

# Financial Accounts

2008

## *Revised financial accounts data for 2008 published*

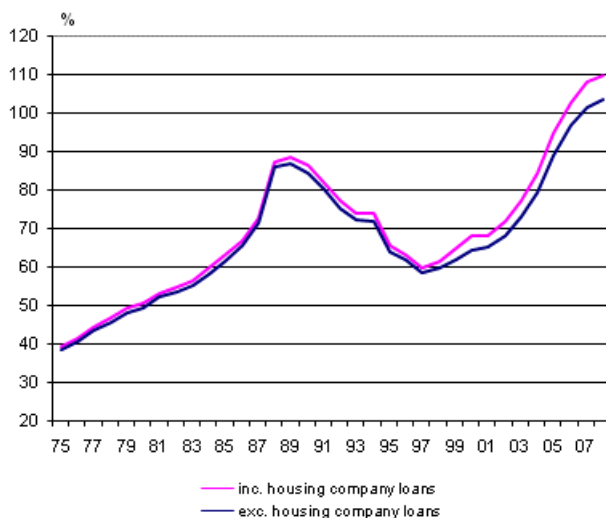
Annual financial accounts data for 2008 have been revised against completed source data. The preliminary data were published in July 2009. In addition, two significant revisions have been made to the time series of the statistics describing the financial balance sheets and financial flows of the different sectors of the national economy. The contents of the published data have been widened to cover e.g. balance sheet data for the 1970-1994 time period.

## *Loans of housing companies have been added to the debt of households*

Most of the debts and receivables of housing companies have been moved from housing corporations to households. Households' imputed share of the debts and receivables is based on an estimate of their share of ownership in housing companies. The revision increased especially households' loan debt and deposit receivables and, respectively, reduced the corresponding items of the sector of housing corporations. At the end of 2008, households' share of the corporate loans amounted to EUR 5.9 billion. Due to the grown loan debt, households' indebtedness (debt relative to disposable income) rose in the entire time series which starts from 1975.

Thus, the rate of indebtedness obtained for 2008 was 109.8 per cent, whereas without the imputed share of corporate loans it would have been 103.2. The treatment is consistent with the non-financial accounts.

### **Households' indebtedness 1975-2008**



### ***Other revisions to the time series***

The State Pension Fund has been reclassified from the central government sector to employment pension schemes in national accounts. In financial accounts, the revision was made to the time series which is compliant with ESA95 and starts from 1995. In consequence, the central government's financial assets diminished and those of employment pension schemes respectively increased by the size of the investment portfolio of the State Pension Fund. At the end of 2008, the investment portfolio was valued at EUR 10.3 billion. In addition, the central government's debt grew because the loan receivables of the Fund and the government bonds held by it had previously been eliminated from central government's debt as internal items. The items have been small since 2004. The revision has no impact on general government's consolidated debt.

Due to completed source data, routine revisions were made to the data concerning 2008, which mainly affect data on non-financial corporations and the rest of the world.

### ***Contents of published data have been widened significantly***

The contents of the data published from financial accounts have been widened on the basis of users' needs. Data on the counterpart sectors have been added to the time series which has been compiled according to ESA95 starting from 1995, which allow examinations of relationships of liabilities and receivables, as well as financial flows between sectors. The used classification of sectors is also more detailed than the previously published one.

Financial accounts time series comprising balance sheet data for 1970-1994 is now published for the first time in its entirety. The series deviates significantly from ESA95 principles in respect of coverage, classification of units and valuation of financial assets. Due to variations in the classification practices applied in different years, the data are presented by a fairly rough classification of sectors, and assets and liabilities.

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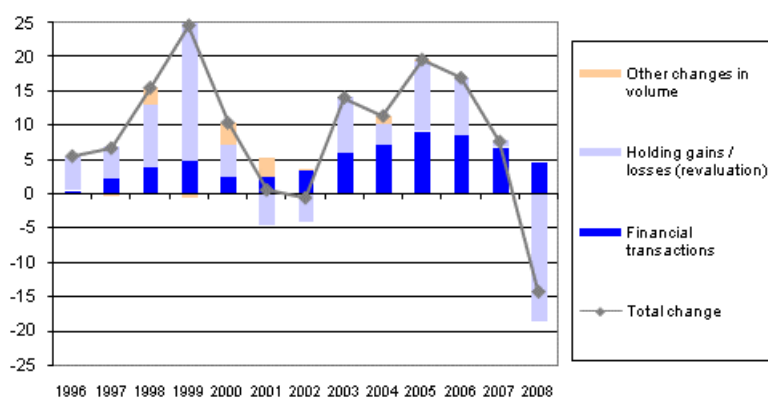
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## Households' financial assets decreased strongly in 2008

Holding losses resulting from decreases in the value of security prices pushed the value of households' financial assets to a steep decline in 2008. The value of households' financial assets fell by a total of EUR 14 billion. At the same time the flow from mutual fund shares to deposits which began in 2007 gained strength.

In 2008 households' financial assets were influenced by holding losses amounting to a total of EUR 19 billion. Direct investments in shares caused close on EUR 11 billion and mutual fund investments nearly EUR 5 billion of losses. Unit-linked life insurance and pension insurance claims also caused losses amounting to nearly EUR 3 billion. Furthermore, households' financial position weakened indirectly as a result of a decrease in employment pension schemes' reserve assets. However, households acquired a net of a good EUR 4 billion more financial assets, which is only slightly less than in the year before.

### Change in financial assets of households 1996-2008, EUR billion



As exceptional insecurity prevailed in stock and other securities markets, the focus of households' financial assets moved increasingly strongly from securities to deposits. Households moved nearly EUR 8 billion to deposits and at the same time withdrew a good EUR 4 billion from mutual funds. Households' interest in domestic quoted shares revived after a long interval and quoted share purchases amounted to EUR 1.5 billion in net terms.

All in all households' financial assets amounted to EUR 187 billion at the end of 2008. Of this amount EUR 71 billion were deposits, EUR 15 billion quoted shares, EUR 40 billion unquoted equity, EUR 33 billion life and pension insurance savings and EUR 9 billion mutual fund shares. The value of other financial assets was EUR 19 billion.

Households' financial position remained in deficit in 2008. Even though the annual growth in debts slowed down from the year before, indebtedness, i.e. proportion of loans relative to disposable income, rose to 109.8 per cent. Households' net financial assets, i.e. difference between financial assets and liabilities, shrunk by nearly one-fourth from that in 2007. At the end of 2008 they stood at good EUR 78 billion.

## Government sector financial position weakened

Examined through revenue and expenditure, the Finnish general government still showed a strong surplus in 2008. In terms of the sustainability of the public economy, a more important indicator, however, is its financial position. The financial position of the public sector showed a significant turn for the worse as the value of general government financial assets fell by EUR 33 billion in the year. Employment pension schemes' assets consolidated for future pension payments faced EUR 26 billion of holding losses in 2008. The decrease of central government share holdings by EUR 14 billion turned central government net financial assets negative by EUR 11 billion. General government debt increased slightly in 2008.

The focus of employment pension schemes' investments moved in 2008 from shares and mutual fund shares to loans and debt securities. Employment pension schemes lent EUR 3.5 billion to non-financial corporations

and added good EUR 3 billion to their debt security investments. Unlike in a few previous years, the focus of investment was now in Finland.

### *Non-financial corporations' loans increased strongly*

The indebtedness of non-financial corporations accelerated in 2008. Acquiring new financing was done nearly entirely by raising new loans, as the market for bonds and commercial paper dried up. The majority of the EUR 33 billion increase in the loan stock came from loans to other non-financial corporations, but credit institutions and employment pension schemes also provided ample loans to non-financial corporations. In short-term financing credits from banks replaced financing with commercial papers. All in all, non-financial corporations increased their short-term bank loans by good EUR 6 billion.

### *Investments in foreign shares dried up*

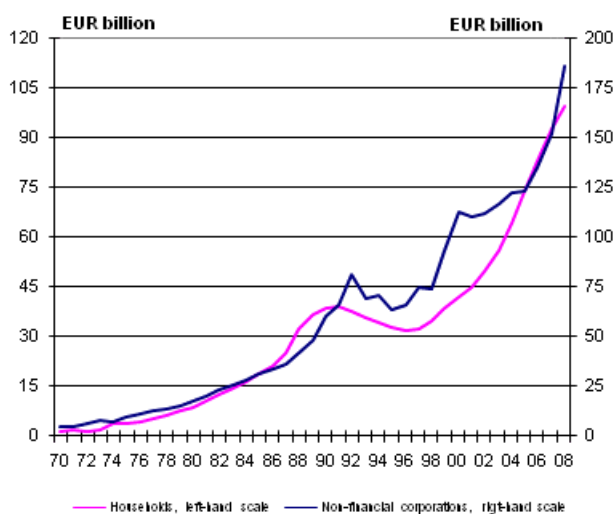
Finnish investors, especially employment pension schemes, investment funds and households reclaimed their money from foreign shares and mutual funds to the value of EUR 3 billion, whereas in the year before as much as EUR 10 billion of money had been invested in them. However, non-financial corporations continued their direct investments in foreign shares, spending EUR 10 billion on them.

Foreign investors also cut back strongly their holdings of Finnish quoted shares. In all Finnish quoted shares were sold back to domestic investors at a net value of EUR 5 billion. The fall in market quotations to less than one-half from the year before caused the value of foreign share holdings to plummet to EUR 64 billion at the end of the year. The proportion of foreign ownership of the value of Finnish quoted shares also decreased to 59 per cent.

### *Loan debts of households and non-financial corporations have grown rapidly*

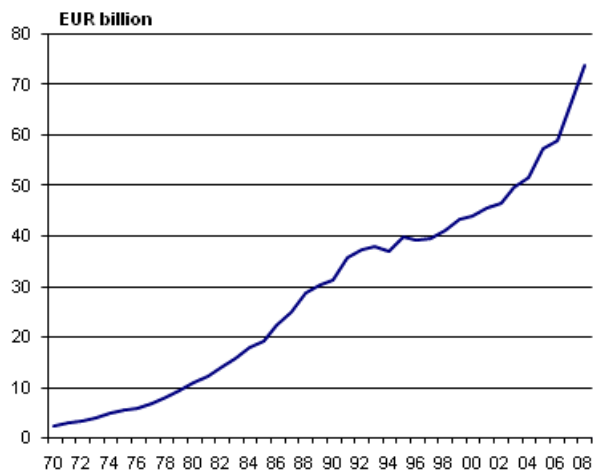
Over the past 40 years, indebtedness has been growing rapidly both among households and non-financial corporations. Between the mid-1970s and 1989, households' indebtedness, that is, their stock of loans relative to their disposable income, more than doubled to 88.5 per cent. Only the recession of the 1990s put an end to the prolonged growth of the loan stock. Households' loan stock diminished from 1991 up to 1996, after which it turned back to a steep incline at the onset of the 2000s, from where on indebtedness has grown quite rapidly again. In 2008, both non-financial corporations and households had nearly three times more loan debt than ten years earlier. Households' indebtedness has also risen fast in recent years and was as high as 109.8 per cent in 2008.

#### **Development of loan debt of households and non-financial corporations in 1970-2008**



Besides debts, the financial assets of households have also grown fast. Up to the mid-1990s, the vast majority of households' financial assets consisted of currency and deposits. In the 1970s, households' currency assets and deposit receivables were growing at the annual rate of up to over 20 per cent. After the mid-1990s, the share of deposits of households' financial assets began to decline but then started to grow again in 2007.

**Development of currency and deposit receivables of households in 1970-2008**



## Appendix tables

### 1. Financial assets of households

Instrument	Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Assets and liabilities total	132 624	133 214	132 661	146 741	158 124	178 011	195 392	201 643	187 341	
Currency	1 645	1 287	1 439	1 668	1 964	2 487	2 538	3 037	3 336	
Transferable deposits	32 333	33 864	34 686	37 465	39 602	41 778	42 137	42 921	45 324	
Other deposits	10 070	10 564	10 617	10 538	10 216	13 143	14 431	20 050	25 226	
Bonds	1 451	1 975	1 376	1 390	2 480	2 857	4 281	3 330	3 783	
Derivative instruments	.	.	.	.	176	283	388	142	30	
Loans	376	416	471	575	626	771	1 046	143	317	
Quoted shares	25 802	18 987	15 269	17 625	18 700	22 617	26 987	27 114	15 021	
Unquoted shares	21 003	20 332	21 712	25 959	27 502	29 730	31 790	29 733	29 216	
Mutual funds shares	5 126	5 258	4 912	6 573	8 992	12 930	17 639	18 056	9 115	
Insurance technical reserves	25 261	27 679	29 080	31 596	33 812	37 314	39 859	42 184	40 430	
Other accounts receivable and payable	3 145	5 506	5 336	4 618	4 875	4 134	4 285	4 783	4 944	

### 2. Liabilities of households

Instrument	Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Liabilities total	44 173	47 022	52 732	58 965	68 958	78 981	90 819	100 621	109 427	
Loans	42 027	44 723	49 458	56 070	64 249	73 646	83 142	92 587	99 340	
Other liabilities	2 146	2 299	3 274	2 895	4 709	5 335	7 677	8 034	10 087	

### 3. Households net acquisition of financial assets

Instrument	Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Assets and liabilities total	2 484	2 569	3 521	6 009	7 149	9 116	8 501	6 766	4 473	
Currency	202	-358	110	229	296	523	51	499	299	
Transferable deposits	-40	1 531	822	2 779	2 137	2 176	359	784	2 403	
Other deposits	490	494	53	-79	-322	2 927	1 288	5 619	5 176	
Bonds	-271	941	133	-682	785	385	1 404	-673	665	
Loans	65	40	55	104	51	145	275	-903	174	
Quoted shares	-1 038	273	630	80	242	-398	10	-1 123	-93	
Unquoted shares	-2 463	-3 715	-586	427	-113	-2 016	-700	-1 042	-1 277	
Mutual funds shares	1 805	834	564	1 305	1 497	2 877	3 862	786	-4 334	
Insurance technical reserves	3 043	2 268	1 555	2 264	2 090	3 108	1 649	2 061	1 404	
Other accounts receivable and payable	379	-20	-174	-718	257	-741	151	498	161	

### 4. Households net incurrence of liabilities

Instrument	Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Loans	3 632	2 695	4 882	6 612	8 180	9 397	9 496	9 445	6 726	
Other liabilities	378	154	975	-379	1 823	626	2 342	357	2 053	
Liabilities total	4 010	2 849	5 857	6 233	10 003	10 023	11 835	9 806	8 778	

## 5. Financial assetst of Non-financial corporations

Instrument	Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Assets and liabilities total	192 892	190 014	193 381	206 492	213 017	222 264	243 176	270 120	291 509	
Currency and transferable deposits	10 329	11 924	12 000	16 184	14 030	12 496	13 570	17 271	22 345	
Money-market instruments	1 900	1 216	2 366	2 176	3 199	2 761	2 926	1 651	904	
Bonds	8 901	8 538	8 006	5 010	3 250	2 719	2 293	1 324	1 423	
Derivative instruments	849	624	1 768	1 582	2 392	1 991	1 672	3 073	5 509	
Loans	58 334	61 716	64 218	71 076	73 281	69 640	69 205	78 949	86 504	
Quoted shares	15 300	11 432	10 324	9 125	7 128	8 768	9 678	9 462	4 711	
Unquoted shares	58 889	54 304	56 160	60 707	63 295	70 609	81 034	90 311	104 970	
Other equities	187	316	315	347	388	509	848	724	748	
Mutual funds shares	2 354	2 347	2 449	3 730	4 442	5 525	6 930	6 732	1 685	
Insurance technical reserves	1 870	1 909	2 190	2 260	2 432	2 298	2 550	1 875	1 845	
Other accounts receivable and payable	33 979	35 688	33 585	34 295	39 180	44 948	52 470	58 748	60 865	

## 6. Financial liabilities of Non-financial corporations

Instrument	Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Assets and liabilities total	531 408	437 529	370 591	382 043	391 232	443 065	491 981	560 456	475 471	
Money-market instruments	2 122	1 942	2 370	3 278	3 361	4 711	4 956	5 369	4 188	
Bonds	11 941	14 847	16 026	15 732	16 012	17 140	17 426	17 269	17 024	
Derivative instruments	722	555	803	1 439	1 529	2 163	1 363	1 422	5 000	
Loans	101 578	98 313	99 392	104 284	110 355	111 217	123 066	139 865	173 444	
Quoted shares	304 861	206 578	132 723	126 817	124 106	160 041	183 990	224 286	98 450	
Unquoted shares	68 277	70 887	74 539	81 561	85 595	92 701	100 603	107 303	108 794	
Other equities	10 139	11 620	12 233	14 626	13 980	15 571	15 743	15 642	16 278	
Other accounts receivable and payable	31 768	32 787	32 505	34 306	36 294	39 521	44 834	49 300	52 293	
Net financial assets	-338 516	-247 515	-177 210	-175 551	-178 215	-220 801	-248 805	-290 336	-183 962	

## 7. Net financial assets by sector

Sector	Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Non-financial corporations and housing corporations	-349 262	-258 809	-189 041	-187 417	-189 579	-232 092	-260 043	-301 686	-195 476	
Non-financial corporations	-338 516	-247 515	-177 210	-175 551	-178 215	-220 801	-248 805	-290 336	-183 962	
Housing corporations	-10 746	-11 294	-11 831	-11 866	-11 364	-11 291	-11 238	-11 350	-11 514	
Financial and insurance corporations	7 235	4 579	5 497	3 679	1 446	2 025	2 515	5 411	3 594	
The central bank	4 220	4 774	4 585	4 445	4 230	4 996	4 369	4 019	4 421	
Other monetary financial institutions	-847	926	1 253	1 183	1 211	200	-358	592	750	
Deposit banks	-258	635	786	848	1 002	-43	-813	70	480	
Money market funds	0	0	0	0	0	0	0	0	0	
Other monetary financial institutions practising financial intermediation	-589	291	467	335	209	243	455	522	270	
Other financial intermediaries	346	-2 741	-2 117	-3 035	-4 821	-5 858	-5 741	-2 282	-1 711	
Mutual funds	0	-1	0	0	-2	-1	0	0	0	
Other financial intermediaries	346	-2 740	-2 117	-3 035	-4 819	-5 857	-5 741	-2 282	-1 711	
Financial auxiliaries	708	168	245	194	284	660	859	1 295	502	
Insurance corporations	2 808	1 452	1 531	892	542	2 027	3 386	1 787	-368	
Voluntary pension funds	1 241	336	132	357	339	891	727	1 015	97	
General government	41 102	44 086	44 987	57 425	71 084	92 240	115 080	130 440	96 841	
Central government	-29 139	-28 273	-28 957	-22 380	-20 039	-11 773	-3 043	2 831	-10 822	
Local government	5 451	4 522	4 813	4 386	3 835	3 361	3 835	3 520	2 584	
Social security funds	64 790	67 837	69 131	75 419	87 288	100 652	114 288	124 089	105 079	
Employment pension schemes	62 919	65 680	67 133	73 506	85 416	98 849	111 898	121 271	102 672	
Other social security funds	1 871	2 157	1 998	1 913	1 872	1 803	2 390	2 818	2 407	
Households	88 451	86 192	79 929	87 776	89 166	99 030	104 573	101 022	77 914	
Non-profit institutions serving households	11 045	8 689	7 553	8 144	9 719	12 694	14 153	13 085	9 192	
Rest of the world	201 429	115 263	51 075	30 393	18 164	26 103	23 722	51 728	7 935	



## 8. Net financial transactions by sector

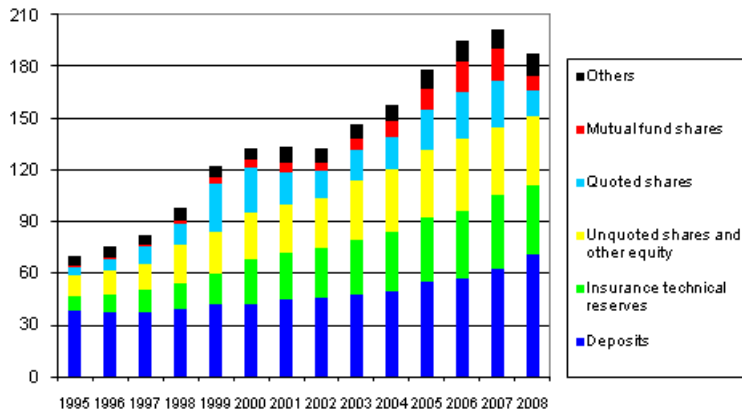
Sector	Year	Instrument		
		Net incurrence of liabilities	Net acquisition of financial a	Net financial transactions
Non-financial corporations and housing corporations	2005	3 139	3 923	784
	2006	19 282	19 939	657
	2007	23 359	23 327	-32
	2008	35 290	29 094	-6 196
The central bank	2005	356	945	589
	2006	837	978	141
	2007	3 176	3 372	196
	2008	6 108	6 320	212
Other monetary financial institutions	2005	19 096	18 662	-434
	2006	30 668	31 166	498
	2007	29 003	28 060	-943
	2008	32 246	32 849	603
Other financial intermediaries	2005	5 782	7 148	1 366
	2006	9 123	9 673	550
	2007	3 724	3 943	219
	2008	-5 340	-4 313	1 027
Financial auxiliaries	2005	311	548	237
	2006	-316	117	433
	2007	15	266	251
	2008	184	-269	-453
Insurance corporations	2005	3 148	1 678	-1 470
	2006	1 495	1 433	-62
	2007	1 240	975	-265
	2008	1 207	1 347	140
General government	2005	-2 025	1 437	3 462
	2006	-809	5 973	6 782
	2007	-164	9 206	9 370
	2008	788	8 601	7 813
Households	2005	10 023	9 116	-907
	2006	11 835	8 501	-3 334
	2007	9 806	6 766	-3 040
	2008	8 778	4 473	-4 305
Rest of the world	2005	20 138	15 777	-4 361
	2006	37 115	31 689	-5 426
	2007	28 562	23 348	-5 214
	2008	14 747	14 906	159

## 9. Statistical discrepancy by sector

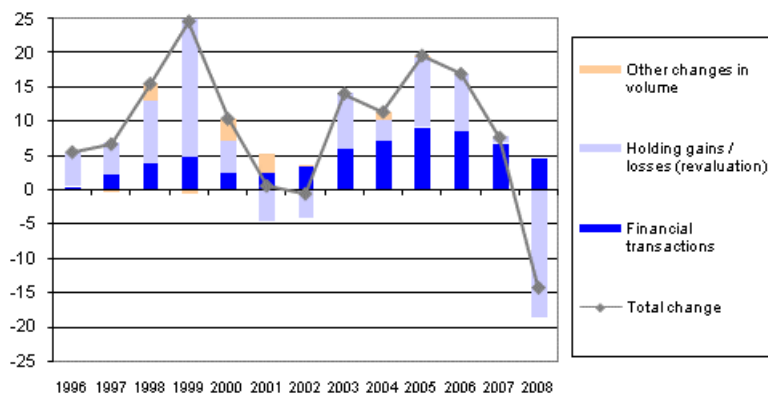
Sector	Instrumenti	Year									
		2000	2001	2002	2003	2004	2005	2006	2007	2008	
Non-financial corporations and housing corporations	Net financial transactions	4 749	7 495	3 659	6 442	3 111	784	657	-32	-6 196	
	Net lending	4 201	6 834	7 771	6 757	8 491	5 252	6 308	3 474	-347	
	Statistical discrepancy	-548	-661	4 112	315	5 380	4 468	5 651	3 506	5 849	
Financial and insurance corporations	Net financial transactions	-595	-3 449	1 951	-938	185	288	1 560	-542	1 529	
	Net lending	-11	506	1 357	-216	303	1 023	1 579	1 057	2 464	
	Statistical discrepancy	584	3 955	-594	722	118	735	19	1 599	935	
General government	Net financial transactions	8 666	7 206	5 643	3 217	3 748	3 462	6 782	9 370	7 813	
	Net lending	9 031	6 909	5 689	3 329	3 194	3 954	6 462	9 317	7 637	
	Statistical discrepancy	365	-297	46	112	-554	492	-320	-53	-176	
Households	Net financial transactions	-1 526	-280	-2 336	-224	-2 854	-907	-3 334	-3 040	-4 305	
	Net lending	-4 000	-2 926	-2 751	-2 561	-2 505	-4 863	-6 912	-6 869	-5 499	
	Statistical discrepancy	-2 474	-2 646	-415	-2 337	349	-3 956	-3 578	-3 829	-1 194	
Non-profit institutions serving households	Net financial transactions	-521	65	866	28	993	734	-239	-542	1 000	
	Net lending	949	532	309	227	250	371	398	245	433	
	Statistical discrepancy	1 470	467	-557	199	-743	-363	637	787	-567	
Rest of the world	Net financial transactions	-10 773	-11 037	-9 783	-8 525	-5 183	-4 361	-5 426	-5 214	159	
	Net lending	-10 170	-11 855	-12 375	-7 536	-9 733	-5 737	-7 835	-7 836	-6 561	
	Statistical discrepancy	603	-818	-2 592	989	-4 550	-1 376	-2 409	-2 622	-6 720	

# Figures

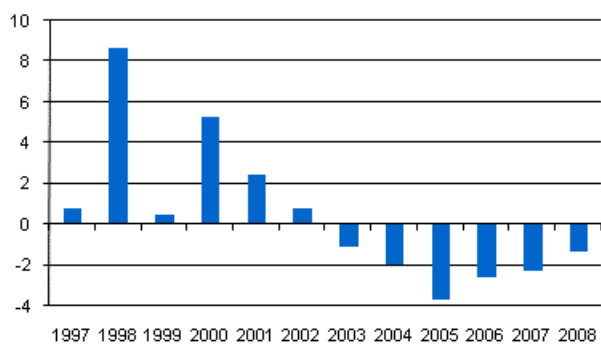
**Financial assets of households 1995-2008, EUR billion**



**Change in financial assets of households 1996-2008, EUR billion**

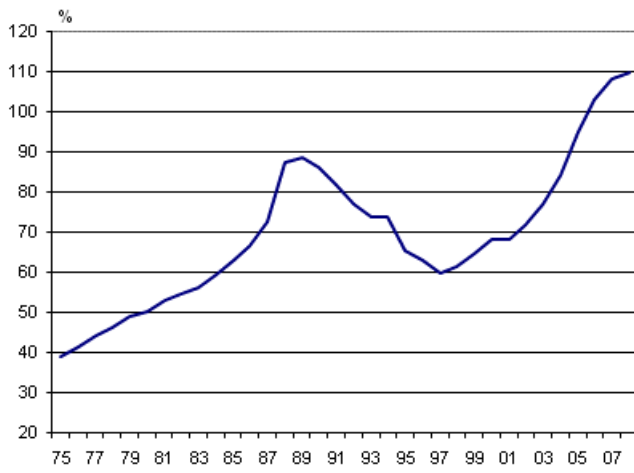


**Emissions of quoted shares by non-financial corporations, net\* 1997-2008, EUR billion**



\* Emissions less buybacks of own shares

### Households' indebtedness ratio 1975-2008



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Suomen virallinen tilasto  
Finlands officiella statistik  
Official Statistics of Finland

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