

Compendium

Flow of funds



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1 . Flow of funds

The tables in this chapter present estimates of stocks and flows of financial assets and liabilities by institutional sector and financial instrument.

Of these tables:

- [table 13.1](#) presents flows (or transactions) of financial assets and liabilities for each institutional sector and lower-level financial instrument (financial account)
- [table 13.2](#) presents levels (or stocks) of financial assets and liabilities for each institutional sector and lower-level financial instrument (balance sheet)
- [tables 13.3.1 to 13.3.8](#) present both financial flows and stocks by institutional sector and financial instrument

Estimates for all the institutional sectors are brought together in this chapter, to allow changes in assets and liabilities to be compared across the sectors. Estimates for each individual sector are also published in the appropriate sector chapters in this publication.

These financial statistics are important for identifying the build-up of risks in the financial sector and for understanding financial connections among the institutional sectors and sub-sectors within the economy.

2 . What is flow of funds?

“Flow of funds” are the financial flows across sectors of the UK economy and the rest of the world. Information can be presented on debtor and creditor relationships and the changes in financial assets and liabilities in the economy. Flow of funds is based on the principle that the movement of all funds must be accounted for. Across the total economy (UK and the rest of the world), the total sources of funds must equal the total uses of funds and every financial asset transaction must have a counterpart liability transaction.

Since the recent global financial crisis, the international community has had an increased focus on the analysis of financial stability, and the development of improvements to the data which support that analysis. This is particularly important for those countries, like the UK, which have a significant financial sector. An important area identified internationally for improvement is the development of flow of funds counterpart statistics. These improve our understanding of how each individual sector may be exposed to the risk which may build up in other sectors. These statistics support macro-economic analysis and financial stability policy.

Counterpart statistics are not currently presented in this chapter. However, in response to the need for counterpart statistics, ONS and the Bank of England started the joint Flow of Funds Project in 2014. More information on the [project](#) and experimental counterpart statistics can be found on our [Flow of Funds web pages](#).