



# 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.

# **BANKS**

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

<b>S.no</b>	<b>Banks / DFIs</b>	<b>Total</b>
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
	<b>Grand total</b>	<b>70</b>

### 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.

## FISIM

- FISIM is define as “the difference between the rate paid to banks by borrowers and the reference rate plus the difference between the reference rate and the rate actually paid to depositors.”
- $(r_L^t - rr^t) y_L^t + (rr^t - r_D^t) y_D^t$ .
- ;r=actual rate of interest
- rr=reference rate
- D=deposits , L= loans , y=Total value
- t=current period

## FISIM Contd...



## 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

$$\text{SNA interest paid} = \frac{\text{Average deposits} \times \text{KIBOR (\%)}}{100}$$

$$\text{Actual interest paid} = \frac{\text{Average deposits} \times \text{Actual rate of return (\%)}}{100}$$

## FISIM on deposits (Constant Prices) CPI (General)

**FISIM on deposits = SNA interest paid minus  
Actual interest paid**

where

$$\text{SNA interest paid} = \frac{\text{Average deposits} \times \text{KIBOR (\%)} \text{ (Base year = 2005-06)}}{100}$$

$$\text{Actual interest paid} = \frac{\text{Average deposits} \times \text{Actual rate of return (\%)} \text{ (Base year = 2005-06)}}{100}$$

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## FISIM on loans

**FISIM on loans = Actual interest paid minus  
SNA interest paid**

where

$$\text{SNA interest paid} = \frac{\text{Average loans} \times \text{KIBOR (\%)}}{100}$$

$$\text{Actual interest paid} = \frac{\text{Average loans} \times \text{Actual weighted average rate of return (\%)}}{100}$$

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## FISIM on loans (Constant Prices)

CPI (General)

**FISIM on loans = Actual interest paid minus  
SNA interest paid**

where

$$\text{SNA interest paid} = \frac{\text{Average loans} \times \text{KIBOR (\%)} \text{ (Base year = 2005-06)}}{100}$$

$$\text{Actual interest paid} = \frac{\text{Average loans} \times \text{Actual weighted average rate of return (\%)} \text{ (Base year = 2005-06)}}{100}$$

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## 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 on  
deposits/loans  
of  
non-scheduled  
banks**

=

**Deposits/loans of  
non-scheduled banks**

**X**

**(FISIM on deposits/loans of  
scheduled banks**

**/**

**Deposits/loans of scheduled  
banks)**

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## 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**

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## Total FISIM

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

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## **Gross Value Added Of Insurance Companies**

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

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### **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