

Article

Other financial institutions' experimental financial balance sheet statistics: January to December 2020

Experimental balance sheet statistics for other financial institutions (OFIs). OFIs is the second-largest UK financial grouping by assets, after banking.

Contact:
Keith Miller
flowoffundsdevelopment@ons.
gov.uk
+44 (0)1633 455545

Release date:
9 June 2021

Next release:
To be announced

Notice

9 June 2021

After review, we have decided that the next publication will be data only and as such, there will be no accompanying article.

Table of contents

1. [Main points](#)
2. [Financial Services Survey: assets and liabilities](#)
3. [Total financial assets and liabilities](#)
4. [Securities dealers on own account](#)
5. [Non-bank lending to households](#)
6. [Data](#)
7. [Glossary](#)
8. [Data sources and quality](#)
9. [Related links](#)

1 . Main points

- A full set of experimental statistics is provided for Quarter 4 (Oct to Dec) 2019 to Quarter 3 (July to Sept) 2020, inclusive.
- For Quarter 4 2020 only, experimental statistics for securities dealers and non-bank lending to households are provided, reflecting Financial Services Survey (FSS) data availability.
- The experimental balance sheet statistics presented in this article cover most activities within other financial institutions (OFIs); OFIs cover all financial activities except for banking, insurance, investment funds and pension funds, and is the second-largest UK financial grouping by financial assets after banking.
- Total financial assets in Quarter 3 2020 were £4.7 trillion, 10% higher than the pre-coronavirus (Quarter 4 2019) estimate of £4.3 trillion.
- There was a sharp increase in securities dealers' use of derivatives during 2020, likely in response to increased economic fluctuations, with their derivative asset holdings increasing by 55% in Quarter 1 (Jan to Mar) 2020 to £1.7 trillion, up by £0.6 trillion from £1.1 trillion in Quarter 4 2019.
- In Quarter 4 2020, securities dealers' derivative asset holdings remained high at £1.4 trillion, 26% higher than Quarter 4 2019.
- Of the £283 billion increase in securities dealers' derivative asset holdings during 2020, £260 billion (92%) of contracts were held with overseas (rest of the world) counterparties and £242 billion (86%) were in the form of forward contracts.

2 . Financial Services Survey: assets and liabilities

This article presents [experimental balance sheet statistics](#) for other financial institutions (OFIs). OFIs cover all financial activities except for banking, insurance, investment funds and pension funds. OFIs are the second-largest UK financial grouping by assets after banking.

The term [experimental statistics](#) means that the contributing sources are "under active development" and are not directly comparable with national accounts statistics. These experimental balance sheet statistics have been produced outside of current processing of the national accounts and will likely be revised prior to inclusion in future national accounts.

The primary OFIs data source is the Office for National Statistics (ONS) [Financial Services Survey](#): assets and liabilities (FSS), although complementary experimental statistics are also used. The FSS samples most OFIs' financial activities outside of banking, investment funds, insurance corporations and pension funds.

As coronavirus (COVID-19)-related restrictions were applied in the UK during the second half of March 2020 during Quarter 1 (Jan to Mar) 2020, this article compares financial assets and liabilities for the OFIs sectors with the pre-coronavirus experimental statistics for Quarter 4 2019.

A full set of OFIs experimental statistics is provided for Quarter 4 (Oct to Dec) 2019 to Quarter 3 (July to Sept) 2020, inclusive. A full set of FSS results for Quarter 4 2020 is not yet available, so we can only present data from the FSS for securities dealers on own account for Quarter 4 2020. Some OFIs' experimental non-bank lending to households statistics from other sources are also provided for Quarter 4 2020. A full set of FSS results for Quarter 4 2020 will be published in [July 2021](#).

In previous articles, a fixed sample of securities dealers was used. However, this article presents data from an expanded sample of securities dealers for all quarters.

Financial instrument definitions can be found in Section 4 of the [Institutional sectors and financial instruments in the UK flow of funds accounts matrices](#).

3 . Total financial assets and liabilities

Other financial institutions' (OFIs) assets and liabilities initially spiked in Quarter 1 (Jan to Mar) 2020 and remained elevated in Quarter 2 (Apr to June) and Quarter 3 (July to Sept) 2020.

Table 1: Total financial assets by Standard Industrial Classification group, £ billion

	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Non-Bank Financial Intermediaries (NBF)	2,642	3,412	3,253	3,089
Financial Adjutants (FA)	281	274	291	318
Non-Bank Holding Companies (NBHC)	1,398	1,388	1,408	1,331
Total Financial Assets	4,321	5,075	4,952	4,739

Source: Office for National Statistics - Financial Services Survey: assets and liabilities

Notes

1. Totals may not equal the sum of parts due to rounding.

At the end of Quarter 3 2020, OFIs' total financial assets were £4.7 trillion, £0.4 trillion (10%) higher than the Quarter 4 (Oct to Dec) 2019 level of £4.3 trillion. Most of the increase (over 80%) in total assets was because of derivative assets, primarily held by securities dealers. Since the initial spike in Quarter 1 2020, total financial assets have decreased by £0.3 trillion (7%).

4 . Securities dealers on own account

Unlike the other 19 [Standard Industrial Classifications](#) (SICs) sampled by the Financial Services Survey: assets and liabilities (FSS), experimental statistics on [Securities dealers on own account](#) (SIC 64991) are available for Quarter 4 (Oct to Dec) 2020.

Securities consist of a range of financial instruments including bills, bonds, certificates of deposit, commercial paper, debentures, and shares. Those corporations that specialise in trading in these securities are labelled securities dealers. Such dealers may assist other firms in issuing new securities through the underwriting and market placement of new security issues or may also trade in new or outstanding securities on their own account.

Securities dealers' total financial assets in Quarter 4 2020 were £2.7 trillion compared with £2.4 trillion in Quarter 4 2019. In Quarter 1 (Jan to Mar) 2020, securities dealers' total financial assets increased sharply to £3.2 trillion.

Table 2: Security dealing on own account (SIC 64991) financial assets, £ billion

Q4 2019 Q1 2020 Q2 2020 Q3 2020 Q4 2020

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
AF.2 Deposits					
AF.22 Transferable Deposits	76	66	79	66	79
AF.29 Other Deposits	236	277	256	241	218
Total Deposits	312	343	335	306	297
AF.3 Debt					
AF.31 Short-Term Debt	21	34	31	24	27
AF.32 Long-Term Debt	66	84	82	81	57
Total Debt	87	118	112	106	84
AF.4 Loans					
AF.41 Short-Term Loans	675	774	791	751	756
AF.42 Long-Term Loans	14	19	14	14	15
Total Loans	688	793	804	765	771
AF.5 Equities, Shares & Units					
AF.511 Listed Equity	97	25	50	67	70
AF.512 Unlisted Equity	16	16	14	14	14
AF.519 Other Equity	1	0	0	1	0
AF.521 Money Market Fund Shares/Units	1	1	1	1	1
AF.522 Non-Money Market Fund Shares/Units	4	3	3	2	2
Total Equities, Shares & Units	118	44	68	85	88
AF.71 Derivatives	1,091	1,689	1,534	1,441	1,374
Other Accounts Receivable and Other Assets	108	179	145	145	100
Total Financial Assets	2,404	3,167	2,998	2,847	2,714

Source: Office for National Statistics - Financial Services Survey: assets and liabilities

Notes

1. Totals may not equal the sum of parts due to rounding.

Most of the changes in securities dealers' total assets were because of changes in holdings of derivatives. These financial instruments are contracts, between two or more parties, deriving their value from an underlying asset. As the value of the underlying asset fluctuates, the value of the derivative changes.

Securities dealers may use derivatives to protect themselves against risk or to take on risk for profit. One party is protecting themselves against risk and another is willing to take on risk for a fee, however, in some cases both parties may wish to protect themselves against risk. Increased economic uncertainty increases the need for risk management and potentially provides enhanced opportunities for securities dealers to trade derivatives.

From Quarter 4 2019 to Quarter 4 2020, derivative holdings increased by £0.3 trillion, reaching £1.4 trillion. Of the £283 billion increase in securities dealers' derivative asset holdings during 2020, £260 billion (92%) of contracts were held with overseas (rest of the world) counterparties and £242 billion (86%) were in the form of forward contracts. There was an initial sharp increase in securities dealers' derivative assets in Quarter 1 2020, reaching £1.7 trillion, followed by a decline in the three subsequent quarters, but remaining well above Quarter 4 2019.

5 . Non-bank lending to households

Other financial institutions' (OFIs') [non-bank lending to households](#) was largely stable between Quarter 4 (Oct to Dec) 2019 and Quarter 1 (Jan to Mar) 2020, before declining in Quarter 2 (Apr to June) 2020. This Quarter 2 2020 finding appears to be broadly consistent with the [decline in credit available to households from banks and building societies](#), as reported by the Bank of England.

To assess the stock of non-bank lending to households, we have examined three experimental data sources:

- Office for National Statistics (ONS) [Financial Services Survey](#) (FSS)
- ONS [Monthly Credit Grantors Survey \(MCG\)](#)
- commercial data supplier

The commercial data source consists of anonymised borrowing data on the stock of advanced consumer loans made by OFIs to households. The commercial supplier currently collects data from a wider range of companies than either the FSS or MCG, making direct loan stock comparisons difficult.

Table 3: Quarter-on-quarter percentage changes in stock of non-bank loan assets to households

	Q4 2019 to Q1 2020	Q1 2020 to Q2 2020	Q2 2020 to Q3 2020	Q3 2020 to Q4 2020
Commercial data source	-0.2%	-5.6%	0.0%	0.5%

Source: Office for National Statistics

In Quarter 2 2020, all three experimental data sources showed a decline in the stock of non-bank lending to households. The commercial data source suggests the stock of non-bank lending to households is now approximately 5% lower than the pre-coronavirus (Quarter 4 2019) level, mostly because of the fall observed in Quarter 2 2020.

6 . Data

[Other financial institutions' experimental financial balance sheet statistics](#)

Dataset | Released 9 June 2021

Quarterly data from the Financial Services Survey (FSS) return of assets and liabilities, including derivatives. These are experimental statistics.

7 . Glossary

A [glossary of terms](#) can be found in Other financial institutions' experimental financial balance sheet statistics: January to September 2020.

8 . Data sources and quality

Information about [data sources and quality](#) can be found in [Other financial institutions' experimental financial balance sheet statistics: January to September 2020](#).

9 . Related links

[UK financial accounts experimental statistics flow of funds matrices: 2020](#)

Article | Released 7 December 2020

The latest experimental UK whom-to-whom matrices, covering annual data for 2016, 2017 and 2018. This includes progress to improve quality, coverage, granularity and counterparty information.

[Economic Statistics Transformation Programme: enhanced financial accounts \(UK flow of funds\) - shadow banking introductory article](#)

Article | Released 1 May 2018

This article introduces ONS plans to improve coverage of the financial sub-sectors S.123 to S.127 using the Financial Services Survey and other sources.

[European System of Accounts 2010 \(ESA 2010\)](#)

Eurostat web page

The European System of National and Regional Accounts (ESA 2010) is the newest internationally compatible EU accounting framework for a systematic and detailed description of an economy.

[ONS Guide to Experimental Statistics](#)

Methodology

Frequently asked questions about statistics in development.

[Flow of Funds archived background information](#)

National Archives web page

[Institutional sectors and financial instruments](#)

Article | 7 November 2019

Explanatory notes for the institutional sectors and financial instruments referred to UK flow of funds accounts matrices: 2019, as part of the Economic Statistics Transformation Programme.