



Overview of charges for financial services

Regional Course on 2008 SNA (Special Topics):
Improving Exhaustiveness of GDP Coverage

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United Nations Statistics Division



Outline of presentation

- Overview of charges for financial services
 - Financial services provided in return for explicit charges



Overview of charges for financial services

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Financial services are provided and charged for in four main ways

- Financial charges provided in return for explicit charges
- Financial services provided in association with interest charges on loans and deposits
 - Financial intermediation services indirectly measured (FISIM)
 - Financial services associated with institutional units which engage in lending using own funds or funds provided by a sponsor
 - Financial services provided by the central bank

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Financial services are provided and charged for in four main ways

- Financial services associated with acquisition and disposal of financial assets and liabilities in financial markets
- Financial services associated with insurance and pension schemes
 - Non-life insurance
 - Standardized guarantee schemes
 - Life insurance and annuities
 - Reinsurance
 - Social insurance schemes

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Financial services are provided and charged for in four main ways

- Note
 - Many charges financial services are implicit rather than explicit
 - This complicates attempts to measure the output of these services in the national accounts
 - Measuring implicit charges for financial charges typically involves combining/partitioning a number of observed transactions

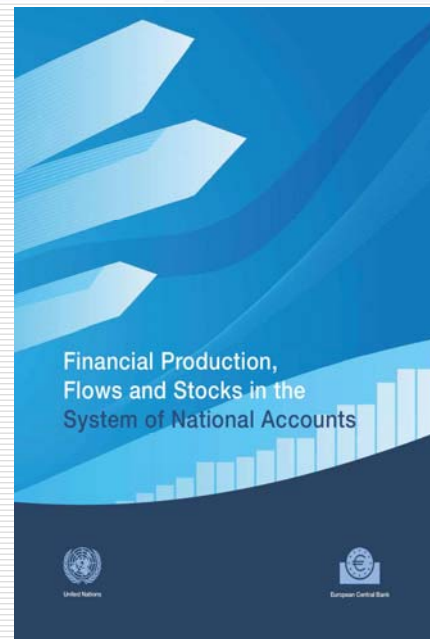
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- Table 3.1 on page 49 of Handbook on Financial Production Flows and Stocks in the System of National Accounts summarizes the methods to calculate output of financial corporations
- Chapter 3 has illustrative worked examples on production of financial services
- Handbook is available on <http://unstats.un.org/unsd/nationalaccount/docs/FinancialHB.pdf>



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Financial services provided in return for explicit charges

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- Examples include
 - Fees to arrange mortgage
 - Fees to manage investment portfolio
 - Fees to provide tax advice
 - Fees to arrange flotation of shares
 - Credit card transaction fees
 - Credit card annual fees
 - Etc.
- Data sources include
 - Surveys
 - Returns of residential financial institutions to monetary authority
 - Balance of payments

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Financial services provided in return for explicit charges

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Volume measures – 2 methods

- Deflate current-price explicit charges using appropriate price indices such as CPI, PPI, export price index, import price index
- Extrapolate base-period explicit charges using volume indicators such as changes in the number of credit cards in circulation in the case of credit card annual fees

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Thank you