
ECONOMIC CLASSIFICATIONS
PROPOSALS FOR FINANCE AND INSURANCE IN ISIC AND CPC

(Note by the United Kingdom Central Statistical Office)

This paper is a contribution to the discussion of proposals for the categories to be included in the finance and insurance sections of ISIC and CPC. It is in response to a request made at the informal international meeting on service statistics held at The Hague, Netherlands, from 6 to 8 January 1987. It has been developed from papers written on this topic for the UN Statistical Office(1) and for OECD(2). The OECD sent their paper with comments and their broad endorsement to the UNSO Secretariat on 27 October 1986.

This current draft benefits from comments on our earlier version received from Statistics Canada, the Netherlands Central Bureau of Statistics and Statistics Sweden. It cannot be regarded as an agreed paper as there are a number of issues, some of them fundamental, on which the countries concerned have differing views.

(1) Proposals by a UN consultant, Professor R Geehan, circulated by UNSO under reference ESA/STAT/AC.25/6/1 dated 31 March 1986.

(2) Treatment of Finance and Insurance in ISIC and CPC; OECD Group of Financial Statisticians DAFNE/STAT/337 dated 6 October 1986.

FINANCE AND INSURANCE: ACTIVITY CLASSIFICATION

1. A proposal for revising the activity classification for Finance and Insurance is at Annex A. It is intended to reflect the way financial industries are organised and the likely available classification units for statistical reporting.

2. In the financial (including insurance) area the classification unit will often be broader than in manufacturing and other parts of the economy. At the financial enterprise level units will be concerned with broad types of business, but the possibilities for classifying at a lower level, where the mixture of business from unit to unit is mostly fairly uniform, are generally likely to be limited in so far as the compilation of economic accounts, including measures of output, is concerned. Often the most one can expect to obtain at the local level is a measure of employment.

3. In the financial area there are two broad types of activity:

(a) financial intermediation, which is concerned with collecting and redistributing funds and in which the classification unit acts as a principal, taking the transactions through its own books; and

(b) activities auxiliary to financial intermediation, which are concerned with management, advice and other assistance related to intermediation without the transactions being taken through the unit's own books.

4. There is a trend towards diversification in the financial area. It seems likely, however, that it will remain possible to classify financial enterprises as mainly intermediary or mainly auxiliary and, to sub-divide these groupings, by broad type of business. In fact it is likely that any enterprise engaging in intermediation is likely to fall to be classified to Division 81

as that is likely to be the predominant activity. Individual countries may however choose to follow national institutional arrangements in establishing the detail of the relevant activity classification.

Financial intermediation

5. Within financial intermediation, activity is characterised by the unit's balance sheet, that is by the ways in which it obtains and applies funds, and how it manages its financial position. The main differentiation between intermediaries is on the liabilities side of the balance sheet in how they attract and retain funds. The prominent activities are:

(a) insurance and pension funding, in which funds are obtained through premiums and contributions, though the main feature is the risk transforming purpose of the business and its actuarial matching of assets and liabilities;

(b) monetary intermediation, which is characterised by funds being accepted from non-financial sources on a day-to-day basis with repayment fixed in money terms; the funds are often short-term and are usually retained by offering convenient facilities for deposit, withdrawal and sometimes transfer of funds and by varying interest rates;

(c) credit granting where the intermediation is primarily concerned with making loans; and

(d) other financial intermediation, in which funds are obtained by borrowing from other intermediaries or by issuing securities, with balance sheet stability being maintained mainly by matching assets and liabilities.

6. The ~~asset~~ side of insurance and pension funding is almost entirely devoted to investment. This grouping can nevertheless be sub-divided between life insurance, pension funding and non-life insurance. Life term insurance and pension funding are concerned with spreading risks over time and include an important savings element. Other insurance is concerned with spreading risks over numbers of cases with little or no savings element.

7. Monetary intermediation (the function of the traditional bank) can be usefully separated from other financial intermediation. The special feature of monetary intermediation is that it adds to the total amount of means of payment in the economy rather than merely channelling existing amounts. On a wide definition it can be defined as providing facilities for deposits to be transferable between holders. On a narrower definition it can be defined as actually creating funds by providing loans which the intermediary simultaneously re-borrows in the form of transferable deposits.

8. Monetary intermediaries usually undertake a mixture of investment and credit granting which is largely governed by the asset ratios which they need to maintain. It is useful to distinguish only central banking from the rest of this group. Central banking essentially comprises the second level of banking at which the remaining banks can transfer deposits between each other. While the SNA offers (Table 5.1)* a definition of a central bank, the functions will vary from one country to another. Nevertheless the principal activities as described should ensure that all central banks fall to be classified to 8121.

* Table 5.1.2(a) The publicly owned and/or controlled bank which is a monetary authority, ie issues currency and sometimes coins, and not infrequently holds the international reserves of the country. The central bank also has liabilities in the form of the demand deposits of other banks and often of the government. The bank is to be classified as a public financial institution.

9. Further sub-divisions can be made according to the asset side of the balance sheet or other details of the activity. Non-monetary financial intermediation can be broken down with reference to the asset side into mainly credit granting and other, mainly investment. Credit granting is intended to mean application of funds where there is a direct, bilateral relationship with the borrower. Investment is here intended to mean purchase of financial assets on the open market. The importance of this distinction is that investment intermediation is conducted for the benefit of the people who place funds with the intermediary while credit granting is conducted for the benefit of people who borrow from the intermediary as well as for those placing funds with it. This in turn is related to the way in which the outputs of financial intermediation can be distinguished.

10. Consideration might be given to sub-dividing the credit granting heading (Group 813) in national classifications to identify at four digit level such national institutions as, in the UK, building societies or, elsewhere, saving and loan institutions. It might be considered useful to embody such a sub-division in NACE, but it would probably be of very limited use even for only 12 European countries.

11. This completes the activity analysis of financial intermediation down to four-digit level as proposed in Annex A. Further sub-division could be obtained by making more detailed reference to the financial instruments which the intermediaries deal in, which would enter the area of product classification covered by the CPC.

Activities auxiliary to financial intermediation

12. The auxiliary activities in question are those related to financial intermediation rather than to business in general. They include, for example, stock broking, portfolio management and administration of financial markets, but exclude such general

activities as accounting, auditing and taxation advice, which are appropriate to Division 89.

13. Many businesses will deal in a wide range of auxiliary services and it may be regarded as over ambitious to attempt to subdivide Division 82. Nevertheless conceptually auxiliary activities can be specifically related to insurance and pension funding. These are separated at three-digit level in Annex A from other auxiliary activities which are more general and relate to all types of intermediation. It is convenient to sub-divide these other activities at four-digit level where there are natural groupings comprising:

- (a) administration of financial markets;
- (b) security dealing services;
- (c) provision of financial advice and assistance and related other activities (activities auxiliary to financial intermediation nes).

14. The intended coverage of the activity headings is described in the accompanying explanatory notes.

FINANCE AND INSURANCE: PRODUCT CLASSIFICATION

15. The proposed product classification, which is essentially an extension of the activity classification, is at Annex B. In line with the activity classification, the first broad sub-division is between:

- (a) financial intermediation services; and
- (b) services auxiliary to financial intermediation.

16. In presenting any product classification it is important to restate at the outset that the intention is to describe the

principal products of each activity heading and that each heading can feature only once in the classification. This needs stating particularly in the context of the financial sector, where increasing diversification has led to many services being offered by a range of competing institutions rather than just the traditional initiator. Thus services that were once the exclusive preserve of banks - eg chequing facilities - are now offered by non-banks and banks' services have expanded to include many that are the principal products of other financial institutions.

17. Relating products to output measurement poses particular problems in relation to financial services. The value of services is not readily identifiable because intermediaries usually charge for them by indistinguishable additions or offsets to interest flows. Thus a bank may, in recognition of the acceptance of a deposit, offer a bundle of services including money transmission, maintenance of an account and provision of statements, overdraft facilities etc, none of which will be charged for per se, but the provision of which will be reflected in interest nominally earned or charged.

18. Output measurement itself poses particular problems in this area. This is explored further in Annex C to this paper in relation to UK experience, though it is clear from exchanges with other statistical offices that the problems vary considerably between countries, depending particularly on the reporting structure used for the statistical inquiries that go to banks, insurance companies and other financial institutions.

Financial intermediation services

19. Financial intermediation services are the services which are inseparable from the intermediation process and which comprise the security, availability, and other advantages that financial intermediaries confer on funds placed with them and borrowed from them. They are typified by the attributes of the

financial instruments offered by the intermediaries. Each instrument comprises a package of intermediation services, so it is convenient to classify these services by type of instrument. These instrument packages are offered on both the liability and asset side of intermediaries' balance sheets. In Annex B the liability side instruments are classified as various forms of deposit, insurance policy/pension scheme or investment instrument. They can be regarded accordingly as primary products of the deposit taking, insurance and pension funding, monetary intermediation and other financial intermediation activities. The asset side instruments are confined to one broad category, credit granting instruments. These are offered by financial intermediaries engaged in all the activity classifications, but for classification purposes are regarded as primary products of credit granting.

19. However, while this may, conceptually, be a convenient way to describe these services it is not invariably helpful, particularly where one is seeking to describe a range of financial service products that can be used as the basis for output measurement and aiming for consistency with the SNA. While it is the instrument approach that has been followed in the proposals in this paper, it is worth noting and considering two specific comments on this aspect that have been made by other countries that have contributed to the formulation of this paper. It has been suggested that:

- (i) different or additional headings are called for according to the reporting structure envisaged.

In this context the Canadian approach, which assumes an establishment reporting structure, introduces a number of specifically retail service headings which would not be relevant to a company reporting structure. Consideration should be given to whether in a world level classification it would be appropriate to provide for each product headings by adding eg branch office distribution, retail broker services. Our

conclusion was that the world level classification should provide the broad framework which would have general application and that it should be left to individual countries to introduce further headings into their national classifications if the industry structure and statistical reporting arrangements warranted it.

(ii) it will be necessary to define products in more detail than in the proposed product classification to achieve a level of quality consistent with data for most goods-producing industries.

Reference has already been made to the problems of specifying a conceptual framework for a product classification that:

- (a) is compatible with the SNA;
- (b) provides a relevant framework for developing measures of output of institutions engaged in financial intermediation;
- (c) reflects the way in which this activity is organised in different countries and
- (d) pays regard to national reporting structures for the relevant statistical inquiries.

It has been suggested in the Canadian contribution that, in view of the indirect charging for services and their bundling, the best way to obtain information on the content of bundles and to delineate additional product detail is to examine the cost structure of the industry. Given full information about inputs and outputs this is certainly a valid approach, but our view is that such information would be available in respect of a very limited number of countries and that no attempt should be made in the CPC to establish a framework for the product classification that most countries with significant activity in this area will be unable to follow. Again therefore the additional detail

called for would appear to be more appropriate to further sub-division in a national classification than to the CPC.

Services auxiliary to financial intermediation

20. Services auxiliary to financial intermediation are capable of being sold separately as the primary products of activities auxiliary to financial intermediation. Some services of this kind are also carried out or bought in by intermediaries in the course of the intermediation process. They then constitute intermediate (ie non-final) production.

21. The classification of these auxiliary services in Annex B reflects the classification of the activities that generate them. The specialised services related to insurance and pension funding are identified first, followed by the services related to financial intermediation in general. .

22. When these auxiliary services are sold separately they are for the most part charged for separately at market prices. They therefore present fewer measurement difficulties than do intermediation services.

Central Statistical Office
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Annex A

FINANCE AND INSURANCE: ACTIVITY CLASSIFICATION

- 81 Financial Intermediation
 - 811 Insurance and pension funding except compulsory social security
 - 8111 Life insurance
 - 8112 Pension funding(a)
 - 8113 Non-life insurance
 - 812 Monetary intermediation
 - 8121 Central banking
 - 8122 Other monetary intermediation
 - 813 Credit granting
 - 814 Other financial intermediation
- 82 Activities auxiliary to financial intermediation
 - 821 Activities auxiliary to insurance and pension funding
 - 822 Other activities auxiliary to financial intermediation
 - 8221 Administration of financial markets
 - 8222 Security dealing services
 - 8229 Activities auxiliary to financial intermediation nes

(a) For consideration whether 8111 and 8112 should be amalgamated for the world classification and sub-divided only for NACE, and national classifications where appropriate.

Explanatory notes: Activities(a)

81 Financial intermediation

Obtaining and redistributing funds

811 Insurance and pension funding, except compulsory social security.

Long and short term risk spreading with or without a savings element.

8111 Life insurance

Life insurance and reinsurance and other long term insurance with or without a substantial savings element involving the collection and investment of funds.

8112 Pension funding

Provision of retirement incomes including annuities (other than those compulsory state schemes or non-contributory schemes where the funding is largely derived from public sources) involving the collection and investment of funds.

8113 Non-life insurance

Insurance and reinsurance of non-life business (eg accident, fire, health, property, motor, marine, aviation, transport, pecuniary loss and liability insurance).

812 Monetary intermediation

Obtaining funds in the form of transferable deposits.

(Deposits are defined as funds which are fixed in money terms, which are obtained on a day to day basis and which, in the context of activity classification, apart from central banking, are obtained from non-financial sources. Transferability implies they are assignable by cheque or otherwise commonly used to make payments.)

8121 Central banking

Taking deposits which are used for clearance between financial institutions, supervising banking operations and also possibly holding the country's exchange reserves and issuing and managing the country's currency.

(a) Classification will be by predominant activity, though where any intermediation is involved this activity is likely to determine the classification (ie it will fall to Division 81 rather than 82). National institutional arrangements are likely to play a significant role in determining the classification of reporting units within Division 81.

- 8122 Other monetary intermediation
- All other taking of transferable deposits
- 813 Credit granting
- Financial intermediation primarily concerned with making loans
- (Loans are defined as transactions between borrower and lender without a marketable or negotiable instrument being issued.)
- 814 Other financial intermediation
- Other financial intermediation primarily concerned with distributing funds other than by making loans. Primarily this involves investment in securities (ie shares, bonds, bills, mutual funds etc). Also included is investment in property, where this is carried out primarily for other financial intermediaries, and in financial gold. (Security dealing on behalf of others is classified to class 8222.)
- 82 Activities auxiliary to financial intermediation
- Provision of services involved in or closely related to financial intermediation, but not themselves involving financial intermediation.
- 821 Activities auxiliary to insurance and pension funding
- Activities involved in or closely related to insurance and pension funding other than financial intermediation
- 822 Other activities auxiliary to financial intermediation
- 8221 Administration of financial markets
- Operation and supervision of financial markets other than by public authorities. Includes stock exchanges and bodies established to regulate or supervise the activities of financial markets.
- 8222 Security dealing services
- Dealing in financial markets on behalf of others (eg stockbroking) and related activities. (Own account dealing is in Group 814).
- 8229 Activities auxiliary to financial intermediation nes
- All remaining activities auxiliary to financial intermediation such as those of financial advisers, bureaux de change, mortgage advisers and brokers.

FINANCE AND INSURANCE: PRODUCT CLASSIFICATION**861 Financial Intermediation Services****8611 Insurance (including reinsurance) and pension schemes other than compulsory social security.**

- 86111 Life insurance
- 86112 Pensions and annuities
- 86113 Accident and health insurance
- 86114 Motor vehicle insurance
- 86115 Marine, aviation and transport insurance
- 86116 Fire and other property damage insurance
- 86117 Pecuniary loss insurance
- 86118 General liability insurance
- 86119 Other insurance and reinsurance not allocated above.

8612 Monetary intermediation services

- 86121 Central bank deposits
- 86122 Chequable deposits
- 86123 Non-chequable deposits
- 86124 Term deposits
- 86129 Other deposit services

8613 Credit granting services

- 86131 Mortgage loans
- 86132 Personal instalment loans
- 86133 Credit card demand loans
- 86134 Other demand loans
- 86135 Term loans including financial leases
- 86139 Other credit granted

8614 Other intermediation services

- 86141 Investment trust shares
- 86142 Property unit trusts (real estate investment trust units)
- 86143 Other unit trust units (mutual fund shares)
- 86149 Intermediation services nec

862 Services auxiliary to financial intermediation**8621 Services auxiliary to insurance and pension funding**

- 86211 Insurance broking and agency services
- 86212 Insurance and pension consultancy
- 86213 Average and loss adjustment services
- 86214 Actuarial services
- 86215 Salvage administration
- 86219 Other services auxiliary to insurance and pension funding

- 8622 Administration of financial markets(a)
 - 86221 Financial market operational services
 - 86222 Financial market regulatory services
 - 86229 Other market administration services
- 8623 Security dealing and related services
 - 86231 Stock and bill broking services
 - 86232 Stock issue and registration services
 - 86239 Other services related to security dealing
- 8624 Other services auxiliary to financial intermediation
 - 86241 Loan broking services
 - 86242 Financial consultancy and portfolio management
 - 86243 Stock registration services
 - 86244 Credit investigation
 - 86245 Debt collection
 - 86246 Foreign exchange services
 - 86247 Coin and currency packaging
 - 86249 Services auxiliary to financial intermediation nec

(a) Other than by public administration bodies

OUTPUT MEASUREMENT FOR FINANCE AND INSURANCE

1. When we undertook to draft proposals for representing finance, insurance and related activities in ISIC and CPC we were invited to consider output measurement problems in that context and against the general background of endeavouring to improve the measurement of output of the services industries. This note makes no new proposals for measuring output; it is restricted to considering the general problems and describes the current practice in the UK national accounts.

2. In attempting to do this there are two obvious starting points. They are to consider:

- (i) how, in theory, output should be measured;
- (ii) what is done in practice.

One can then go on to consider what improvements might be made that are practicable as international recommendations.

3. The relevant paragraphs of the SNA commence with the statement that "the gross output of sales and personal finance companies, banks and similar financial intermediaries and insurance companies and pension funds cannot be equated to their proceeds from activities". This distinguishes them from most other sectors of the economy where that approach is the obvious one and poses fewer problems. The key feature giving rise to these problems is the way in which interest payments and receipts are currently treated in the SNA and the fact that the bulk of earnings comprises the excess of interest received over interest paid out. The output of the different types of bodies comprising this sector is typified in the SNA as follows:

- (i) Sales and personal finance and similar companies:

Service charge = Total charge less interest payments

- (ii) Banks and similar financial intermediaries:

(a) Charges for specific services;

(b) Imputed service charge: equated to the excess of the property income received by the banks and similar intermediaries on loans and other investments made from the deposits they hold over the interest they pay out on these deposits. In theory this should exclude any property income received as a result of investing their own funds.

(iii) Insurance and pension funds:

Service charge = In general premium payments less element covering the risk of insuring and in the case of life insurance, the saving element.

For casualty insurance:

Service charge = Premiums received less claims paid

For life insurance:

Service charge = Premiums received less the sum of claims paid and the net additions to actuarial reserves, excluding the interest on those reserves, which accrues to policy holders.

While it is currently being debated whether or not the revised SNA should propose a different treatment of interest in the accounts generally, one can put those considerations on one side in the context of considering how output should be measured in finance and insurance. Whatever the solution eventually adopted, it will not affect the underlying problems of output measurement in this sector, for which a service charge has still to be imputed.

4. Turning from the theoretical to the practical considerations of how to produce regular quarterly output indicators, I will outline how the task is tackled for finance and insurance in the UK.

5. As has already been implied, output is difficult to define since the commodity mainly dealt with is money itself. The problems are typified by considering the activities of banks. In addition to keeping customers' accounts and providing other services, they act as intermediaries in channelling funds between lender and borrower. The provision of these services requires the employment of people and associated capital resources. It is necessary to allow for changes in the associated outputs in assessing their output, although given the way in which interest is treated, in the national accounts, the precise method of representing these services has limited influence on overall movements in gross domestic product. In the United Kingdom national accounts the output of the services provided is proxied by series associated with these services such as the deflated value of outstanding advances by the monetary sector which is used as an indicator of the change in part of the services provided by banks.

6. Measuring output involves the development of relevant output indicators and their association with weights appropriate to their inclusion in aggregates for the whole economy. So far as the indicators are concerned two distinct sets are used. The first relates to actual transactions during the period, generating work, and therefore factor income, but not necessarily charged for at an economic rate. These include the number of credit and debit clearings by banks and the number of new advances by building societies. The second set relates to the funds generating receipts and payments of interest, considered in

volume terms. Whilst it is conventional to speak of the margins between lending and borrowing rates, this is largely illusory as lending and borrowing are not usually arranged as counterpart transactions. It can be argued in any case that the interest rate systems impute a notional charge to both depositors and borrowers, equivalent to the difference between a conceptual average interest rate and that actually paid or charged. Thus, while in drawing up a classification one has to adhere to the principal activity (eg deposit taking or lending), in output measurement, income is assumed to be generated by both the borrowing and lending activities and both have to be represented in the indicators.

7. Turning to the weights the large excess of interest received over that paid is, in accordance with the national accounting conventions, regarded as a transfer payment out of factor income earned by the owner of the capital. The net output weight of an industry such as engineering is therefore estimated without deducting the net outflow of interest from the industry. Therefore the net inflow of interest to the financial sector should not be included in calculating its net output weights. Where this is done however the resultant weights would at least be small and often negative. To provide more useful disaggregated series, the net receipts of interest are included in the calculation of the weights for finance and insurance. The double counting is removed by introducing the concept of an adjustment for financial services; this has a negative weight. The indicators used for those services which are financed from net receipts of interest also play a dual role, appearing with a positive weight in the calculations of output for finance and insurance and with a negative, though generally lower, one in the adjustment for financial services. This approach has been used since 1963. Prior to that year the double counting had been removed by reducing the weights of all or most industries other than finance and insurance.

8. Detailed information about the indicators and weights used in compiling the output based measure of GDP for the UK is contained in Industry Statistics: Occasional Paper No 20 "which was circulated to those who attended the meeting on Services Statistics held at Voorburg in January of this year. Since then a revised edition has been issued; the details relevant to finance and insurance and related activities are given in Appendix 1 to this paper. Changes since the earlier version affect the treatment of finance leasing, property unit trusts and the rest of group 815.

9. The conceptual framework is reflected in the detailed approach to measuring activity in this sector, but some further explanation is called for given the large contribution to earnings arising from the difference between interest received and interest paid. The practice of identifying both the number of transactions and the volume of funds generating interest payments and receipts is referred to in para 6. This is done in order that both the work generating factor income - but not

necessarily charged for at an economic rate - and the volume of interest flows are represented in the measurement of output.

10. As a much wider range of services is provided by financial institutions than arranging transactions and carrying them through, the other services provided should also be reflected in the measurement of output, eg the provision of financial advice, the management of customers' portfolios. There are no readily identifiable and collectable indicators that one could use in this context and it is a relatively small activity in relation to the total activity of the particular financial institutions. It is nevertheless these peripheral activities which banks and building societies are endeavouring to expand and which may well be growing faster than the general level of activity. By failing to measure directly the growth in activity of the newer lines of business, the overall level of activity may be understated if no indicators and no weights attach specifically to these particular activities. It would be of interest to learn how important others judge this increasing diversity to be in the context of the total output of financial institutions and how others would recommend overcoming this problem, but our judgement is that given the measurement problems, the current approach of including an employment indicator and an assumed growth in output per head of 4 per cent pa yields a satisfactory measure of the output of the finance and insurance sector.

11. Comparing the conceptual framework with the system in use in the UK, one is led to question whether the approach to measurement has not evolved rather more than have the frameworks of the activity and product classifications. While the approach of the draft activity classification has been followed in the product classification, the indicators currently used for output measurement in the UK go beyond this. One might argue therefore that the product classification would be more helpful if it were more detailed. It might for example differentiate between loans made by banks from those made by other institutions granting credit and loans for house purchase made by building societies from those made by banks and insurance companies. However this introduces an institutional dimension to the product classification. A loan for house purchase, for example, is likely to be perceived by the borrower as the same service whether it is provided by a bank, an insurance company or a building society, even though the terms of the service may vary from one type of institution to another. But institutional arrangements differ considerably between countries and finer detail does not seem to be called for in a world level classification.

12. Consequently we conclude that while the broad groups of products offered by financial institutions should be described in the product classification, it is inappropriate to introduce further sub-divisions to indicate the institutional origin of the service. Finer detail is not called for in a world classification; it should be left to individual countries to embody further detail in their national classifications according to the size and role of the finance and insurance sector in that country.

13. So far as the measurement of output is concerned the system should be kept as simple as is consistent with the objective of measuring changes in the level of real output, keeping imputation to a minimum. Unless the treatment of interest is revised in the SNA, the use of the "adjustment for financial services" for measuring output, in the way described in this paper, is to be preferred to an attempt to adjust the output of all other sectors to offset financial institutions' profits from that source.

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Appendix 1

Standard Industrial Classification Codes	Description	Annual Series used	Weight per 1,000	Quarterly Indicator (if different)
DIVISION 8	BANKING, FINANCE, INSURANCE, BUSINESS SERVICES AND LEASING		116.0	
Group 814	Banking and bill-discounting (see also 'Adjustment for financial services')	Number of clearings by banks: Credits Debits Sterling deposits(1) deflated by the Retail Price Index (RPI): Domestic Overseas Deposits(1) in other currencies deflated by the RPI and expressed in dollars: Domestic Overseas Sterling loans(1) deflated by RPI: Domestic Overseas Loans(1) in other currencies deflated by the RPI and expressed in dollars: Domestic Overseas Amount invested in National Savings, deflated by RPI Employees in employment(2) with output per head adjustment(3)	0.9 3.2 2.1 0.4 0.2 4.9 2.6 0.2 0.4 4.7 0.2 9.7 29.6	

(1) Deposits with or loans by the monetary sector.

(2) Great Britain. Part-time female employees counted as one half.

(3) See introduction

Standard Industrial Classification Codes	Description	Annual Series used	Weight per 1,000 different)	Quarterly Indicator (if different)
Group 815	Other financial institutions (see also 'Adjustment for financial services')	Building societies: Number of advances made Total liabilities, deflated by RPI Number of advances outstanding Number of employees(1) Hire purchase dept outstanding (excluding monetary sector) deflated by RPI for durable household goods Finance leasing: indices of output weighted together by estimates of gross capital stock of finance leased assets by industry of use in 1980 Investment and unit trusts: Value of transactions in securities deflated by Unit-holder index Value of end-year holdings deflated by Unit-holder index Property unit trusts: value of end-year holdings, approximately adjusted to constant prices Rest of group 815: index of output derived from the above (except finance leasing) using the relative weights shown	0.3 0.3 0.3 0.4 3.7 7.0 0.2 0.2 - 2.4 15.0 2.4 9.1 11.5	Interpolated Interpolated Interpolated
Class 82	Insurance (see also 'Adjustment for financial services')	Consumers' expenditure on life assurance at 1980 prices Non-life insurance: total worldwide net written premiums (general business) deflated by a weighted price index(2)		
Groups 831/2	Activities auxiliary to banking, finance and insurance	Stockbroking: number of transactions: British government securities: up to 5 years in maturity over 5 years in maturity (or undated) Local authority securities Ordinary and fixed interest shares Consumers' expenditure on life assurance at 1980 prices Non-life insurance: total UK net written premiums (general business) deflated by a weighted price index(2)	0.1 0.4 - 1.1 0.7 2.2 4.5	

(1) Full-time plus half part-time

(2) Derived from Retail Price Indices for motor insurance and durable household goods and an implied index of construction costs; overseas business adjusted approximately for changes in Purchasing Power Parities

Standard Industrial Classification Codes	Description	Annual Series used	Weight per 1,000	Quarterly Indicators (if different)
ADJUSTMENT FOR FINANCIAL SERVICES (see also Classes 81 and 82)				
"Group 814"	Banking and bill-discounting			
		Number of clearings by banks:		
		Credits	-0.9	
		Debits	-3.1	
		Sterling deposits(1) deflated by the Retail Price Index (RPI)		
		Domestic	-2.0	
		Overseas	-0.4	
		Deposits(1) in other currencies deflated by RPI and expressed in terms of dollars:		
		Domestic	-0.2	
		Overseas	-4.9	
		Sterling loans(1) deflated by RPI:		
		Domestic	-2.4	
		Overseas	-0.2	
		Loans(1) in other currencies deflated by the RPI and expressed in dollars:		
		Domestic	-0.4	
		Overseas	-4.7	
		Amount invested in National Savings, deflated by RPI	-0.5	
		Number of employees in employment(2) with output per head adjustment	-9.2	
			-28.9	

(1) Deposits with or loans by the monetary sector.

(2) Great Britain. Part-time female employees counted as one half.

