



Flow of Funds

Flow of Funds during the 3rd quarter of 2018 (preliminary)

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Cautions in Using Flow of Funds Data

- ☐ The flow of funds accounts are a set of statistical data – systematically organized to show the inter-relationships among economic agents, including the government, corporations and households, of their financial transactions (fund flows) made in the national economy – which is useful in the analysis of financial behavior such as economic agents' patterns of fund raising and use.
- ☐ A financial surplus/deficit in the flow of funds accounts for a given sector is derived by subtracting the amount of funds raised during a certain period from the amount used on financial assets, signifying net financial investment when positive (+) or net external financing when negative (-).
 - Given that fund shortages (net external financing) of nonfinancial corporations may occur due for instance to increases in their facilities investment, it must be noted that an expansion in their fund shortage is not in itself an undesirable phenomenon.
- ☐ Concerning the term “Households and non-profit institutions serving households” in the flow of funds accounts, households include small unincorporated enterprises owned by households, and non-profit institutions mean non-profit institutions serving households, *i.e.* consumer groups, charity and relief organizations, religious groups, labor unions, academic societies, *etc.*
 - Therefore, it would be inappropriate to calculate per capita debt (liabilities) by dividing the liabilities of “Households and non-profit institutions serving households” in the flow of funds accounts by the total population.
 - Furthermore, because the liabilities of “Households and non-profit institutions serving households” generally increase in line for example with economic growth and enhancement of the financial markets' intermediary functions, an increase in liabilities should not necessarily be interpreted negatively; when assessing their financial conditions, the sizes and soundness of their financial assets, their debt servicing capacities and other such factors should also be considered.

(Total Financial Assets)

- At the end of the third quarter of 2018, total financial assets amounted to 17,315.4 trillion won, with an increase of 167.6 trillion won compared to those of the previous quarter-end.
- The proportion of Debt securities(+0.1%p), Loans(+0.1%p), and Equity & investment fund shares (+0.1%p) in the total amount had increased.

Trends of total financial assets^{1),2)}

(quarter-end, trillion won)					
	2017		2018		
	Q3 ^P	Q4 ^P	Q1 ^P	Q2 ^P	Q3 ^P
Total financial assets	16,413.2 (1.3)	16,515.5 (0.6)	16,870.6 (2.1)	17,147.8 (1.6)	17,315.4 (1.0)
Change	209.6	102.3	355.1	277.2	167.6
Currency & deposits	3,133.0 <19.1>	3,167.4 <19.2>	3,229.3 <19.1>	3,307.2 <19.3>	3,338.9 <19.3>
Insurance & pension reserves	1,174.3 <7.2>	1,211.2 <7.3>	1,220.8 <7.2>	1,234.9 <7.2>	1,247.9 <7.2>
Debt securities	2,587.8 <15.8>	2,569.9 <15.6>	2,621.2 <15.5>	2,683.1 <15.6>	2,711.3 <15.7>
Loans	2,893.1 <17.6>	2,930.5 <17.7>	2,977.3 <17.6>	3,034.2 <17.7>	3,076.5 <17.8>
Equity & investment fund shares	3,446.2 <21.0>	3,562.3 <21.6>	3,630.8 <21.5>	3,589.8 <20.9>	3,638.0 <21.0>
Others ³⁾	3,178.8 <19.4>	3,074.2 <18.6>	3,191.2 <18.9>	3,298.7 <19.2>	3,302.7 <19.1>

Notes: 1) Figures in parentheses represent the percentage changes from the previous quarter-end.

2) Figures in brackets represent the shares in total assets.

3) Includes financial derivatives, government loans, trade credits, foreign direct investment, miscellaneous financial assets, *etc.*

(Domestic Nonfinancial Sector*)

* Includes households and non-profit institutions serving households, nonfinancial corporations, and the general government, and excludes the financial and overseas sectors.

- ☐ Total financial assets in the domestic nonfinancial sector amounted to 8,145.5 trillion won at the end of the third quarter, up by 104.0 trillion won compared to the previous quarter-end, and total financial liabilities to 5,342.8 trillion won, having risen by 58.4 trillion won over the same period.
 - By sector, financial assets of nonfinancial corporations had increased by the largest amount (+49.4 trillion won) during the quarter, followed by those of households and non-profit institutions serving households (+39.1 trillion won), and the general government (+15.5 trillion won).
 - For financial liabilities, those of nonfinancial corporations showed the largest increase (+32.8 trillion won), followed by those of households and non-profit institutions serving households (+25.1 trillion won) and the general government (+0.6 trillion won).
- ☐ The ratio of financial assets to liabilities in the domestic nonfinancial sector was 1.52, identical to that of the previous quarter-end.
 - The ratio of financial assets to liabilities of households and non-profit institutions serving households was 2.14, lower than that of the previous quarter-end (2.15).

Trends of sectoral financial assets and liabilities

(quarter-end, trillion won)

		2017		2018			
		Q3 ^P	Q4 ^P	Q1 ^P	Q2 ^P	Q3 ^P	
Financial assets	Households and NPISH ¹⁾	3,576.8	3,667.6	3,718.9	3,731.7	3,770.8	(39.1)
	Nonfinancial corporations	2,564.1	2,593.9	2,668.5	2,663.7	2,713.1	(49.4)
	General government	1,577.6	1,569.6	1,597.1	1,646.1	1,661.6	(15.5)
	Total	7,718.4	7,831.1	7,984.5	8,041.5	8,145.5	(104.0)
Financial liabilities ²⁾	Households and NPISH ¹⁾	1,651.9	1,687.3	1,709.8	1,737.3	1,762.3	(25.1)
	Nonfinancial corporations	2,511.2	2,520.2	2,562.4	2,586.5	2,619.3	(32.8)
	General government	925.7	910.5	931.5	960.6	961.2	(0.6)
	Total	5,088.7	5,118.1	5,203.8	5,284.3	5,342.8	(58.4)
Financial assets/ Financial liabilities	Households and NPISH ¹⁾	2.17	2.17	2.18	2.15	2.14	
	Nonfinancial corporations	1.02	1.03	1.04	1.03	1.04	
	General government	1.70	1.72	1.71	1.71	1.73	
	Total	1.52	1.53	1.53	1.52	1.52	

Notes: 1) Represents households (including small unincorporated enterprises owned by households) and non-profit institutions serving households.
2) Excludes shares and other equities and foreign direct investment.
3) Net financial assets = Financial assets - Financial liabilities. Negative figures represent net financial liabilities.
4) Figures in parentheses represent the increase/decrease amount