

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 2021 was implemented on June 25 and data from the first quarter of 2005 onward has been updated accordingly. To download the retroactively revised data, please use the [BOJ Time-Series Data Search](#). Key points of the revision as well as their effect on outstanding and other figures in the FFA are as follows (figures are for end-March 2020).*

— Charts at the end of this document present figures before and after the retroactive revision for the following outstanding amounts, which are assumed to be of greatest interest to users in general: financial assets of "Households," and financial assets and liabilities of "Private nonfinancial corporations."

(1) "Loans by private financial institutions" to "Households" (companies and government)

(a) Revision

"Loans by private financial institutions" to "Households" (companies and governments) are borrowings made by sole proprietorships. To date, this amount has been calculated by deducting the borrowings from public financial institutions from the total value of borrowings by sole proprietorships. The total value of borrowings by sole proprietorships was estimated using the average amount of borrowings per small enterprise (those with 5 employees or less), as a close substitute for sole proprietorship in the *Basic Survey on Small and Medium Enterprises* compiled by the Small and Medium Sized Enterprise Agency, multiplying it by the number of establishments surveyed in the *Economic Census* by the Ministry of Internal Affairs and Communications.

With the revision, the Bank has replaced this estimation method with a more precise one, dividing the borrowings by sole proprietorships into two parts, those for "House and room lending by households" and the other borrowings "Not for house and room lending." The two separate

* This document is an updated version of the "[Planned Retroactive Revision to the Flow of Funds Accounts](#)" released on May 28, 2021. The majority of the content is unchanged from the May version.

calculations are then added together for the total. The former has primary statistics and is relatively easy to measure the amount outstanding, while the latter uses data provided by industry organizations to make an accurate estimation as a whole. More specifically, the amount of borrowings for "House and room lending by households" is calculated based on the Bank of Japan's statistics of *Loans and Bills Discounted by Sector* and on the financial statements of financial institutions if not covered by the statistics. The other borrowings, "Not for house and room lending" from domestically licensed banks, etc., are calculated by multiplying the estimated average amount of borrowings per sole proprietorship having actual borrowings in the *Credit Risk Database* of CRD Association, by the number of sole proprietorships having actual borrowings estimated from the number of enterprises using credit guarantees from Credit Guarantee Corporations.

The amount of borrowings from "Finance companies" is more precisely estimated utilizing the results of questionnaires conducted by the Japan Financial Services Association. The estimation of the amount of borrowings from "Financial institutions for agriculture, forestry, and fisheries" is also improved by using the financial statements of those institutions.

(b) Effect

Due to the above revision, figures for "Loans by private financial institutions" to households (companies and governments) have been revised upward. Conversely, "Loans by private financial institutions" to private nonfinancial corporations and "Housing loans" to households have been revised downward.

Change in amount outstanding: "Loans by private financial institutions" (end-March 2020)

Sector; Transaction item	Assets/liabilities	Amount outstanding (before revision)	Amount outstanding (after revision)	Change in amount outstanding
Households; Loans by private financial institutions (to companies and governments)	Liabilities	43.8 tril. yen	54.0 tril. yen	+10.2 tril. yen
Private nonfinancial corporations; Loans by private financial institutions (to companies and governments)	Liabilities	333.3 tril. yen	329.3 tril. yen	-4.0 tril. yen
Households; Loans by private financial institutions (Housing loans)	Liabilities	193.3 tril. yen	185.9 tril. yen	-7.4 tril. yen

(2) "Listed shares" held by "Securities companies"

(a) Revision

The amount outstanding of "Listed shares" held by "Securities companies" was estimated by multiplying the total market value of listed shares issued with the holding ratio of securities companies obtained from the *Share Ownership Survey* of Tokyo Stock Exchange, Inc. on a registered shareholder basis.

With the revision, aiming in part to ensure the estimation is unaffected by the change of ownership registration in securities lending transactions, the Bank has revised this method. In the new method, the sum of "Trading securities and other" (after netted out in assets and liabilities) and "Investment securities" in the *Composite Balance Sheet of Securities Firms and Number of Customer Accounts, etc.* released by the Japan Securities Dealers Association are multiplied by the ratio of listed shares among total securities held in data disclosed by major securities companies.

(b) Effect

Due to the above revision, figures for listed shares held by "Securities companies" have been revised downward, whereas those held by financial institutions excluding securities companies, "Nonfinancial corporations," and "Households" have been revised upward.

Change in amount outstanding: "Listed shares" (end-March 2020)

Sector	Assets/liabilities	Amount outstanding (before revision)	Amount outstanding (after revision)	Change in amount outstanding
Securities companies	Assets	11.1 tril. yen	4.0 tril. yen	-7.1 tril. yen
Financial institutions excluding securities companies	Assets	110.1 tril. yen	114.0 tril. yen	+3.9 tril. yen
Nonfinancial corporations	Assets	124.1 tril. yen	125.1 tril. yen	+1.0 tril. yen
Households	Assets	90.3 tril. yen	93.0 tril. yen	+2.7 tril. yen

(3) "Installment credit (not included in consumer credit)" provided by "Private nonfinancial corporations"**(a) Revision**

This revision is concerning the treatment of sales credit on automobiles and mobile phones provided by "Private nonfinancial corporations" (i.e., accounts receivable from the sales of these items on their financial statements). In the FFA, while such credit has been considered to be a part of "Installment credit (not included in consumer credit)," it was recorded under "Trade credits and foreign trade credits" (assets and liabilities).

With the revision, sales credit provided by "Private nonfinancial corporations" are recorded under "Installment credit (not included in consumer credit)." The amounts outstanding of such credit are estimated using such source data as the financial statements of major companies involved in the transactions of sales credit on automobiles and major mobile phone companies.

(b) Effect

Due to the above revision, figures for "Trade credits and foreign trade credits" (assets and liabilities) of "Private nonfinancial corporations" have been revised downward, whereas those for "Installment credit (not included in consumer credit)" (assets) of "Private nonfinancial corporations" have been revised upward. Accordingly, some other figures, mainly for "Installment credit (not included in consumer credit)" (liabilities) of "Households," have also been revised upward.

Change in amount outstanding: "Installment credit (not included in consumer credit)" and "Trade credits and foreign trade credits" (end-March 2020)

Sector; Transaction item	Assets/liabilities	Amount outstanding (before revision)	Amount outstanding (after revision)	Change in amount outstanding
Private nonfinancial corporations; Installment credit (not included in consumer credit)	Assets	0.0 tril. yen	7.1 tril. yen	+7.1 tril. yen
Households; Installment credit (not included in consumer credit)	Liabilities	0.1 tril. yen	6.6 tril. yen	+6.5 tril. yen
Private nonfinancial corporations; Trade credits and foreign trade credits	Assets	219.8 tril. yen	214.8 tril. yen	-5.0 tril. yen
Private nonfinancial corporations; Trade credits and foreign trade credits	Liabilities	193.6 tril. yen	188.4 tril. yen	-5.2 tril. yen

(4) "Outward investment in securities" held by "Financial institutions for agriculture, forestry, and fisheries"

(a) Revision

The holding amounts of "Outward investment in securities" by sector are estimated using the *International Investment Position of Japan* by holder and source data such as financial statements of individual institutions. The amount unidentified from the source data calculated as residuals is regarded as investment by "Private nonfinancial corporations" and allocated to the sector.

With the revision, the estimation for the amount of "Outward investment in securities" held by "Financial institutions for agriculture, forestry, and fisheries" has been made more accurate through the examination of source data.

(b) Effect

Due to the above revision, figures for "Outward investment in securities" held by "Financial institutions for agriculture, forestry, and fisheries" have been revised upward and those held by "Private nonfinancial corporations" have been revised downward.

Change in amount outstanding: "Outward investment in securities" (end-March 2020)

Sector	Assets/liabilities	Amount outstanding (before revision)	Amount outstanding (after revision)	Change in amount outstanding
Financial institutions for agriculture, forestry, and fisheries	Assets	37.6 tril. yen	43.4 tril. yen	+5.8 tril. yen
Private nonfinancial corporations	Assets	22.3 tril. yen	16.4 tril. yen	-5.9 tril. yen

(5) "External securities issued by residents" of "Private nonfinancial corporations"

(a) Revision

Regarding "External securities issued by residents," the amount issued by "Private nonfinancial corporations" was estimated using debt securities statistics compiled by the Bank for International Settlements as source data.

With the revision, the source data has been switched from the above to databases provided by Dealogic, etc. Along with this change, the amount of "External securities issued by residents" issued by "Private nonfinancial corporations" is calculated by adding up the amounts outstanding of individual external securities issued by this sector, which are obtained from the new source data.

(b) Effect

Due to the above revision, outstanding figures for "External securities issued by residents" (liabilities) of "Private nonfinancial corporations" have been revised downward.

Change in amount outstanding: "External securities issued by residents" (end-March 2020)

Sector	Assets/liabilities	Amount outstanding (before revision)	Amount outstanding (after revision)	Change in amount outstanding
Private nonfinancial corporations	Liabilities	11.6 tril. yen	8.7 tril. yen	-2.9 tril. yen

(6) Other key points of the retroactive revision

Other than the above revisions in estimation methods, the Bank has reflected newly obtained source data as part of the revision; in this revision, it has also revised methods for estimating certain transaction amounts, while this does not affect any outstanding figures. Below are the highlights of such revisions.

"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 revision, historical figures have been 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" have been revised from 2018 onward.

Transaction amounts of "Outward investment in securities" (assets) of "Public pensions" and "Corporate pensions" (specifically, "Defined benefit schemes")

Regarding "Public pensions" and "Corporate pensions" ("Defined benefit schemes"), the transaction amount of "Outward investment in securities" (assets) has been calculated by deducting the estimated reconciliation amount (capital gains or losses) from the quarter-on-quarter change in the amount outstanding of the sector's holdings.

With the revision, the Bank has refined the estimation of the reconciliation amounts (capital gains or losses) by using such source data as information on income gains for a major institution. Due to the revision, figures for the transaction amount of "Outward investment in securities" (assets) have been revised upward for "Public pensions" and "Corporate pensions" ("Defined benefit schemes"), whereas they have been revised downward for "Private nonfinancial corporations." This revision does not affect any outstanding figures.

Transaction amount of "Investment trust beneficiary certificates" (liabilities) of "Securities investment trusts" (specifically, "Stock investment trusts")

The transaction amount of "Investment trust beneficiary certificates" on the liability side of the "Securities investment trusts" ("Stock investment trusts") was calculated by using the estimated amounts of the reinvested earnings from income gains and the distributions from principal, etc. In the estimation, the Bank used investment reports of major publicly offered stock investment trusts excluding ETFs, and grossed them up to the total of all stock investment trusts.

With the revision, the Bank has incorporated new methods in estimating income gains of privately placed stock investment trusts and ETFs, both of which have been growing significantly in terms of net asset value in recent years. In estimating income gains of privately placed stock investment trusts, the *Balance of Payments Statistics* and the *International Investment Position of Japan* have been introduced as new sources, recognizing that the majority of portfolios of privately placed stock investment trusts consist of outward investment in securities.

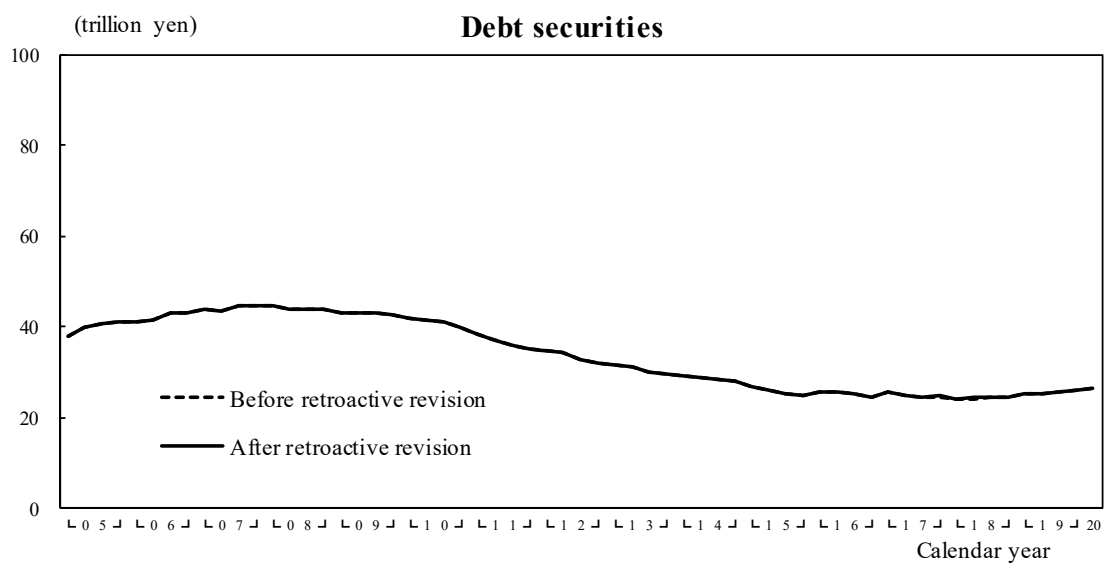
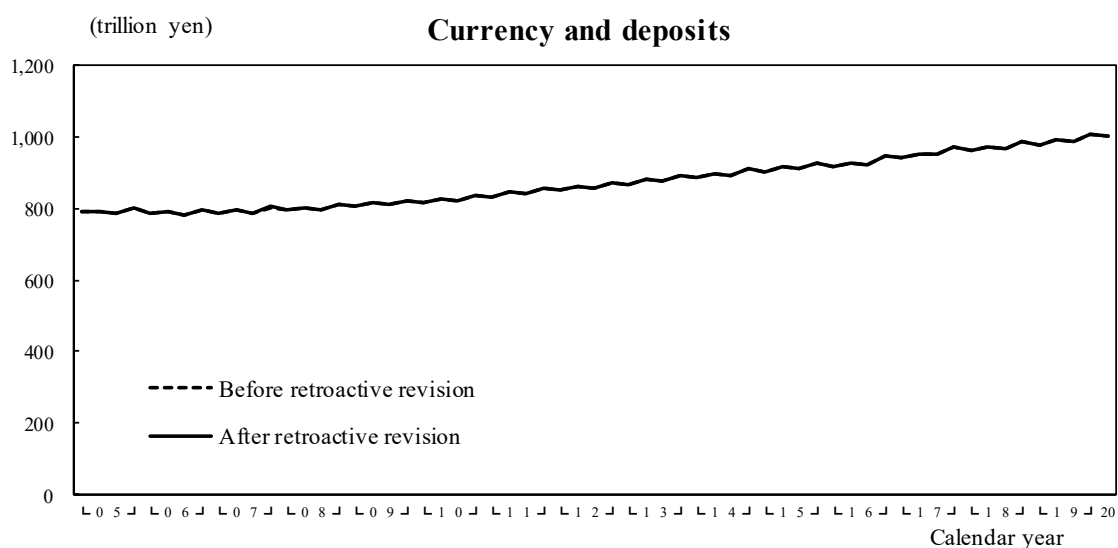
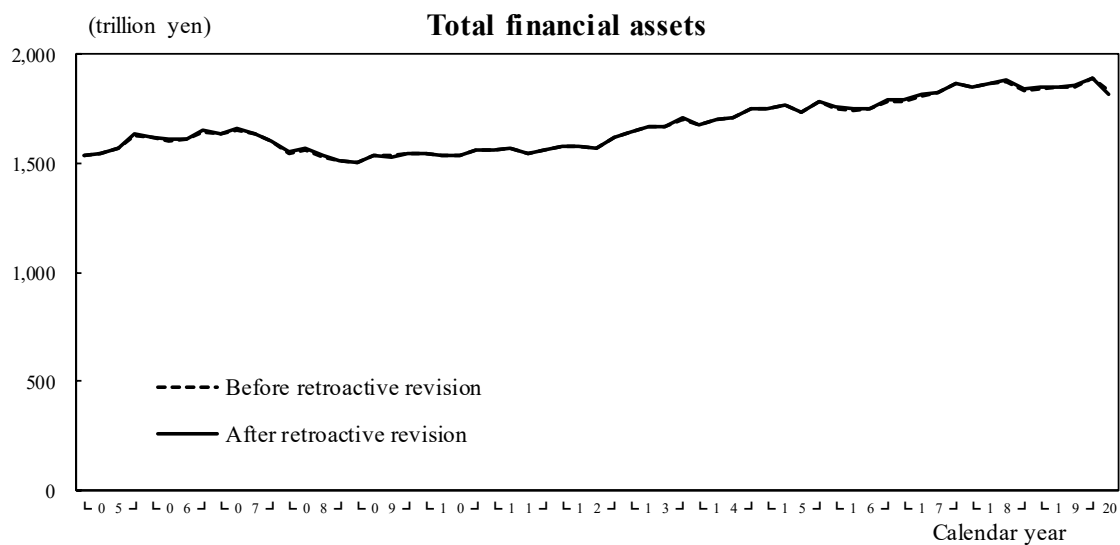
Due to the above revision, transactions of "Investment trust beneficiary certificates" on the liability side of the "Stock investment trusts" have been revised upward. This revision does not affect any outstanding figures.

Inquiries:

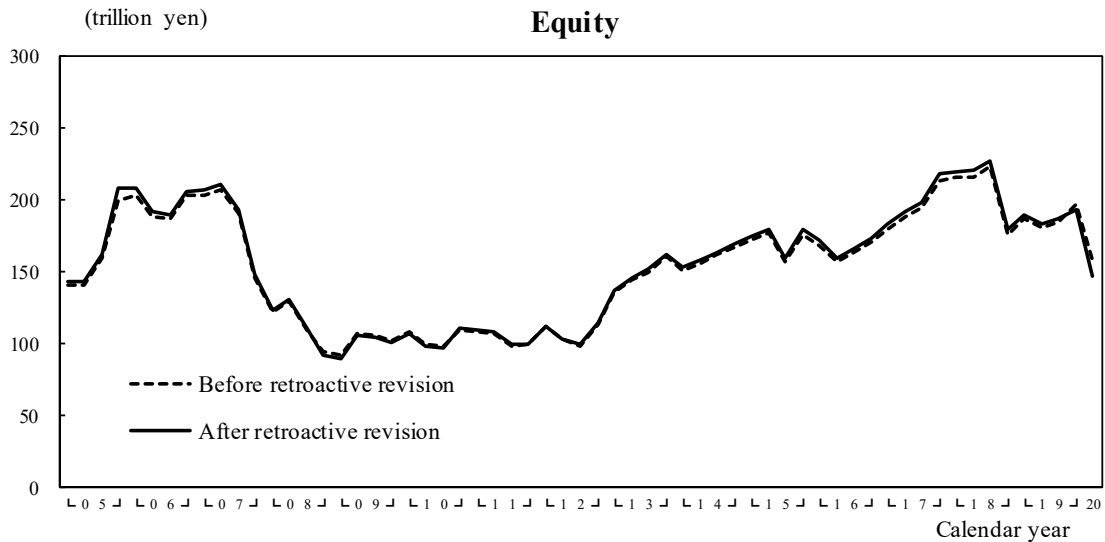
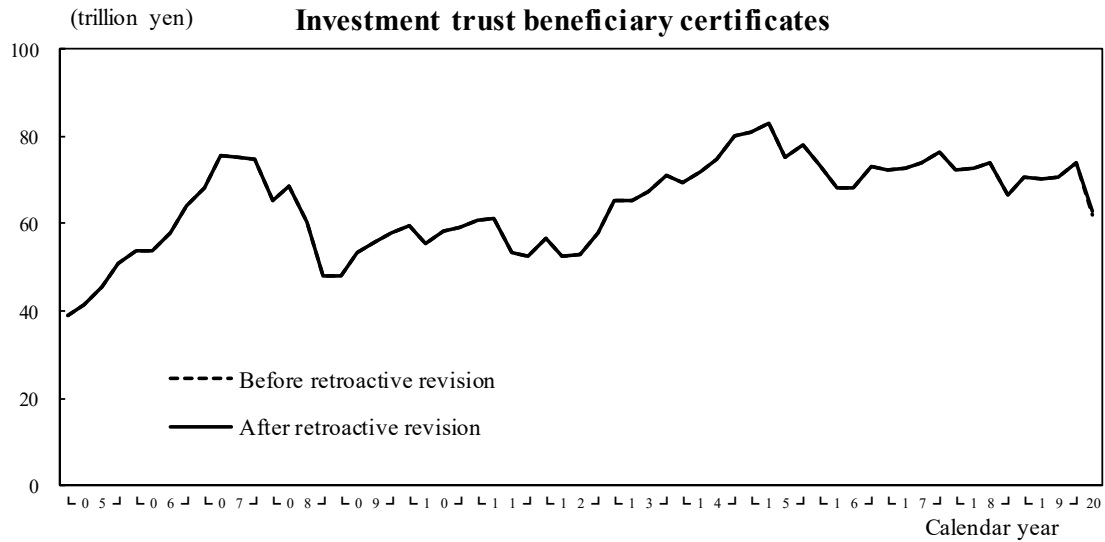
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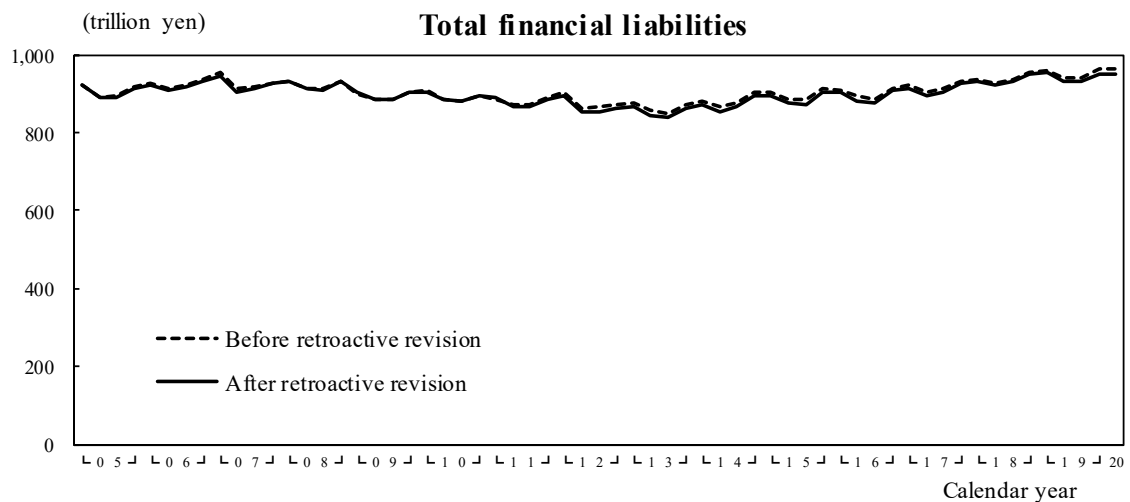
(1) Households (outstanding financial assets)



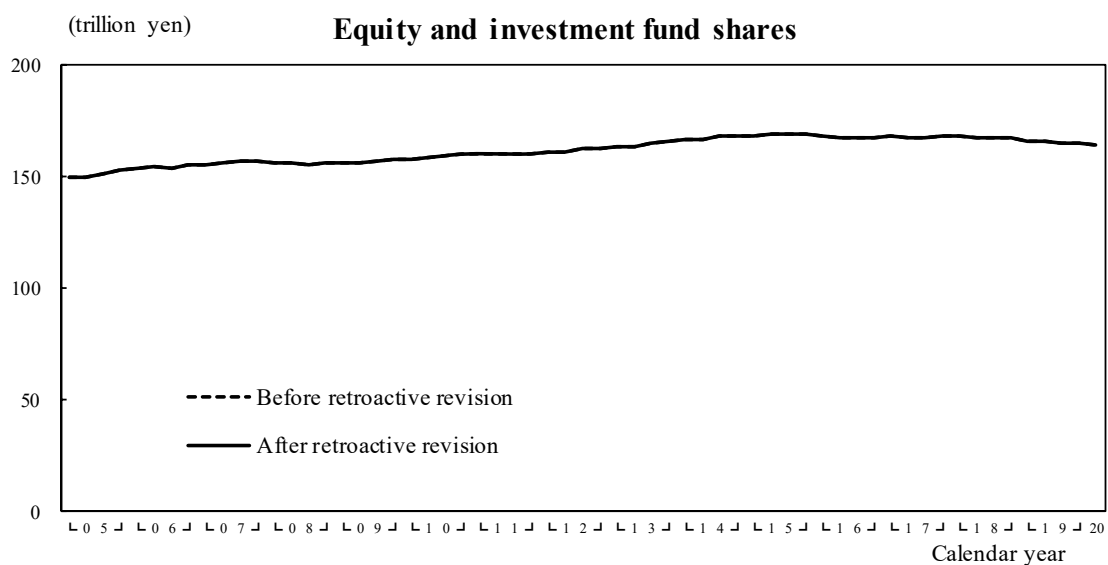
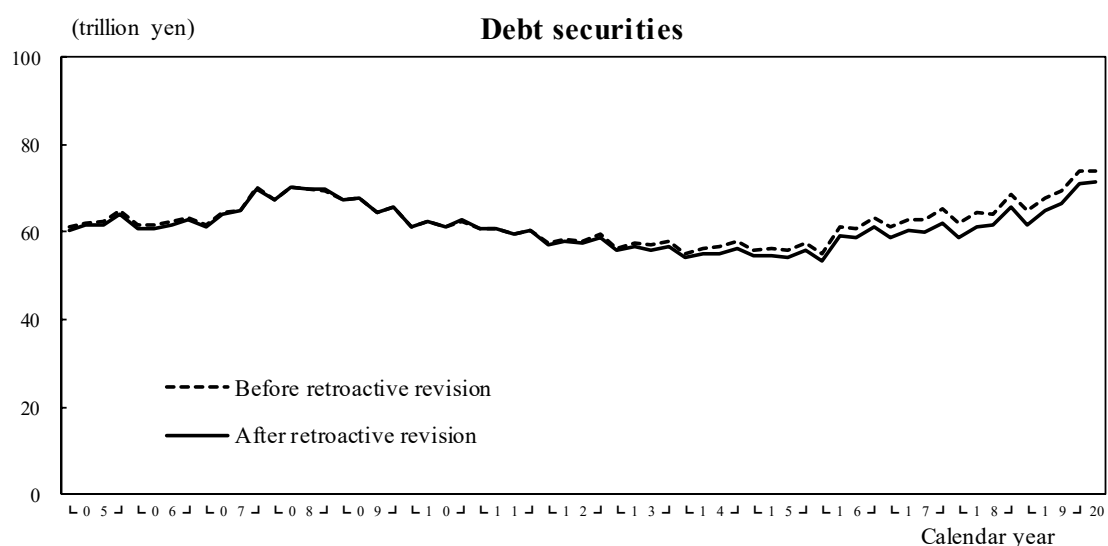
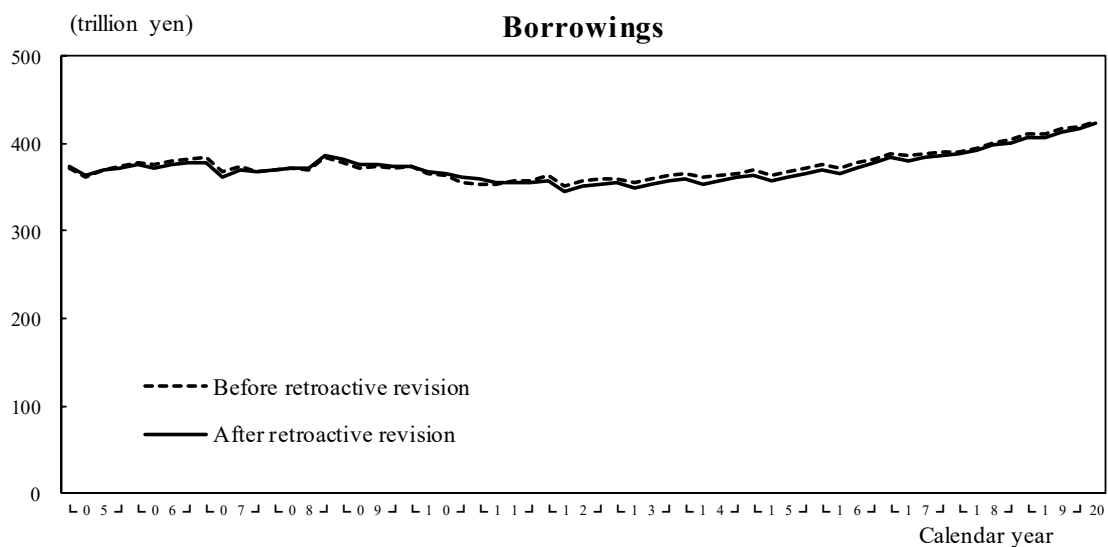
(1) Households (outstanding financial assets) (continued)



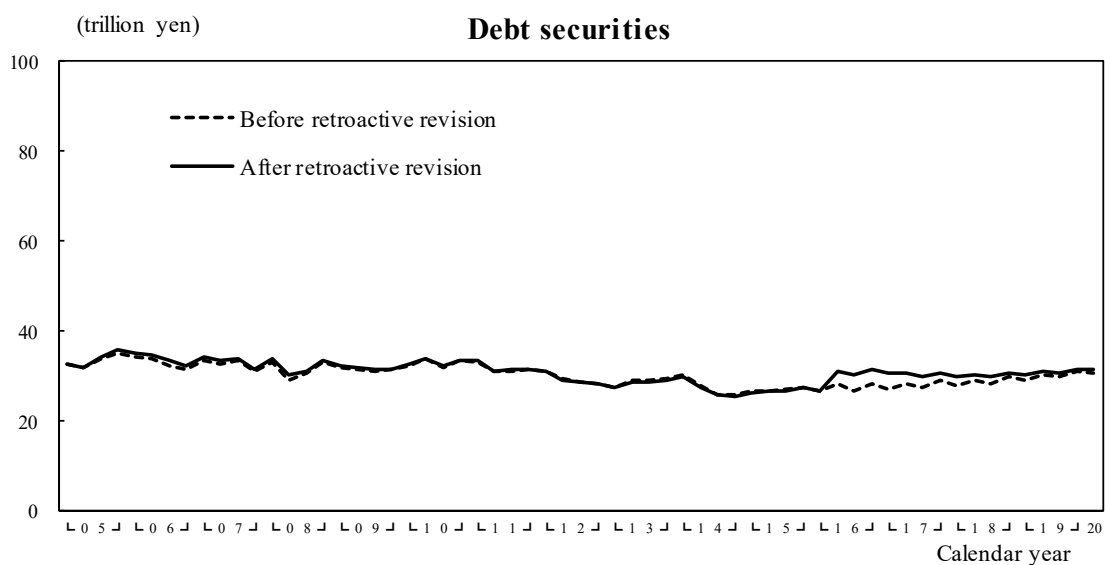
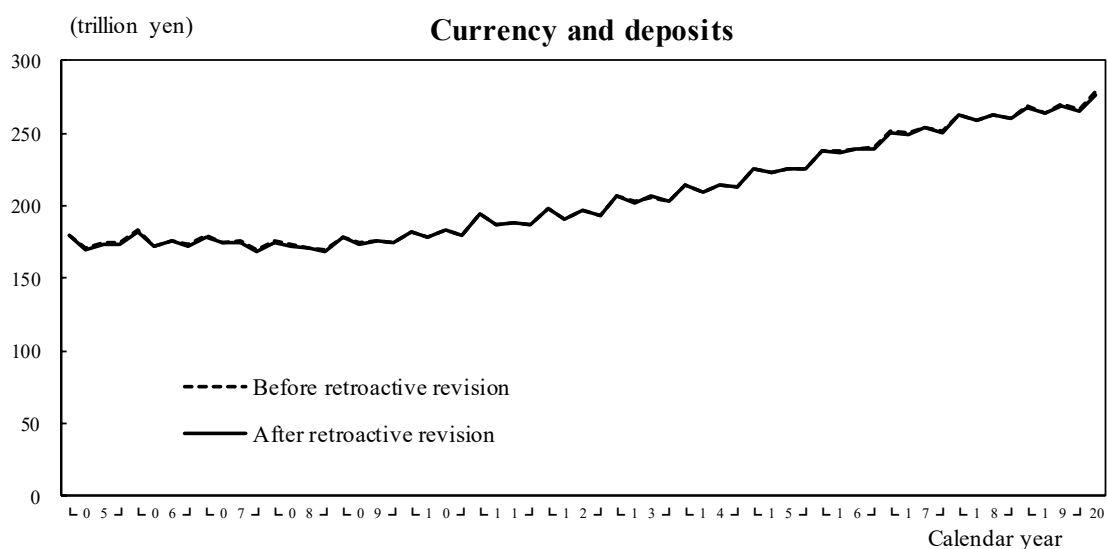
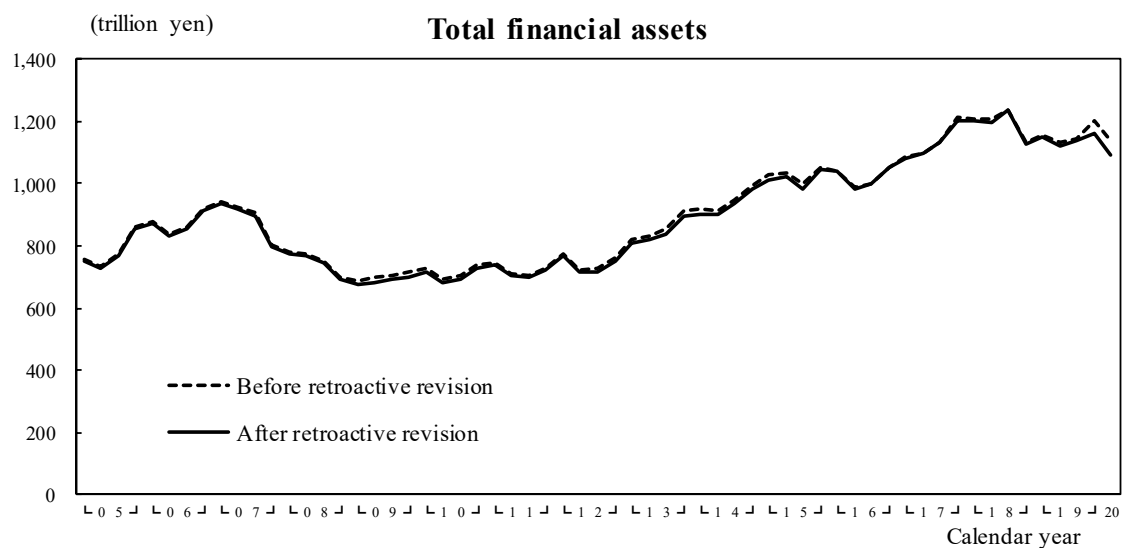
(2) Private nonfinancial corporations (outstanding financial liabilities, book value/face value basis)



(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)

