

## **Planned Retroactive Revision to the Flow of Funds Accounts**

The Bank of Japan retroactively revises data for the Flow of Funds Accounts (FFA), in principle once a year, to reflect information updates, such as newly obtained source data and institutional changes, and to incorporate revised estimation methods. The retroactive revision of 2024 is scheduled to be implemented in June and data from the first quarter of 2005 onward will be updated accordingly. This document outlines the key points of the revision currently planned, as well as their effect on outstanding and other figures in the FFA (tentative figures for end-March 2023).

- Charts at the end of this document present figures before and after the retroactive revision for the following amounts outstanding: financial assets of "households," and financial assets and liabilities of "private nonfinancial corporations." At present, the extent to which this revision affects these amounts outstanding is likely to be marginal.
- Figures and charts in this document are tentative, and subject to additional revisions as a result of, for example, newly obtained source data in the period ahead. The revised data are scheduled to be released on June 27 and will be available on the "BOJ Time-Series Data Search."

### **(1) "Finance companies"**

#### **(a) Revision**

"Finance companies" in the FFA consists of financial assets/liabilities in (1) money lending companies, (2) the Resolution and Collection Corporation (excluding those recorded in "financial institutions for small businesses"), (3) securities finance companies, and (4) venture capitals. From these four, the most significant revision is to the series for money lending companies, mainly due to the increase in the number of major money lending companies which respond to the regular survey (hereafter the respondents) and the refinement of the estimation method.

Financial assets and liabilities held by money lending companies are estimated using financial statements which are submitted to the Bank of Japan as source data of the FFA from the respondents through regular survey, except for those estimated using other sources such as statistics released by industry associations. Specifically, the total financial assets and liabilities are calculated by summing up the estimated amounts outstanding of each transaction item by the

following business types: money lending companies for consumers; money lending companies for businesses; credit card companies, sales credit companies, money lending companies affiliated to retailers and manufacturers; and leasing companies. The amount outstanding of each transaction item by business type is estimated by taking the ratio of the total loans outstanding of all companies categorized in each type to that of the respondents (categorized in each type) and multiplying by the amount outstanding for each transaction item reported by the respondents. For breakdowns of deposits, the estimated total amount outstanding of the money lending companies is allocated proportionally by the ratio of transferable deposits to time and savings deposits of depository companies, assuming that this sector does not hold foreign currency deposits.

In the planned revision for money lending companies, two changes will be put in place. Firstly, the number of the respondents will be expanded; secondly, the amount outstanding of each transaction item held by money lending companies will be estimated by taking the ratio of the total loans outstanding of all companies to that of the respondents as a whole and multiplying by the amount outstanding for each transaction item reported by the respondents (instead of each business type). Meanwhile, for the transaction items for which amounts outstanding are available from other sources, data drawn from these sources will be used. In addition, for deposits, the estimated total amount outstanding of the money lending companies will be allocated proportionally by the proportion of transferable deposits, time and savings deposits, and foreign currency deposits of "nondeposit-taking institutions including money lenders and credit card companies (but excluding government financial institutions)" in *Amounts Outstanding of Deposits by Depositor*.

**(b) Effect**

Due to the above revision, for "finance companies," the amounts outstanding of transaction items which will be revised downward are mainly "time and savings deposits" (assets), "equity" (assets, liabilities), "loans by private financial institutions" (liabilities) and "debt securities" (liabilities). Whereas, the amounts outstanding of transaction items which will be revised upward are mainly "transferable deposits" (assets), "loans by private financial institutions" (assets) and "loans by the nonfinancial sector" (liabilities).

Accordingly, amounts outstanding of some transaction items of "private nonfinancial corporations" and "households" will also be revised.

**Major changes in amounts outstanding: "finance companies" (end-March 2023)**

Transaction items	Assets/liabilities	Amounts outstanding before revision	Amounts outstanding after revision	Changes in amounts outstanding
Transferable deposits	Assets	1.1 tril. yen	4.7 tril. yen	+3.6 tril. yen
Time and savings deposits	Assets	7.1 tril. yen	1.1 tril. yen	-5.9 tril. yen
Loans by private financial institutions	Assets	55.0 tril. yen	56.6 tril. yen	+1.5 tril. yen
Equity	Assets	12.1 tril. yen	10.1 tril. yen	-2.0 tril. yen
Loans by private financial institutions	Liabilities	49.4 tril. yen	39.4 tril. yen	-10.0 tril. yen
Loans by the nonfinancial sector	Liabilities	9.3 tril. yen	15.0 tril. yen	+5.7 tril. yen
Debt securities	Liabilities	19.4 tril. yen	18.1 tril. yen	-1.3 tril. yen
Equity	Liabilities	17.4 tril. yen	12.8 tril. yen	-4.6 tril. yen

**(2) "Loans by private financial institutions" of "financial holding companies"****(a) Revision**

The amount outstanding of "loans by private financial institutions" held by "financial holding companies" is estimated based on the financial statements of individual financial holding companies, which are available only annually or semi-annually. In the planned revision, for figures as of end of June and December when financial statements are unavailable, the amounts outstanding of "loans by private financial institutions" held by financial holding companies of banks will be estimated using the data from financial statements of subsidiary banks of financial holding companies. In addition, the reconciliation amounts will record the changes in amounts outstanding of foreign currency loans attributable to the fluctuations of exchange rates, which are estimated based on the financial statements of financial holding companies and their subsidiaries.

**(b) Effect**

Due to the above revision, the figures for reconciliation, transaction and amounts outstanding of "loans by private financial institutions" (assets) of "financial holding companies," and accordingly, amounts outstanding of some transaction items of "private nonfinancial corporations" will be revised.

**Changes in amounts: "loans by private financial institutions" (the fourth quarter of 2022)<sup>1</sup>**

Sector	Assets/ liabilities	Reconciliation/ transaction/ outstanding	Amounts before revision	Amounts after revision	Changes in amounts
Financial holding companies	Assets	Reconciliation	--	-0.9 tril. yen	-0.9 tril. yen
Financial holding companies	Assets	Transaction	0	-1.2 tril. yen	-1.2 tril. yen
Financial holding companies	Assets	Outstanding	40.9 tril. yen	39.0 tril. yen	-1.9 tril. yen

**(3) "Public corporation securities" of "overseas"**

**(a) Revision**

The amount outstanding of "public corporation securities" held by the overseas sector is calculated from the residual after deducting the amounts held by domestic sectors, whose data are available from disclosed information such as financial statements, from total amounts issued. To be more specific, the residual is allocated among "private nonfinancial corporations," "private nonprofit institutions serving households (NPISH)" and "overseas." In the planned revision, the ratio attached for each sector in the allocation will be refined to reflect the recent increase in foreign investors' holdings more accurately.

**(b) Effect**

Due to the above revision, the figures for "public corporation securities" (assets) of "overseas" will be revised upward, whereas "public corporation securities" (assets) of "private nonfinancial corporations" and "NPISH" will be revised downward. Accordingly, the figures for "central government securities and FILP bonds" (assets) of "overseas" will be revised downward, whereas "central government securities and FILP bonds" (assets) of "domestically licensed banks" will be revised upward.

<sup>1</sup> As this revision does not affect the amounts outstanding as of the end of March, the table shows the figures of the reconciliation, transaction and amounts outstanding, as well as the changes caused by the revision as of the fourth quarter of 2022, as an example.

**Changes in amounts outstanding: "public corporation securities" and "central government securities and FILP bonds" (end-March 2023)**

Sector; Transaction item	Assets/liabilities	Amounts outstanding before revision	Amounts outstanding after revision	Changes in amounts outstanding
Overseas; public corporation securities	Assets	3.2 tril. yen	7.6 tril. yen	+4.4 tril. yen
Overseas; central government securities and FILP bonds	Assets	78.1 tril. yen	73.4 tril. yen	-4.7 tril. yen
Domestically licensed banks; central government securities and FILP bonds	Assets	23.6 tril. yen	26.4 tril. yen	+2.8 tril. yen
Private nonfinancial corporations; public corporation securities	Assets	3.6 tril. yen	1.3 tril. yen	-2.2 tril. yen
NPISH; public corporation securities	Assets	3.6 tril. yen	0.2 tril. yen	-3.3 tril. yen

**(4) Other key points of the retroactive revision**

Other than the above revisions, the Bank will reflect newly obtained source data as part of the planned revision. Below are the highlights of such revisions currently planned.

***"Unlisted shares" issued by "private nonfinancial corporations"***

In estimating the amount outstanding of "unlisted shares" issued by "private nonfinancial corporations," the Bank makes use of data such as those on market value from the *Annual Report on National Accounts*. With the planned revision, historical figures will be retroactively revised to reflect the newly obtained source data.

***Reflecting the retroactive revision of the Balance of Payments related statistics***

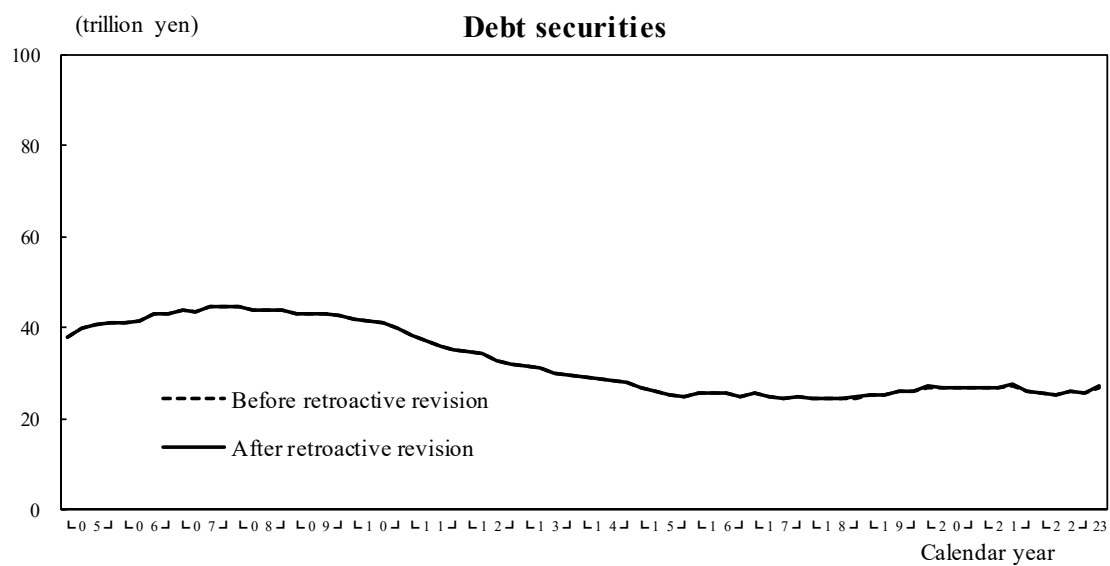
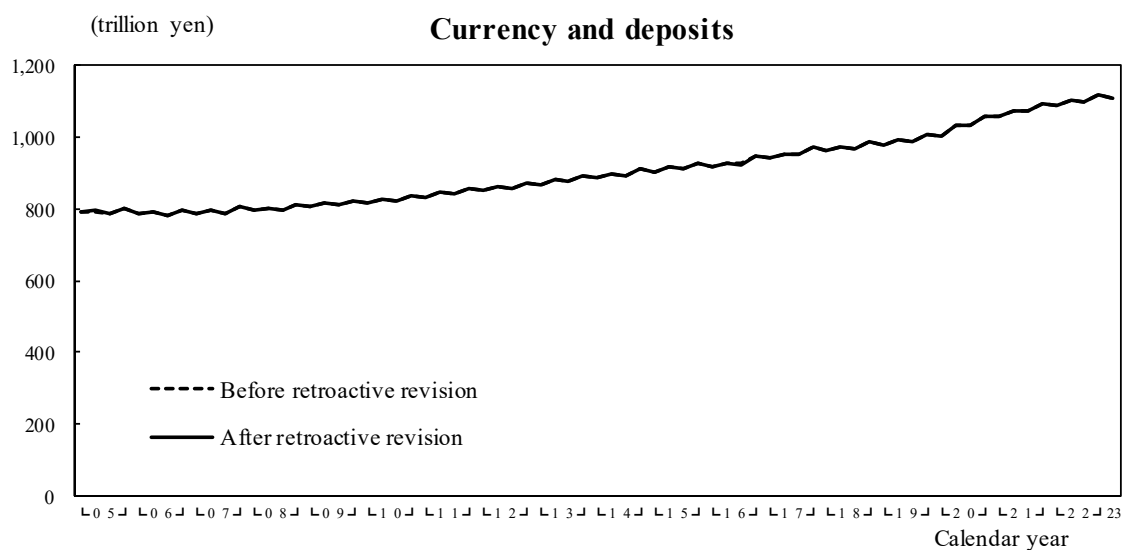
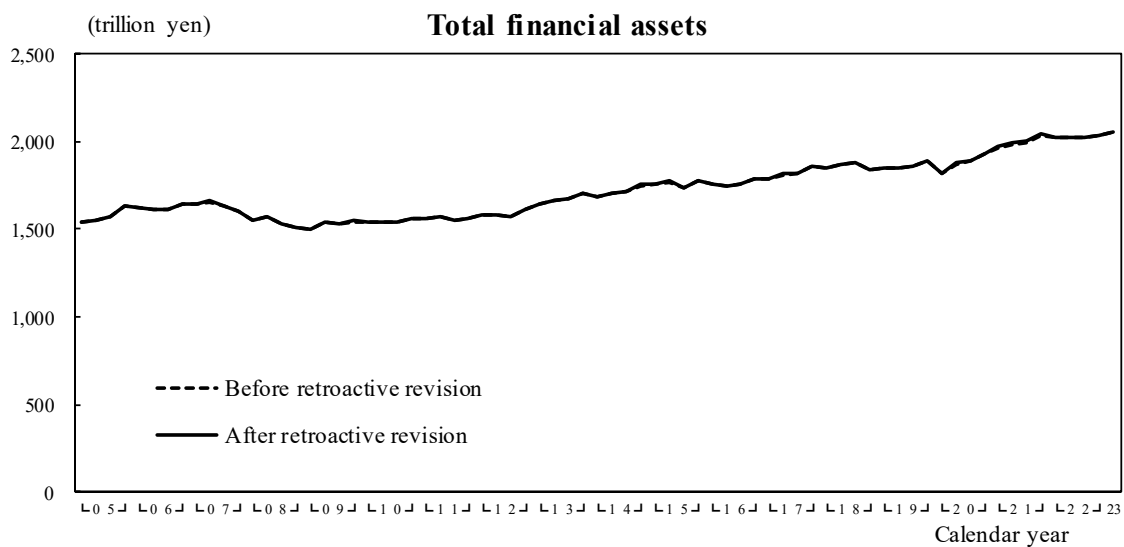
As a result of incorporating the retroactively revised data from the *Balance of Payments* related statistics, figures for some transaction items of the sector "overseas" will be revised from 2021 onward.

Inquiries:

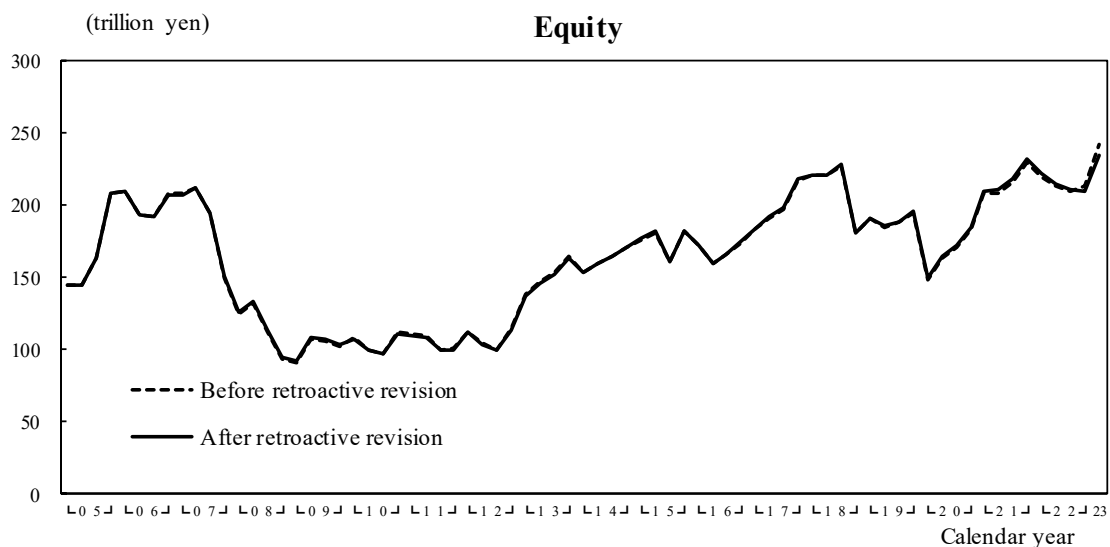
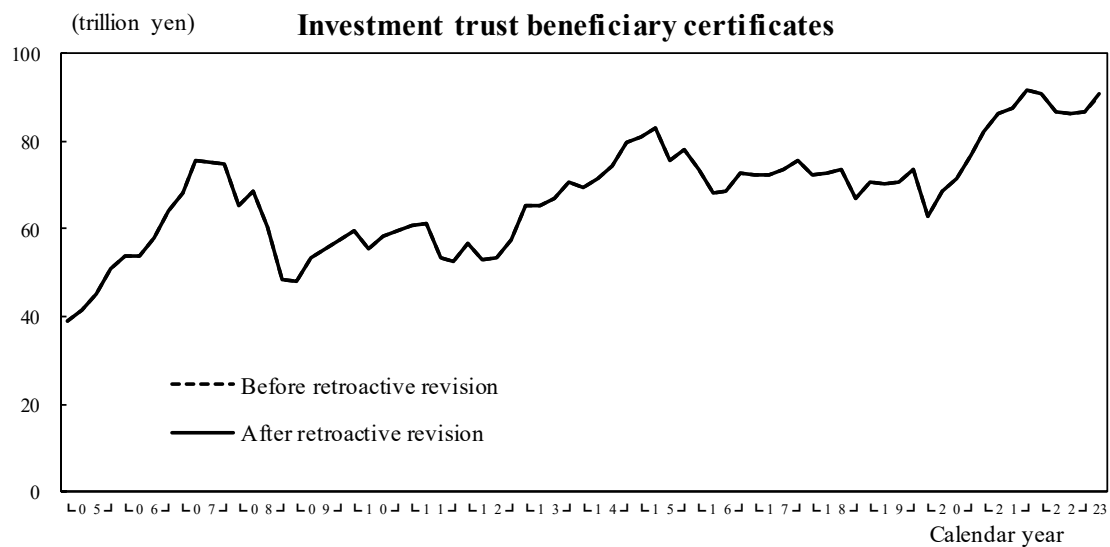
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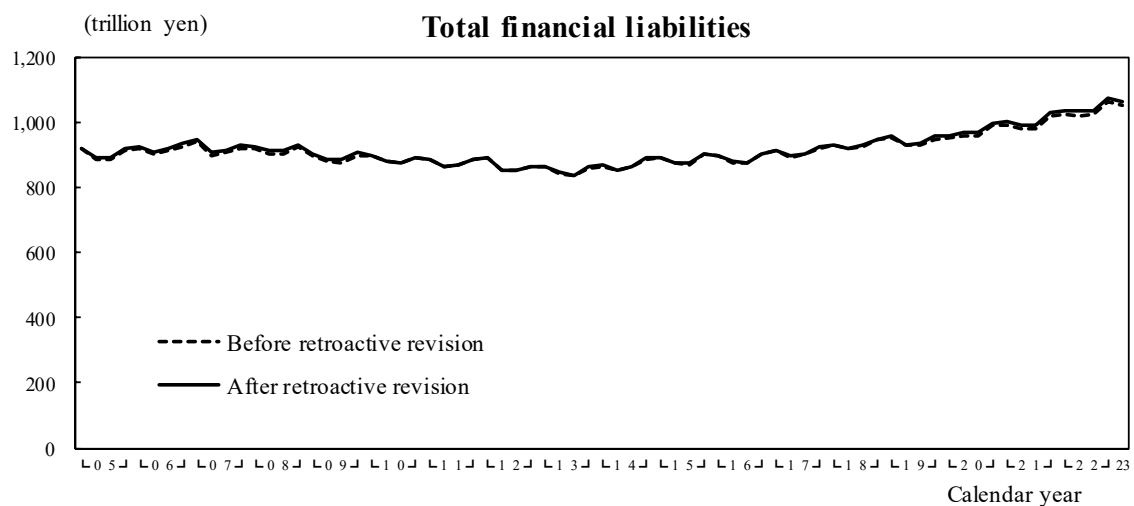
### (1) Households (outstanding financial assets)



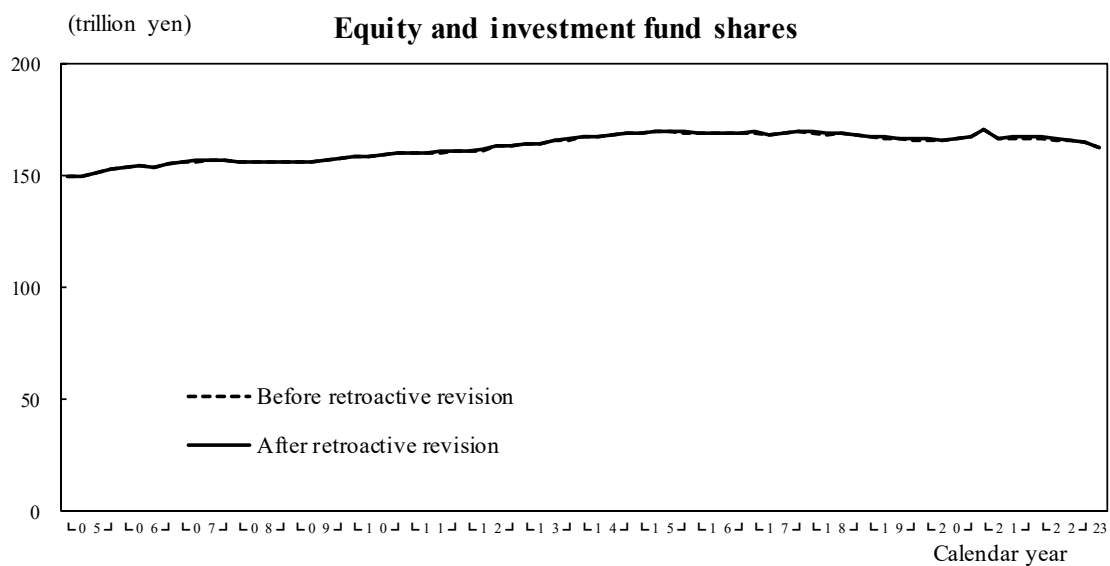
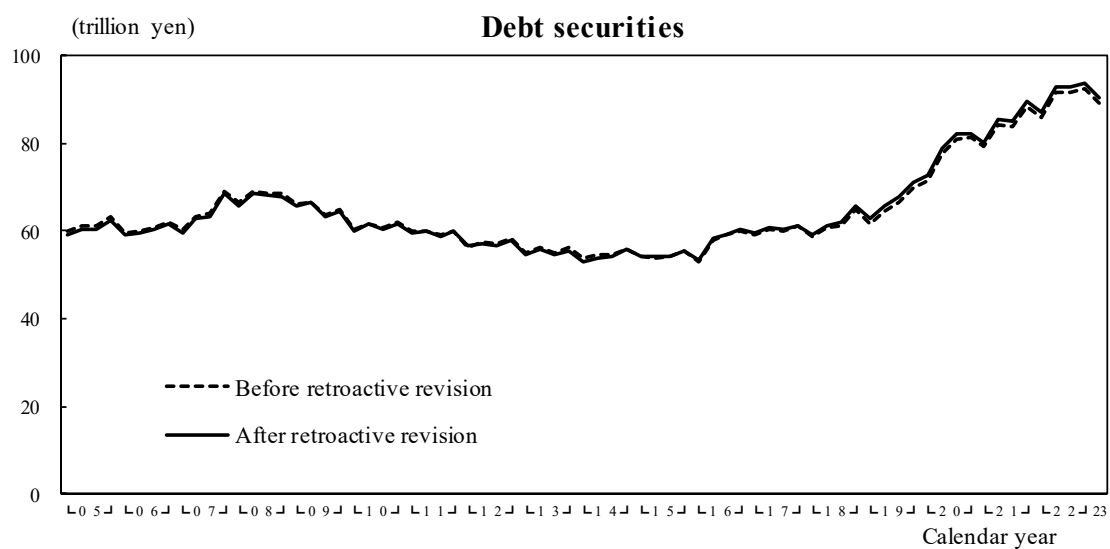
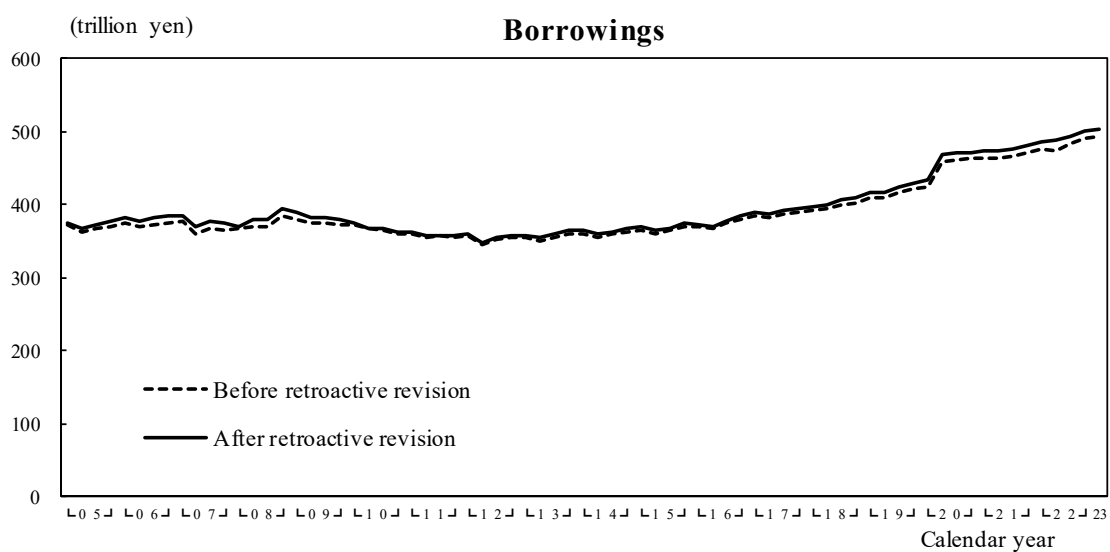
**(1) Households (outstanding financial assets) (continued)**



**(2) Private nonfinancial corporations (outstanding financial liabilities, book value/face value basis)**

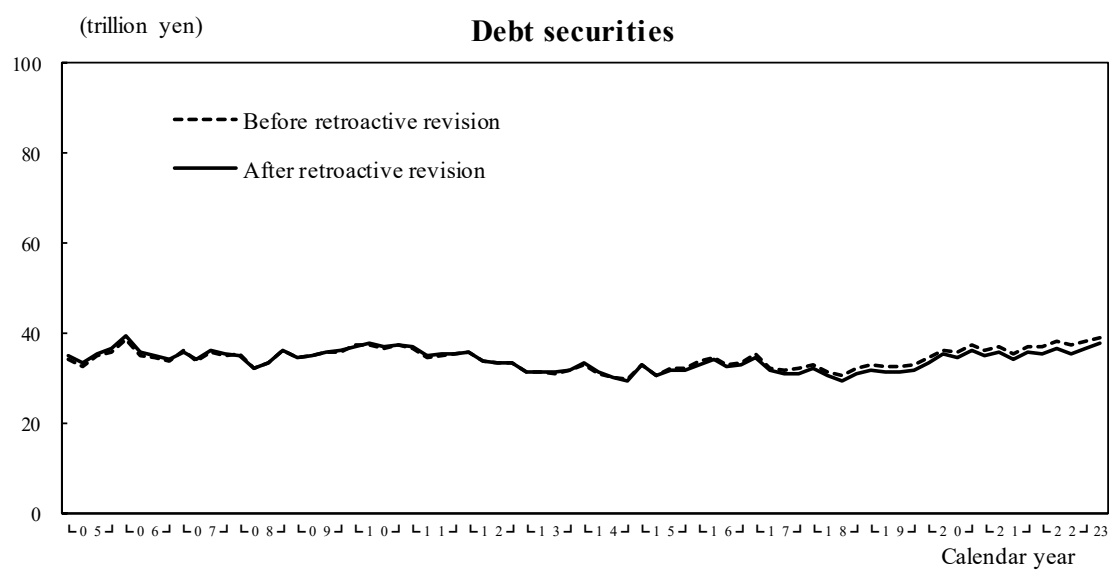
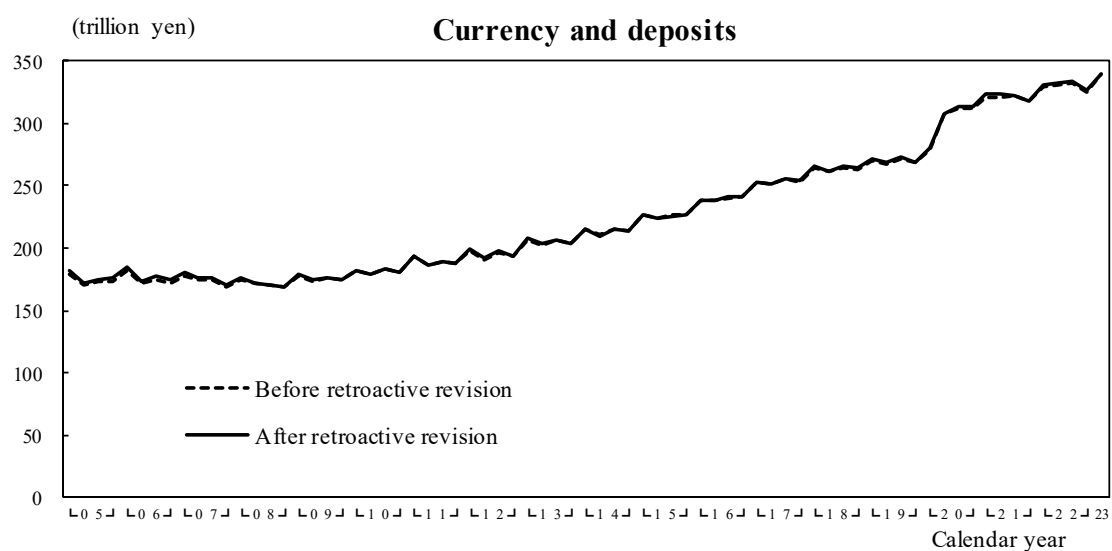
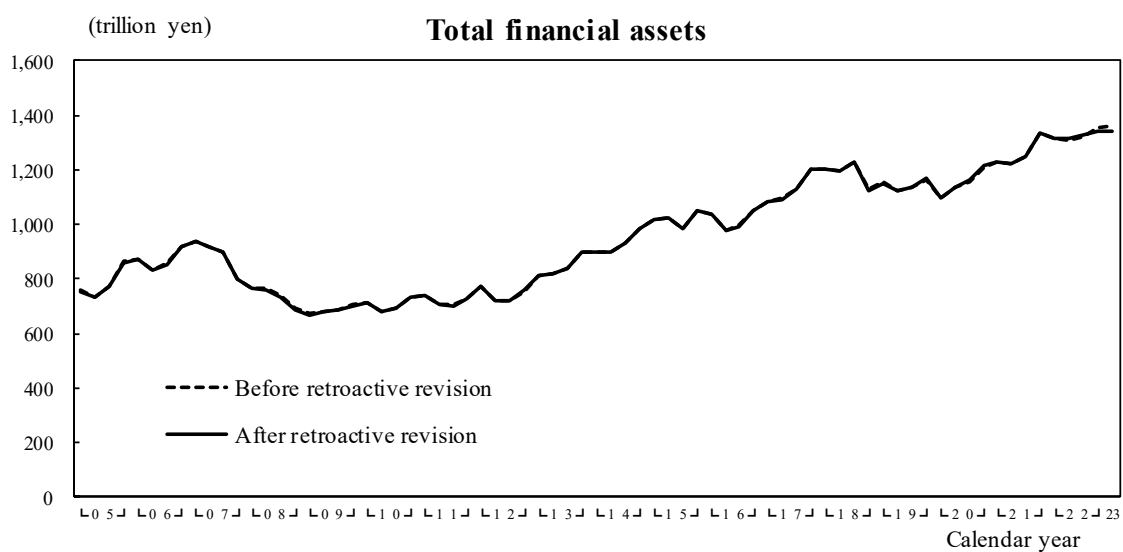


**(2) Private nonfinancial corporations (outstanding financial liabilities, book value/face value basis) (continued)**





### (3) Private nonfinancial corporations (outstanding financial assets)



### (3) Private nonfinancial corporations (outstanding financial assets) (continued)

