

Article

Return of assets and liabilities, Financial Services Survey 266: October to December 2019

Experimental statistics from the ONS Financial Services Survey (FSS 266) quarterly return of assets and liabilities. Part of the Economic Statistics Transformation Programme.

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1 . Abstract

The [Barker Review](#) of the UK National Accounts recommended the implementation of whom-to-whom (W2W) data into the National Accounts, which would provide flows between creditor and debtor sectors for each type of financial instrument. These data are essential for identifying the build-up of risks in the financial sector, and to understand financial connections among the institutional sectors and sub-sectors within the economy and with the rest of the world.

In support of the development of W2W data, this article presents [Experimental Statistics](#) from the [Financial Services Survey \(FSS 266\): Quarterly Return of Assets and Liabilities](#) for the end of Quarter 4 (Oct to Dec) 2019. The FSS 266 Experimental Statistics published in this article are at an early stage of development and are not yet sufficiently well-developed to be included in the [UK National Accounts](#). As the FSS 266 Experimental Statistics are still under active development, they are not directly comparable with UK National Accounts data. They are being published now to provide an update on the [joint Office for National Statistics \(ONS\) and Bank of England \(BoE\) “flow of funds” \(FoF\) initiative](#) and to provide readers with a look at the early results from the FSS 266 for Quarter 4 2019.

The FSS 266 covers financial activities outside of the traditional financial sectors of banking, investment funds, insurance corporations and pension funds. In Quarter 4 2019, the financial activities and sectors sampled by the FSS 266 had total financial assets in excess of £4 trillion. Examples of non-traditional financial activities and institutions covered by the FSS 266 include non-bank financial intermediation, lending, financial leasing, factoring, securities dealing, securitisation, financial auxiliaries and non-bank holding companies.

We welcome feedback on this article. If you would like to share your views with us, please email FlowOfFundsDevelopment@ons.gov.uk.

2 . Introduction

Following the 2007 to 2008 global financial crisis, the international community increased its focus on the analysis of financial stability and the development of improvements to the data that support the analysis. This is particularly important for those countries, like the UK, which have a significant financial sector.

Internationally, an important area for improvement is the development of whom-to-whom (W2W) time series data for financial transactions and balance sheets. Although sectoral data for the UK, that is, who holds what financial instrument (for example loans and shares) by institutional sector, are already published, W2W data would show who holds whose financial instruments across the domestic sectors and the rest of the world.

The W2W approach is encouraged by the [European System of Accounts manual](#) (ESA 2010) and the [Barker Review](#) of the UK National Accounts, which both recommended the implementation of W2W data into the UK National Accounts. This would provide flows between creditor and debtor sectors for each type of financial instrument. These data are essential for identifying the build-up of risks in the financial sector, and to understand financial connections among the institutional sectors and sub-sectors within the economy and with the rest of the world.

The [Barker Review](#) explicitly stated that in order to “develop full Flow of Funds whom-to-whom accounts it is recommended that the ONS and the Bank of England establish a joint group to share data and expertise”. In response to this recommendation, the Office for National Statistics (ONS) and the Bank of England (BoE) have set up a [joint Flow of Funds \(FoF\) project](#).

FoF for a given financial instrument measures financial flows across sectors of the economy and the rest of the world, tracking funds as they move from those sectors that provide funds to those sectors that use those funds to acquire assets. It therefore presents information on debtor/creditor relationships and captures the changes in financial assets and liabilities in the economy. FoF is based upon the principle that the movement of all funds must be accounted for. Therefore, in the economy, total sources of funds must equal total uses of funds, and financial asset transactions must equal transactions in liabilities.

As part of the joint FoF project, in May 2018 the Office for National Statistics (ONS) announced a series of articles that would 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:

- S.123 Money Market Funds
- S.124 Non-Money Market Funds
- S.125 Other Financial Intermediaries
- S.126 Financial Auxiliaries
- S.127 Captive Financial Institutions and Money Lenders

Currently the [UK National Accounts](#) provides some data on S.124 Non-Money Market Funds, but does not provide separate data on the other financial sub-sectors listed (S.123, S.125, S.126 and S.127). The development of experimental balance sheet statistics will contribute to the eventual removal of these gaps in the UK National Accounts.

Taken together, these five financial sub-sectors (S.123 to S.127) are often referred to as the Investment (S.123-S.124) and Other Financial Institutions (OFIs, S.125-S.127) sectors. The Investment and Other Financial Institutions (IOFIs) sectors (ESA 2010 S.123-S.127) include all financial activities outside of banking, insurance and pension funds, including those sampled by the [Financial Services Survey \(FSS 266\): Quarterly Return of Assets and Liabilities](#).

3 . Main points

The main Experimental Statistics obtained from the financial activities sampled by the FSS 266 at the end of Quarter 4 (Oct to Dec) 2019 are:

- Total financial asset holdings exceeded £4 trillion.
- Unlisted Equity holdings were £1.2 trillion – mostly held by non-bank holding companies.
- Holdings of Derivatives were £1 trillion – mostly held by securities dealers.
- Short-Term Loans holdings were £0.7 trillion – mostly held by securities dealers.
- Unlisted Equity, Derivatives and Short-Term Loans combined accounted for more than 70% of total financial assets.
- Securities Dealers held more than half of total financial assets.
- Non-Bank Holding Companies were the second largest holder of financial assets.

The total financial asset holdings of more than £4 trillion are larger than those of either Insurance Corporations (S.128), Pension Funds (S.129) or Investment Funds (S.123-S.124), and second only to Deposit Taking Corporations (S.121-S.122) in terms of size of financial assets.

Table 1: Financial assets by financial instrument, Quarter 4 2019
£ billions

AF.2 Deposits	
AF.22 Transferable Deposits	120
AF.29 Other Deposits	202
Total Deposits	322
AF.3 Debt	
AF.31 Short-Term Debt	29
AF.32 Long-Term Debt	70
Total Debt	98
AF.4 Loans	
AF.41 Short-Term Loans	733
AF.42 Long-Term Loans	257
Total Loans	990
AF.5 Equities, Shares & Units	
AF.511 Listed Equity	133
AF.512 Unlisted Equity	1,181
AF.519 Other Equity	19
AF.521 Money Market Fund shares/units	6
AF.522 Non-Money Market Investment Fund shares/units	39
Total Equities, Shares & Units	1,378
AF.71 Derivatives	1,017
Other	249
Total Assets	4,055

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

The FSS 266 samples most, but not all, of the activities within the following [European System of Accounts 2010](#) (ESA 2010) financial sub-sectors:

- S.125 Other Financial Intermediaries
(mostly Securities Dealers on Own Account and Finance Companies)
- S.126 Financial Auxiliaries
- S.127 Captive Financial Institutions and Money Lenders
(mostly holding companies)

Some of the non-FSS 266 data sources that can potentially complement the FSS 266 Experimental Statistics are described in this article. Perhaps the most obvious non-FSS 266 data source is the Bank of England's (BoE) data on Monetary Financial Institutions' (MFIs) deposit liabilities and loans assets. The BoE also collects data on bank holding companies; the FSS 266 supplements these bank holding companies data by collecting data from non-bank holding companies.

This article is the latest in the series of [Experimental Statistics](#) articles, and follows on from the [Financial Services Survey \(FSS 266\): Quarterly Return of Assets and Liabilities](#) articles of [July 2018](#) and [June 2019](#), which published experimental balance sheet statistics obtained from the FSS 266 for Quarter 4 2017 and Quarter 4 2018 respectively.

The [July 2018](#) and [June 2019](#) FSS 266 articles were followed in November 2019 by the [UK financial accounts Experimental Statistics flow of funds matrices: 2019](#) article. That article presented UK experimental balance sheet statistics for 2016 and 2017. The accompanying [Enhanced financial accounts \(UK flow of funds\) - Investment and other financial institutions \(IOFIs\)](#) article, provided further information on the Experimental Statistics for S.123 to S.127. This article supplements these previous articles by providing experimental balance sheet statistics for the financial activities sampled by the FSS 266 at the end of Quarter 4 2019.

The Experimental Statistics presented in this article are published in the context of the [UK National Accounts](#) and the joint [Office for National Statistics \(ONS\) and Bank of England \(BoE\) "flow of funds" \(FoF\) initiative](#). Since December 2014, the ONS and the BoE have been working in partnership to improve the [flow of funds statistics](#) for the UK.

The flow of funds initiative builds upon the statistics already published in the [UK Economic Accounts \(UKEA\) and annual financial accounts \(Blue Book and Pink Book\)](#). The flow of funds initiative will present a full set of experimental whom-to-whom (W2W) financial accounts and balance sheets. The aspiration is, after making any further necessary improvements and in combination with other data sources, to incorporate the Experimental Statistics into the UK National Accounts. The November 2019 [UK financial accounts Experimental Statistics flow of funds matrices: 2019](#) publication provided the first integrated UK [experimental flow of funds statistics](#) for 2016 and 2017. It is planned to update that publication with flow of funds statistics for the end of 2018 in due course.

The original publication of FSS 266 Experimental Statistics in [July 2018](#) for Quarter 4 2017 was an important development in the UK's financial statistics, and supported the joint ONS and BoE flow of funds initiative. The FSS 266 was created to improve the quality of the data in the [UK National Accounts](#) financial sectors, particularly for the so-called other financial institutions (OFIs) S.125-S.127 sub-sectors. Although the FSS 266 experimental balance sheet statistics are still under active development, and so not directly comparable with UK National Accounts data, the international Financial Stability Board's (FSB) [Global Monitoring Report on Non-Bank Financial Intermediation 2018](#), published in February 2019, has already highlighted the significant improvement in the disaggregation of the UK's OFIs data because of the publication of previous FSS 266 Experimental Statistics.

One of the main objectives of the joint ONS and BoE flow of funds initiative is to develop data sources for the financial activities within S.125 to S.127. The publication of new FSS 266 Experimental Statistics for Quarter 4 2019 via this article demonstrates good progress towards the objective of improving the S.125 to S.127 coverage in the UK National Accounts. Publishing FSS 266 experimental balance sheet statistics for the end of Quarter 4 2019 also potentially assists the UK with providing data to international organisations via the provision of disaggregated data not currently available within the [UK National Accounts](#).

4 . Changes to the Financial Services Survey 266

In the [Financial Services Survey \(FSS 266\): Quarterly Return of Assets and Liabilities](#) article of [2019](#) it was noted that:

“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 these FSS 266 Experimental Statistics will result in further suggestions for improvements from stakeholders, academic and financial sector participants, in addition to those within the ONS. Revisions to the FSS 266 Experimental Statistics being published in this article should therefore be expected.”

During the second half of 2018 and early 2019, potential improvements to the FSS 266 coverage and sampling were investigated. Given that the focus of the FSS 266 is on capturing balance sheet variables, that is, stocks of financial assets and liabilities, the focus of the review was to improve the quality (and coverage) of the balance sheet estimates for the relevant sectors by making sure the FSS 266 captured large contributors to assets and liabilities. The resulting changes to the FSS 266 sample were implemented from Quarter 1 (Jan to Mar) 2019 onwards and are summarised in this section.

During the review of the FSS 266 sample, it was noted that holding companies present a unique challenge, as distinguishing between holding companies and head offices accurately has proven problematic. Often institutional units that consider themselves holding companies are actually head offices, or other types of units, from a UK National Accounts perspective. The [European System of Accounts 2010](#) (ESA 2010) used to prepare the UK National Accounts contains an entire section (2.14) on the differences between head offices and holding companies. Readers wishing to know more are invited to consult ESA 2010, section 2.14, however the main points are summarised in this section.

Head offices

Unlike a holding company, a head office exercises managerial control over its subsidiaries. Head offices are allocated to the dominant non-financial corporations sector of their subsidiaries, unless all or most of their subsidiaries are financial corporations, in which case they are treated as financial auxiliaries (S.126) in the financial corporations sector. Head offices are described under the [International Standard Industrial Classification of All Economic Activities, Revision 4, Section M, class 7010 \(PDF, 1.04MB\)](#) and [NACE Revision 2 Chapter 3 \(102\) and Section M 70.10 \(PDF, 5.77KB\)](#) as follows:

“This class includes the overseeing and managing of other units of the company or enterprise; undertaking strategic or organisational planning and decision-making role of the company or enterprise; exercising operational control and managing the day-to-day operation of their related units.”

Holding companies

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 so is classified as a financial corporation. Holding companies are described under the International Standard Industrial Classification of All Economic Activities, Revision 4, Section K, class 6420 (PDF, 1.04MB) and NACE Revision 2 Chapter 3 (102) and Section K 64.20 (PDF, 5.77KB) as follows:

“This class includes the activities of holding companies, i.e. 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, i.e. they do not administer or manage other units.”

In summary:

- Institutional units that administer or manage other units (subsidiary corporations) are considered head offices and allocated to the dominant non-financial corporations sector of their subsidiaries, unless their subsidiaries are mostly financial corporations in which case they are considered financial head offices.
- Financial head offices whose subsidiaries are mostly financial corporations, are classified as a financial auxiliaries and allocated to the ESA 2010 financial sub-sector S.126 Financial Auxiliaries.
- Holding companies are allocated to the ESA 2010 financial sub-sector S.127 Captive Financial Institutions and Money Lenders.

The review of the FSS 266 concentrated on identifying well-defined holding companies with large assets, and this has resulted in a reduction in the number of holding companies being sent the FSS 266 form.

The FSS 266 has a sample size of around [2000 companies](#) and samples 20 [Standard Industrial Classification \(SIC\) codes](#). Reducing the number of holding companies (six SICs) sampled potentially provides additional opportunities to sample the other 14 SICs that are not holding companies. Subsequent to the FSS 266 list of holding companies being finalised, one of the largest non-bank holding companies identified with assets in excess of £100 billion was reclassified as a head office and so was removed from the 2019 FSS 266 holding companies sample.

This example highlights the difficulties in separating holding companies from head offices. It also demonstrates the need for a holistic approach to ensuring that Office for National Statistics (ONS) financial surveys of holding companies and head offices together capture the entire population of these two distinct types of institutional units.

The reduction in the number of holding companies being sampled by the FSS 266 by concentrating only on those holding companies with large assets means that there is not any uplift from the sample to the true population taking place, and so the FSS 266 S.127 (holding companies) [Experimental Statistics](#) for Quarter 4 2019 published in this article are lower than the true population [Experimental Statistics](#) for all holding companies.

Obtaining an accurate number of the total number of holding companies is very difficult, given that many institutional units that consider themselves holding companies are actually head offices from a UK National Accounts perspective (see [European System of Accounts 2010](#) (ESA 2010, section 2.14) for further details). The interim approach described in this article provides a baseline upon which to enhance holding companies' [Experimental Statistics](#) in future.

The other major change made to the FSS 266 sample for 2019 was increasing the number of sampled institutional units from the SIC code 64991 Securities Dealers on Own Account. For several years the [largest securities dealers from 64991 have been consistently sampled via the FSS 266](#). During the review of the FSS 266 sample potential additional securities dealers were identified and from Quarter 1 (Jan to Mar) 2019 onwards they were sent the securities dealers version of the FSS 266 form.

Because the number of additional securities dealers added to the FSS 266 sample for SIC 64991 from Quarter 1 2019 onwards is modest, there are potential disclosure issues if the [Experimental Statistics](#) were to be provided by financial instrument for both the existing securities dealers sample and the expanded sample of securities dealers within 64991.

To alleviate these potential disclosure issues, the breakdown of the 64991 Securities Dealers on Own Account's total financial assets by financial instrument continues to be provided for the traditionally reported securities dealers sample only, in order to maintain continuity with previous FSS 266 estimates.

Given the aforementioned changes to the FSS 266 in 2019, comparisons with previously published FSS 266 [Experimental Statistics](#) for Quarter 4, 2016, Quarter 4 2017 and Quarter 4 2018 are not meaningful. Moreover, since these are [Experimental Statistics](#), and so under active development, changes to them are to be expected. Because the FSS 266 experimental balance sheet statistics are under active development, they are not directly comparable with [UK National Accounts](#) data.

Non-Bank Financial Intermediaries (NBFIs)

Apart from the sampling changes described in the previous sections, the other notable change in this article from previous FSS 266 articles is the separation of activities within the Non-Bank Financial Intermediaries (NBFIs) SIC group into two sub-groups, Finance Companies and Securities Dealing on Own Account:

Finance Companies

64303 Activities of Venture and Development Capital Companies

64910 Finance leasing

64921 Credit granting, non-deposit taking finance houses and other specialist consumer credit grantors

64929 Other credit grantors (not elsewhere classified)

64992 Factoring

64999 Other financial services activities (not elsewhere classified)

Securities Dealing on Own Account

64991 Security Dealing on Own Account

This breakdown of the financial activities sampled by the FSS 266 broadly corresponds to the Economic Functions EF2 and EF3 monitored by the international [Financial Stability Board's Global Monitoring Report on Non-Bank Financial Intermediation 2019](#).

EF2 Lending dependent on Short-Term funding

- 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

EF3 Market Intermediation dependent on Short-Term funding or secured funding of client Assets

- Broker-Dealers (for example FSS 266 Securities Dealers)
- Securities Finance Companies

Future improvements to the FSS 266

In terms of future improvements to the FSS 266, some of the potential areas for improvement include:

- Expanding the number of holding companies in the FSS 266 sample to capture the combined assets of small- and medium-sized holding companies, including ensuring that holding companies subsequently allocated as non-financial head offices are captured by other surveys such as the [Quarterly Survey of Financial Assets and Liabilities \(FALS\)](#) and vice versa. FALS collects information on the financial assets and liabilities held by companies, except for financial institutions. Note that financial head offices fall within S.126 Financial Auxiliaries.
- Inclusion of insurance companies that largely undertake investment fund management activities for pension funds and so likely fall within the scope of SIC 66300 Fund Management Activities. This was identified as an issue in [Experimental financial statistics for insurance using Solvency II regulatory data - enhanced financial accounts \(UK flow of funds\)](#) but it was not possible to make the necessary changes in time for the Quarter 1 2019 sample. It was noted in the article that “nowadays much of life insurance business is in fact the provision of pensions and pension fund management services” and that 11 companies solely managed funds on behalf of pension schemes. It was stated that “Planned future development also includes an assessment of whether any pension fund managers in the SII population should be classified as financial auxiliaries. In some cases, this may be the correct treatment under ESA 2010”.
- Improving the FSS 266 data on non-bank lending to consumers. As described in the ONS November 2019 article [Enhanced financial accounts \(UK flow of funds\) – Using commercial data in Experimental Statistics](#), the Experimental Statistics from the FSS 266 on loans (mostly from S.125 Other Financial Intermediaries) to consumers (households) contained in the ONS November 2019 article [UK financial accounts. Experimental Statistics flow of funds matrices: 2019](#) was supplemented with data from the credit reference agency Equifax, in order to better capture loans by non-bank financial intermediaries to consumers. It is hoped to improve the FSS 266 coverage of loans made to consumers in order to remove the need for supplementary data from Equifax.

5 . SIC groupings

There are 21 [Standard Industrial Classification](#) (SIC) codes that approximately map to the [European System of Accounts 2010 \(ESA 2010\)](#) financial sub-sectors S.125 to S.127:

- S.125 Other Financial Intermediaries
- S.126 Financial Auxiliaries
- S.127 Captive Financial Institutions and Money Lenders

The [Financial Services Survey 266 \(FSS 266\)](#) samples 20 of these 21 SIC codes. Data for the other SIC code 64922 Activities of mortgage finance companies is collected by the Bank of England (BoE). The approximate mappings of these FSS 20 SIC codes to ESA 2010 sub-sectors was described in the [Shadow Banking Introductory article](#). For presentation purposes, the [Experimental Statistics](#) for the 20 [Standard Industrial Classification](#) (SIC) codes sampled by the [Financial Services Survey 266 \(FSS 266\)](#) have been aggregated into three SIC groups:

- Non-Bank Financial Intermediaries (for example, non-bank lending activities)
- Financial Adjutants (financial auxiliaries, for example, brokers, financial and investment fund advisers)
- Non-Bank Holding Companies

These three SIC aggregated groups are used in preference to the ESA 2010 financial sub-sectors to emphasize that the FSS 266 does not provide full coverage of the financial sub-sectors S.125 to S.127. For example, as noted earlier, the FSS 266 only samples non-bank holding companies, whereas data on bank holding companies are collected separately by the BoE.

These three SIC groups have been created via the summation of SIC codes with broadly similar characteristics. Further details on the SIC codes can be found in the [Shadow banking introductory article](#). The SICs contributing to each SIC group are shown in Table 2.

Table 2: FSS 266 Standard Industrial Classifications by SIC group

	SIC Code	SIC Financial Activity	SIC Group
1	64201	Agriculture holding company	Non-Bank Holding Companies (NBHCs)
2	64202	Production Holding Company	Non-Bank Holding Companies (NBHCs)
3	64203	Construction holding company	Non-Bank Holding Companies (NBHCs)
4	64204	Distribution Holding Company	Non-Bank Holding Companies (NBHCs)
5	64205	Financial Services Holding Company	Non-Bank Holding Companies (NBHCs)
6	64209	Other Holding Company	Non-Bank Holding Companies (NBHCs)
7	64303	Activities of Venture and Development Capital Companies	Non-Bank Financial Intermediaries (NBFIs)
8	64910	Finance leasing	Non-Bank Financial Intermediaries (NBFIs)
9	64921	Credit granting, non-deposit taking finance houses and other specialist consumer credit grantors	Non-Bank Financial Intermediaries (NBFIs)
10	64929	Other credit grantors	Non-Bank Financial Intermediaries (NBFIs)
11	64991	Security Dealing on Own Account	Non-Bank Financial Intermediaries (NBFIs)
12	64992	Factoring	Non-Bank Financial Intermediaries (NBFIs)
13	64999	Other financial services activities	Non-Bank Financial Intermediaries (NBFIs)
14	66110	Administration of financial markets	Financial Adjutants (FAs)
15	66120	Security and Commodity Contracts Brokerage	Financial Adjutants (FAs)
16	66190	Other Auxiliary Activities	Financial Adjutants (FAs)
17	66210	Risk and damage evaluation	Financial Adjutants (FAs)
18	66220	Insurance agents and brokers	Financial Adjutants (FAs)
19	66290	Other pension and insurance auxiliary activity	Financial Adjutants (FAs)
20	66300	Fund management activities	Financial Adjutants (FAs)

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

6 . Financial Services Survey 266 results

Financial assets

At the end of Quarter 4 (Oct to Dec) 2019, the financial activities sampled by the FSS 266 had total financial assets in excess of £4 trillion, and are larger than those of either Insurance Corporations (S.128), Pension Funds (S.129) or Investment Funds (S.123-S.124), and second only to Deposit Taking Corporations (S.121-S.122).

The definitions of each of the financial instruments used in the assets tables can be found in the Explanatory notes at the end of this article.

Total financial assets

Table 3: Total financial assets by SIC group, Quarter 4 2019
£ billions

SIC Groupings (£ Billions)	Assets
Non-Bank Financial Intermediaries (NBFIs)	2,315
Financial Adjutants (FAs)	307
Non-Bank Holding Companies (NBHCs)	1,433
Total	4,055

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

Table 4: Total financial assets by activity, Quarter 4 2019
£ billions

Financial Assets	£ Billions
Securities Dealers	2,083
Non-Securities Dealers	231
Non-Bank Financial Intermediaries (NBFIs)	2,315
Financial Adjutants (FAs)	307
Non-Bank Holding Companies (NBHCs)	1,433
FSS Total	4,055

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

It can be seen from Table 4, that Securities Dealers (51%) and Non-Bank Holding Companies (35%) dominate the total financial asset holdings of £4.055 trillion.

The expanded Securities Dealers sample had total financial assets approximately £320 billion higher than the £2,083 billion obtained from the traditional Securities Dealers sample shown in Table 4.

Financial instrument assets

In terms of financial instrument asset holdings, holdings of individual financial instruments are dominated by AF.512 Unlisted Equity of £1.2 trillion (essentially holding companies' holdings of their subsidiaries' equity), AF.71 Derivatives (£1 trillion) and AF.41 Short-Term Loans (£0.7 trillion).

Table 5: Financial assets by financial instrument, Quarter 4, 2019
£ billions

AF.2 Deposits	
AF.22 Transferable Deposits	120
AF.29 Other Deposits	202
Total Deposits	322
AF.3 Debt	
AF.31 Short-Term Debt	29
AF.32 Long-Term Debt	70
Total Debt	98
AF.4 Loans	
AF.41 Short-Term Loans	733
AF.42 Long-Term Loans	257
Total Loans	990
AF.5 Equities, Shares & Units	
AF.511 Listed Equity	133
AF.512 Unlisted Equity	1,181
AF.519 Other Equity	19
AF.521 Money Market Fund shares/units	6
AF.522 Non-Money Market Investment Fund shares/units	39
Total Equities, Shares & Units	1,378
AF.71 Derivatives	1,017
Other	249
Total Assets	4,055

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

Taken together, AF.512, AF.71 and AF.41 account for more than 70% of the total financial assets of the financial activities sampled by the FSS 266.

SIC groups assets

The financial activities sampled by the FSS 266 have been grouped into three SIC groups for presentation purposes:

- Non-Bank Financial Intermediaries (for example, non-bank lending activities)
- Financial Adjutants (for example, brokers, financial and investment fund advisers or managers)
- Non-Bank Holding Companies

The breakdown of the total financial asset holdings by three SIC groups are shown in Table 6.

Table 6: Financial assets by SIC grouping and financial instrument, Quarter 4 2019
£ billions

	Non-Bank Financial Intermediaries (NBFIs)	Financial Adjutants (FAs)	Non-Bank Holding Companies (NBHCs)
AF.2 Deposits			
AF.22 Transferable Deposits	83	32	4
AF.29 Other Deposits	191	10	2
Total Deposits	274	42	6
AF.3 Debt			
AF.31 Short-Term Debt	27	2	0
AF.32 Long-Term Debt	61	2	7
Total Debt	88	4	7
AF.4 Loans			
AF.41 Short-Term Loans	591	36	106
AF.42 Long-Term Loans	104	21	132
Total Loans	695	57	238
AF.5 Equities, Shares & Units			
AF.511 Listed Equity	105	1	27
AF.512 Unlisted Equity	24	43	1,114
AF.519 Other Equity	0	11	8
AF.521 Money Market Fund shares/units	2	3	1
AF.522 Non-Money Market Investment Fund shares/units	4	35	0
Total Equities, Shares & Units	135	94	1,149
AF.71 Derivatives	1,005	9	3
Other	118	101	30
Total Assets	2,315	307	1,433

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

Asset holdings of AF.41 Short-Term Loans (£0.7 trillion) and AF.71 Derivatives (£1 trillion) are dominated by Non-Bank Financial Intermediaries (NBFIs) and SIC 64991 Securities Dealers on Own Account in particular. Because holding companies hold the assets (controlling levels of equity) of their subsidiaries, holding companies dominate the AF.512 Unlisted Equity assets with £1.1 trillion of the £1.2 trillion total.

Non-Bank Financial Intermediaries (NBFIs) financial assets

One of the notable changes in this article from previous articles is the separation of activities with the Non-Bank Financial Intermediaries (NBFIs) SIC group into two sub-groups:

Finance Companies

64303 Activities of Venture and Development Capital Companies

64910 Finance leasing

64921 Credit granting, non-deposit taking finance houses and other specialist consumer credit grantors

64929 Other credit grantors (not elsewhere classified)

64992 Factoring

64999 Other financial services activities (not elsewhere classified)

Securities Dealing on Own Account

64991 Security Dealing on Own Account

This breakdown of the financial activities sampled by the FSS 266 broadly corresponds to the Economic Functions EF2 and EF3 monitored by the international [Financial Stability Board's Global Monitoring Report on Non-Bank Financial Intermediation 2019](#).

The SIC 64991 Security Dealing on Own Account by itself accounts for more than £2 trillion of financial assets, and accounts for around 90% of the total financial assets of the Non-Bank Financial Intermediaries (NBFIs) SIC group.

Table 7: Non-Bank Financial Intermediaries (NBFIs) financial assets, Quarter 4 2019
£ billions

	Security Dealing on Own Account (SIC 64991 Securities Dealers)	Non-Security Dealers NBFIs (SICs 64303, 64910, 64921, 64929, 64992, 64999)	Total NBFIs
AF.2 Deposits			
AF.22 Transferable Deposits	77	6	83
AF.29 Other Deposits	188	2	191
Total Deposits	265	9	274
AF.3 Debt			
AF.31 Short-Term Debt	27	0	27
AF.32 Long-Term Debt	60	1	61
Total Debt	87	1	88
AF.4 Loans			
AF.41 Short-Term Loans	508	83	591
AF.42 Long-Term Loans	14	90	104
Total Loans	521	173	695
AF.5 Equities, Shares & Units			
AF.511 Listed Equity	103	2	105
AF.512 Unlisted Equity	7	17	24
AF.519 Other Equity	0	0	0
AF.521 Money Market Fund shares/units	0	2	2
AF.522 Non-Money Market Investment Fund shares/units	4	0	4
Total Equities, Shares & Units	114	21	135
AF.71 Derivatives	1,002	3	1,005
Other	93	25	118
Total Assets	2,083	231	2,315

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

Total financial assets by SIC

Table 8 presents the total financial assets for each of the SICs sampled by the FSS 266. Note how the securities dealers in the SIC 64991 Security Dealing on Own Account contribute over half of the total financial assets collected by the FSS 266.

Table 8: Financial assets by SIC, Quarter 4 2019
£ billions

	SIC Financial Activity	Assets	SIC Group
64201 & 64203	Agriculture & Constructon holding companies	33	Non-Bank Holding Companies (NBHCs)
64202	Production Holding Company	571	Non-Bank Holding Companies (NBHCs)
64204	Distribution Holding Company	291	Non-Bank Holding Companies (NBHCs)
64205	Financial Services Holding Company	159	Non-Bank Holding Companies (NBHCs)
64209	Other Holding Company	378	Non-Bank Holding Companies (NBHCs)
64303	Activities of Venture and Development Capital Companies	2	Non-Bank Financial Intermediaries (NBFIs)
64910	Finance leasing	28	Non-Bank Financial Intermediaries (NBFIs)
64921	Credit granting, non-deposit taking finance houses and other specialist consumer credit grantors	88	Non-Bank Financial Intermediaries (NBFIs)
64929	Other credit grantors	33	Non-Bank Financial Intermediaries (NBFIs)
64991	Security Dealing on Own Account	2,083	Non-Bank Financial Intermediaries (NBFIs)
64992	Factoring	10	Non-Bank Financial Intermediaries (NBFIs)
64999	Other financial services activities	71	Non-Bank Financial Intermediaries (NBFIs)
66110 & 66210	Administration of financial markets & Risk and damage evaluation	15	Financial Adjutants (FAs)
66120	Security and Commodity Contracts Brokerage	40	Financial Adjutants (FAs)
66190	Other Auxiliary Activities	145	Financial Adjutants (FAs)
66220	Insurance agents and brokers	15	Financial Adjutants (FAs)
66290	Other pension and insurance auxiliary activity	4	Financial Adjutants (FAs)
66300	Fund management activities	89	Financial Adjutants (FAs)
	Total	4,055	

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

Financial liabilities

At the end of Quarter 4 2019, the financial activities sampled by the FSS 266 had total financial liabilities in excess of £4.1 trillion, and are larger than those of either Insurance Corporations (S.128), Pension Funds (S.129) or Investment Funds (S.123-S.124), and second only to Deposit Taking Corporations (S.121-S.122).

The definitions of each of the financial instruments used in the liabilities tables can be found in the Explanatory notes at the end of this article.

Total financial liabilities

Table 9: Total financial liabilities by SIC group, Quarter 4 2019
£ billions

SIC Groupings (£ Billions)	Liabilities
Non-Bank Financial Intermediaries (NBFIs)	2,377
Financial Adjutants (FAs)	368
Non-Bank Holding Companies (NBHCs)	1,449
Total	4,194

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

Table 10: Total financial liabilities by activity, Quarter 4 2019
£ billions

FSS 266 Liabilities	£ Billions
Securities Dealers	2,054
Non-Securities Dealers	323
Non-Bank Financial Intermediaries (NBFIs)	2,377
Financial Adjutants (FAs)	368
Non-Bank Holding Companies (NBHCs)	1,449
FSS Total	4,194

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

From Table 10, it can be seen that Securities Dealers (49%) and Non-Bank Holding Companies (35%) dominate total financial liabilities of £4,194 trillion.

The expanded Securities Dealers sample had total liabilities approximately £336 billion higher than the £2,054 billion obtained from the traditional Securities Dealers sample shown in Table 10.

Financial instrument liabilities

Liabilities are dominated by AF.4 Loans (£1.3 trillion), particularly AF.41 Short-Term Loans (£1 trillion) and AF.71 Derivatives (£1 trillion).

Table 11: Financial liabilities by financial instrument, Quarter 4 2019
£ billions

AF.3 Debt	
AF.31 Short-Term Debt	64
AF.32 Long-Term Debt	139
Total Debt	203
AF.4 Loans	
AF.41 Short-Term Loans	968
AF.42 Long-Term Loans	338
Total Loans	1,306
AF.5 Equities, Shares & Units	
AF.511 UK issued Listed Equity	6
AF.512 UK issued Unlisted Equity	257
AF.519 UK issued Other Equity	14
AF.519 Overseas issued Other Equity	15
Share Premium	439
Reserves	679
Total Equities, Shares & Units	1,409
AF.71 Derivatives	1,010
Other Accounts Payable and Other Liabilities	265
Total Liabilities	4,194

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

Taken together, AF.4 and AF.71 account for more than 50% of the total financial liabilities of the financial activities sampled by the FSS 266.

SIC groups liabilities

As with financial assets, total financial liabilities are dominated by Non-Bank Financial Intermediaries (57%), particularly SIC 64991 Security Dealing on Own Account, and Non-Bank Holding Companies (35%).

Table 12: Financial liabilities by SIC grouping and financial instrument, Quarter 4 2019
£ billions

	Non-Bank Financial Intermediaries (NBFIs)	Financial Adjutants (FAs)	Non-Bank Holding Companies (NBHCs)
AF.3 Debt			
AF.31 Short-Term Debt	57	3	4
AF.32 Long-Term Debt	58	10	72
Total Debt	115	13	75
AF.4 Loans			
AF.41 Short-Term Loans	766	44	158
AF.42 Long-Term Loans	140	28	171
Total Loans	906	72	328
AF.5 Equities, Shares & Units			
AF.511 UK issued Listed Equity	2	2	3
AF.512 UK issued Unlisted Equity	63	11	183
AF.519 UK issued Other Equity	7	3	4
AF.519 Overseas issued Other Equity	3	0	11
Share Premium	30	29	380
Reserves	128	107	443
Total Equities, Shares & Units	232	153	1,024
AF.71 Derivatives	999	8	2
Other Accounts Payable and Other Liabilities	125	122	19
Total Liabilities	2,377	368	1,449

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

Non-Bank Financial Intermediaries (NBFIs) financial liabilities

The SIC 64991 Security Dealing on Own Account accounts for more than £2 trillion of financial liabilities, equivalent to 86% of the Non-Bank Financial Intermediaries (NBFIs) SIC group's total liabilities of £2.4 trillion.

Table 13: Non-Bank Financial Intermediaries (NBFIs) financial liabilities, Quarter 4 2019
£ billions

	Security Dealing on Own Account (SIC 64991 Securities Dealers)	Non-Security Dealers NBFIs (SICs 64303, 64910, 64921, 64929, 64992, 64999)	Total NBFIs
AF.3 Debt			
AF.31 Short-Term Debt	47	9	57
AF.32 Long-Term Debt	25	33	58
Total Debt	72	42	115
AF.4 Loans			
AF.41 Short-Term Loans	714	52	766
AF.42 Long-Term Loans	78	61	140
Total Loans	792	113	906
AF.5 Equities, Shares & Units			
AF.511 UK issued Listed Equity	1	0	2
AF.512 UK issued Unlisted Equity	33	30	63
AF.519 UK issued Other Equity	6	0	7
AF.519 Overseas issued Other Equity	2	1	3
Share Premium	8	22	30
Reserves	43	85	128
Total Equities, Shares & Units	94	138	232
AF.71 Derivatives	998	1	999
Other Accounts Payable and Other Liabilities	98	27	125
Total Liabilities	2,054	323	2,377

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

Total financial liabilities by SIC

Table 14: Financial liabilities by SIC, Quarter 4 2019
£ billions

SIC Financial Activity		Liabilities	SIC Groupings
64201 & 64203	Agriculture & Constructon holding companies	33	Non-Bank Holding Companies (NBHCs)
64202	Production Holding Company	610	Non-Bank Holding Companies (NBHCs)
64204	Distribution Holding Company	293	Non-Bank Holding Companies (NBHCs)
64205	Financial Services Holding Company	156	Non-Bank Holding Companies (NBHCs)
64209	Other Holding Company	357	Non-Bank Holding Companies (NBHCs)
64303	Activities of Venture and Development Capital Companies	2	Non-Bank Financial Intermediaries (NBFIs)
64910	Finance leasing	41	Non-Bank Financial Intermediaries (NBFIs)
64921	Credit granting, non-deposit taking finance houses and other specialist consumer credit grantors	86	Non-Bank Financial Intermediaries (NBFIs)
64929	Other credit grantors	33	Non-Bank Financial Intermediaries (NBFIs)
64991	Security Dealing on Own Account	2,054	Non-Bank Financial Intermediaries (NBFIs)
64992	Factoring	11	Non-Bank Financial Intermediaries (NBFIs)
64999	Other financial services activities	149	Non-Bank Financial Intermediaries (NBFIs)
66110 & 66210	Administration of financial markets & Risk and damage evaluation	27	Financial Adjutants (FAs)
66120	Security and Commodity Contracts Brokerage	39	Financial Adjutants (FAs)
66190	Other Auxiliary Activities	163	Financial Adjutants (FAs)
66220	Insurance agents and brokers	31	Financial Adjutants (FAs)
66290	Other pension and insurance auxiliary activity	6	Financial Adjutants (FAs)
66300	Fund management activities	103	Financial Adjutants (FAs)
	Total	4,194	

Source: Office for National Statistics Financial Services Survey 266

Notes

1. Numbers may not add to totals because of rounding. [Back to table](#)

7 . Non-FSS 266 data sources

The November 2019 [UK financial accounts Experimental Statistics flow of funds matrices: 2019](#) article presented UK experimental balance sheet statistics for 2016 and 2017. That article and the accompanying [Enhanced financial accounts \(UK flow of funds\) - Investment and other financial institutions \(IOFIs\)](#) article also identified some of the non-FSS 266 data sources used to prepare the flow of funds matrices for the ESA sub-sectors S.125 to S.127. Although the FSS 266 is expected to be the primary source of experimental balance sheet statistics for the [European System of Accounts 2010](#) (ESA 2010) financial sub-sectors S.125 to S.127, other data sources are also expected to contribute significant quantities of assets and liabilities. This section briefly outlines some of these other data sources and provides illustrative data where available.

Securitisation Special Purpose Vehicles

UK domiciled Securitisation Special Purpose Vehicles (SPVs) are estimated to have assets of approximately £300 billion at the end of 2019. This estimate is based on independent Office for National Statistics (ONS) research and data from the [Securitisation quarterly reports issued by the Association for Financial Markets in Europe \(AFME\) \(PDF, 1.21MB\)](#). Securitisation SPVs are not well captured by the FSS 266, and so using non-FSS 266 data sources will be necessary until the FSS 266 sample can be improved to better capture these SPVs.

Bank of England bank deposits and loans

Although the FSS 266 provides UK bank deposits (assets) and loans (liabilities) Experimental Statistics, the Bank of England's (BoE) Bankstats data source also provides deposits and Monetary Financial Institutions' loans data.

Non-bank lending to consumers

One of the most important non-FSS 266 data sources identified in the November 2019 [UK financial accounts Experimental Statistics flow of funds matrices: 2019](#) and [Enhanced financial accounts \(UK flow of funds\) - Investment and other financial institutions \(IOFIs\)](#) articles was the credit reference agency Equifax. Equifax is used to provide data on short-term and long-term loans to households.

The Office for National Statistics (ONS) has obtained anonymised borrowing data from Equifax for consumer loans by "other financial institutions" (UK lenders other than banks, building societies, or insurance companies). See the November 2019 article [Enhanced financial accounts \(UK flow of funds\) – Using commercial data in Experimental Statistics](#) for further details. The Equifax data provide the value of the lending at the end of the period, split between various loan types such as mortgages, credit card debt, and hire purchase. It is anticipated that the FSS 266 will be improved over time to remove the need for this separate data source.

Central Counterparties (CCPs)

[Central Counterparties \(CCPs\)](#) place themselves between the buyer and seller of a financial instrument, leading to a less complex web of exposures. [CCPs effectively guarantee the obligations under the contract agreed between the two counterparties \(PDF, 86.51KB\)](#), both of which would be participants of the CCP. If one counterparty fails, the other is protected via the default management procedures and resources of the CCP.

The FSS 266 has only partial coverage of CCPs activities. It is hoped to improve the FSS 266 coverage of CCPs, and in combination with data from other sources such as the Bank of England (BoE), to fully capture CCPs' assets and liabilities. For example, at the end of 2018, the [largest CCP alone had total assets and liabilities of around €400 billion](#). According to the BoE's Bankstats data, at the end of 2019, CCPs had UK bank deposit assets of £192 billion and loan liabilities with MFIs of £169 billion. Further details on the CCPs recognised by the BoE can be found on the BoE's [Financial market infrastructure supervision](#).

Mortgage finance companies

Data for SIC 64922 mortgage finance companies are collected by the BoE and so are not collected by the FSS 266.

Bank holding companies

The FSS 266 collects data on non-bank holding companies, but it does not collect data on bank holding companies, as the BoE is responsible for collecting data on bank holding companies. Both non-bank and bank holding companies are part of the ESA 2010 financial sub-sector S.127.

According to the BoE's [Bankstats data](#), at the end of 2019 bank holding companies had UK bank deposit assets of £40 billion and loan liabilities with Monetary Financial Institutions of £12 billion.

8 . Summary

This article has presented the FSS 266's [Experimental Statistics](#) for Quarter 4 (Oct to Dec) 2019. It has been shown that the financial activities sampled by the FSS 266 had total financial assets in excess of £4 trillion at the end of 2019. These total financial asset holdings of more than £4 trillion are larger than those of either Insurance Corporations (S.128), Pension Funds (S.129) or Investment Funds (S.123-S.124), and second only to Deposit Taking Corporations (S.121-S.122) in terms of size of financial assets.

It has been shown that the financial activities' holdings of financial instruments sampled by the FSS 266 are dominated by AF.512 Unlisted Equity (£1.2 trillion), AF.71 Derivatives (£1 trillion) and AF.41 Short-Term Loans (£0.7 trillion). Taken together AF.512, AF.71 and AF.41 account for more than 70% of the total financial assets collected by the FSS 266. In terms of sub-sector holdings of financial assets, since holding companies hold the assets (that is, controlling levels of equity) of their subsidiaries, non-bank holding companies dominate the AF. 512 Unlisted Equity assets with £1.1 trillion of the £1.2 trillion total. Asset holdings of AF.41 Short-Term Loans and AF.71 Derivatives have been shown to be dominated by Non-Bank Financial Intermediaries (NBFIs) and SIC 64991 Securities Dealers on Own Account in particular.

The [Barker Review](#) of the [UK National Accounts](#) recommended the implementation of whom-to-whom (W2W) data into the UK National Accounts, which would provide flows between creditor and debtor sectors for each type of financial instrument. The publication, via this article, of Experimental Statistics for the financial activities sampled by the FSS 266 for Quarter 4 2019 demonstrates good progress towards incorporating W2W data into the UK National Accounts and improving the S.125 to S.127 coverage in the UK National Accounts. It must however be remembered that because the FSS 266 experimental balance sheet statistics are under active development, they are not directly comparable with UK National Accounts data.

At the international level, the publication of experimental balance sheet statistics for the financial activities sampled by the FSS 266, via this article, also potentially assists the UK with providing data to international organisations, via the provision of disaggregated data not currently available within the UK National Accounts. For example, the international Financial Stability Board's (FSB) [Global Monitoring Report on Non-Bank Financial Intermediation 2018](#), published in February 2019, highlighted the significant improvement in the disaggregation of the UK's other financial institutions data following the publication of Experimental Statistics from the FSS 266.

9 . Acknowledgements

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10 . 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](#)

Previous articles related to the FSS 266

Full details of the financial activities covered by the FSS 266 and the approach being taken to improve the Experimental Statistics for the ESA 2010 sub-sectors S.123-S.127 can be found in the following articles:

- [Enhanced financial accounts \(UK flow of funds\) - Investment and other financial institutions \(IOFIs\)](#) published in November 2019.
- [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) - Financial Services Survey 266 - return of assets and liabilities, Quarter 4 2018](#) published in June 2019, provided FSS 266 Experimental Statistics for Quarter 4 (Oct to Dec) 2018.
- [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) – Financial Services Survey 266 - quarterly return of assets and liabilities](#) published in July 2018, provided FSS 266 Experimental Statistics for Quarter 1 (Jan to Mar) 2016 to Quarter 4 2017.
- [Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) – shadow banking introductory article](#) published in May 2018.