLG) and the devolved administrations. For the rest of the world, data sources include the Export Credit Guarantee Department (ECGD) scheme and the US Certified Development Company program.

Loans to public corporations are an estimate of unsecured loans to public infrastructure companies based on data available in published accounts.

Loans to private non-financial corporations relate to unsecured lending and are an estimate based on data reported in the public corporations' inquiry; a proportion of the loans extended are assumed to be counterpart to PNFCs.

Loans to central government are predominantly sourced from data reported on the public corporations' inquiry. Between Quarter 3 (July to Sept) 2003 and Quarter 1 (Jan to Mar) 2009 this series also includes London and Continental Railways (LCR) adjustment, relating to the Channel Tunnel Rail Link. These were classified as government borrowing under European statistical regulations.

Loans to local government are sourced from the Department of Transport, Local Government and the Regions (DTLR): a proportion of total long-term local government loans is estimated to be from public corporations.

Loans to households relate to unsecured lending and are estimated from data collected on the public corporations' inquiry.

Loans to the rest of the world consist of claims and recoveries on business done under the Export Credit Guarantee Department (ECGD) scheme, as well as loans made under the US certified Development Company programme.

Long-term loans from private non-financial corporations (PNFCs)

Long-term loans from PNFCs consist of finance leasing loans, direct investment and unsecured loans. Estimates are based on a range of sources, including the ONS Financial Services Survey (FSS), the ONS Foreign Direct Investment (FDI) Survey, MHCLG, the devolved administrations, and counterpart information collected on other sectors.

Loans to public corporations are an estimate of the proportion of finance leasing loans extended by PNFCs that will be counterpart to the public corporations' sector.

Loans to other financial institutions include unsecured lending. Data collected from factoring companies on their indebtedness to UK clients are included here as these are all assumed to be counterpart to the PNFC sector. This series also includes data collected on the Financial Services Survey (FSS) relating to other financial institutions (OFI) borrowing; certain elements of these data are assumed to be borrowing from PNFCs.

Loans to central government relate to finance leasing loans and unsecured lending. A proportion of the total unsecured and finance leasing loans extended by PNFCs are assumed to be counterpart to central government.

Loans to local government relate to finance leasing loans and other lending, sourced mainly from the Department of Transport, Local Government and the Regions (DTLR).

Loans to the rest of the world represent direct investment loans, both on the inward and outward side. On the outward side, the data relate to the balances of UK-owned branches and subsidiaries abroad that are due to the UK parent company. On the inward side, the data relate to balances due to foreign-owned branches and subsidiaries resident in the UK from their parent companies. These data are sourced from the ONS Foreign Direct Investment Survey.

Long-term loans from monetary financial institutions (MFIs)

Long-term loans from MFIs consist of finance leasing loans, loans secured on dwellings and unsecured loans. These estimates are predominantly sourced from the Bank of England (the Bank) surveys of MFIs. Prior to 2008, data on loans from building societies were sourced from the Financial Services Authority (FSA).

There are some differences between these experimental from-whom-to-whom statistics and estimates published by the Bank because of methodological and data source differences for certain series. The Bank and ONS are working to review all MFI data to bring the two datasets in line with one another.

Long-term loans from other financial institutions (OFIs)

Long-term loans from OFIs consist of unsecured loans, loans secured on dwellings, direct investment loans and finance leasing. These estimates come from sources including the Financial Services Survey (FSS), ONS Foreign Direct Investment Survey, MHCLG, the devolved administrations and the Bank.

Long-term loans from insurance corporations and pension funds (ICPFs)

Long-term loans from ICPFs consist of unsecured lending, loans secured on dwellings and direct investment loans. These estimates are predominantly sourced from the ONS surveys of insurance corporations and pension funds, ONS Foreign Direct Investment Survey, MHCLG and the devolved administrations.

Long-term loans from central government (CG)

Long-term loans from CG consist of both unsecured lending and loans secured on dwellings. Data are sourced predominantly from administrative data from government accounts. From 2010 these series include loans transferred to public ownership following the reclassification of certain banks. Other data sources include FDI, MHCLG and the devolved administrations.

Long-term loans from local government (LG)

Long-term loans from LG consist of unsecured lending and loans secured on dwellings. Data are predominantly sourced from MHCLG, the devolved administrations and the Public Corporations Survey.

Long-term loans from households (HH)

Long-term loans from households cover unsecured lending and are sourced from a number of different data sources, including the FSS, ONS surveys of insurance corporations and pension funds, MHCLG and the devolved administrations.

Long-term loans from the rest of the world (RoW)

Long-term loans from RoW are extended to most institutional sectors of the UK economy and predominantly cover direct investment loans and loans from non-resident MFIs. The former is sourced from the FDI and the latter from data compiled by the Bank for International Settlements (BIS). Direct investment loans include both outward and inward investment. Other data sources include MHCLG and the devolved administrations.

3 . Differences between these Experimental Statistics and the UK Economic Accounts

As described in the Introduction (Section 1), there are differences between the experimental long-term loan statistics and the estimates published in the [UK Economic Accounts \(UKEA\)](#). Table 3 presents a list of those series for which there are anomalies, along with a brief explanation of the variation.

We will continue the programme of development and quality assurance of these newly released Experimental Statistics. Any improvements identified during this process will be integrated within the national accounts at the earliest opportunity.

Table 3: Differences between experimental long-term loan statistics and UK Economic Accounts

Asset sector	Liability sector	Explanation
MFI	MFI	Finance leasing was included in UKEA estimates, and reclassified to deposits in the experimental series.
OFI	MFI	Finance leasing was included in UKEA estimates, and reclassified to deposits in the experimental series.
RoW	MFI	Some series classified as loans in the UKEA estimates have been reclassified to deposits in the experimental statistics.

Source: Flow of funds, Office for National Statistics, 2019