



# ESTIMATION OF FINANCIAL SERVICES IN PAKISTAN

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#### **Financial Corporations**

Financial corporations(S12) are institutional units that are principally engaged in financial services including financial intermediation.



**Financial Sector** 

#### **Classification of Banks (SNA 2008)**

- 1. Central Bank (SBP)
- 2. Deposit- taking Corporations except the central bank
- Nationalized Pakistani Banks
- Private Pakistani Commercial Bank
- Specialized Pakistani Banks Foreign Commercial Banks
- Cooperative Banks
- Development Financial Institutions
- Investment Banks
- 3. Other Credit Granting Institutions

## Frame of Banks

•	S.no	Banks / DFIs	Total
	1	Central Bank	1
	2	Schedule Banks	4
	3	Non- Schedule Banks	28
	4	Specialized Banks	4
	5	Foreign Banks	9
	6	Cooperative Banks	3
	7	DFI's	9
	8	Investment Banks	12
		70	

# A. Output of Central Bank (SNA 2008)

- Total Output = Market Output + Non market Output .
- Market Output of SBP = commission.
- Non market Output = Intermediate consumption + compensation of employees + Consumption of fixed capital (depreciation)

#### Intermediate consumption of central Bank

 Total Intermediate consumption = Note printing charges + Agency commission + Part of "Establishment costs" (detailed I.C) + Other charges

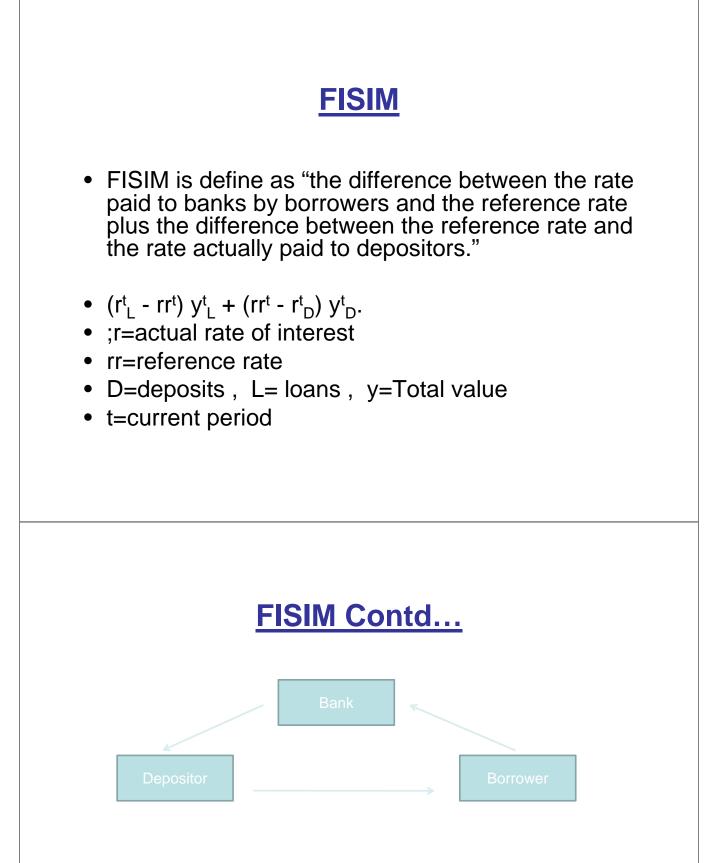
#### Output & GVA of Scheduled Banks (SNA 2008)

• Total Output=Output of FISIM + Output other than FISIM.

FISIM is most relevant part of output of Scheduled banks.

FIS section calculate FISIM on loans & deposits

According to the reference rate.



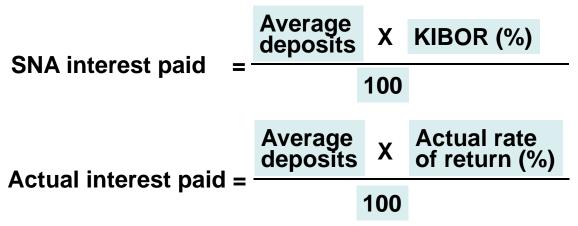
## **Output of FISIM**

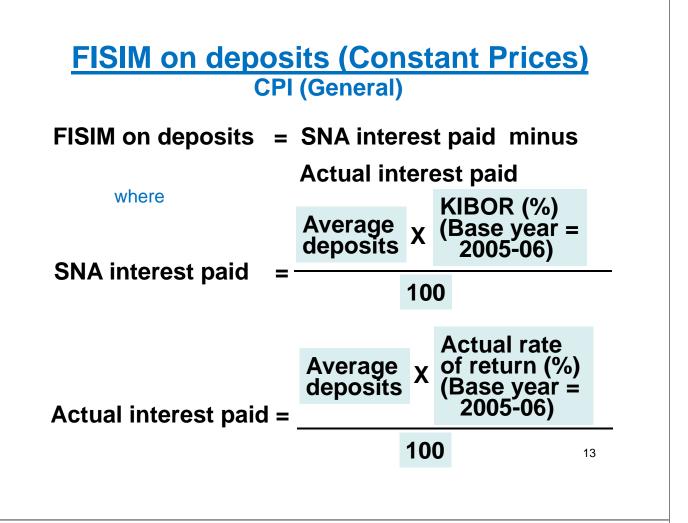
- 6. FISIM on loans/deposits?
- (i) Annual avg rate of 3 months KIBOR
- (ii) Annual avg of loans/deposits
- (iii) SNA- interest received/paid =(i\*ii)
- (iv) Weighted annual avg rate of return on loans/deposits
- (v) Actual interest received/paid =(ii\*iv)
- 6 FISIM on loans=(v-iii)
- 7 FISIM on deposits= (iii-v)
- 8 Output of FISIM= 6+7
- 9 GVA=Total output- Intermediate consumption

## **FISIM on deposits**

FISIM on deposits = SNA interest paid minus Actual interest paid

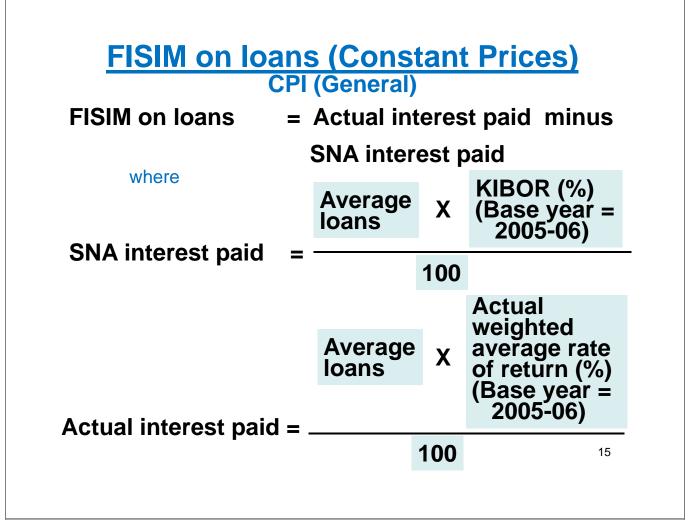
#### where





## **FISIM on loans**

	Actual interest paid minus SNA interest paid		
where			Jaiu
SNA interest paid =	Average Ioans	X	KIBOR (%)
SNA Interest paid –		100	
			Actual
	Average loans	X	weighted average rate of return (%)
Actual interest paid =		100	14



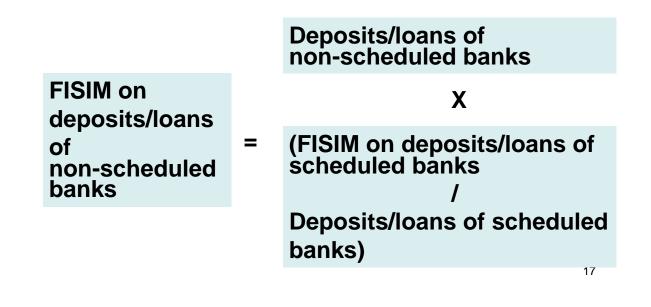
## Output & GVA of Non Scheduled Banks (SNA 2008)

Output of FISIM= FISIM for total loans + FISIM for total deposits

GVA= Total output (FISIM +Other than FISIM)- Intermediate consumption

#### **FISIM of non-scheduled banks**

 ASSUMPTION: The ratios of FISIM to loans & FISIM to deposits do not differ between scheduled banks and non-scheduled banks



## FISIM of non-scheduled banks (Constant price)

Ratio of FISIM of scheduled banks to deposits/loans at constant prices to be used to deflate the FISIM of non-scheduled banks

# Total FISIM

 Total FISIM of Banks = FISIM on loans of Scheduled banks+ FISIM on loans of Non-scheduled banks

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FISIM on deposits of **Scheduled banks+** FISIM on deposits of **Non-scheduled banks** 

#### Insurance & Pension Funds Life=10 & Non Life=38, Pension Fund=1

• The insurance companies and the pension funds gather all institutional units aiming at insuring i.e. to transform individual risks into collective risks, by guaranteeing the payment of a sum (allowance or service) in case a risk is realizing.

# Output of Non-Life Insurance Companies

- The output of the insurance corporation represents the service provided to the policy holders. The output of direct non-life insurance is
- premiums earned
- *plus* premium supplements
- less adjusted claims incurred

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## **Output of Life Insurance Companies**

- The output of life insurance is derived as premiums earned
- plus premium supplements
- less benefits due
- less increases (plus decreases) in life insurance reserves.

#### Gross Value Added Of Insurance Companies

Gross value added of Insurance companies is defined as output less intermediate consumption.

#### A. Output of EOBI (Pension Fund)

- Total Output = Non market Output .
- Non market Output = Intermediate consumption + compensation of employees + Consumption of fixed capital (depreciation).



#### **Gross Value Added Of EOBI**

Gross value added of Pension Fund is defined as output less intermediate consumption