

The significance of sector accounts in the system of national accounts

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According to chapter 1.06 of the ESA 2010², the institutional sector accounts are one of the two main sets of tables that make up the system of national accounts framework. An interdependent, consistent and integrated set of macroeconomic accounts, balance sheets and tables, the system of national accounts is based on internationally harmonized concepts, definitions, classifications and rules of accounting. Economic data are compiled and presented in a manner that is conducive to economic analysis and policymaking.

The sector accounts are presented in line with economic principles and theoretical concepts of how economies work. They are designed to provide a comprehensive and detailed record of the complex economic activities in an economy as well as the interactions between economic agents or group of agents.

The system of national accounts is some sort of general multipurpose system for analysts and policymakers; it is used above all for monitoring economic developments and conducting macroeconomic analyses. It also provides a basis for policy decisions and international comparisons at EU level. In addition, the system of national accounts is used for administrative purposes, such as determining membership fees or subsidies based on ESA aggregates (national income, formerly national product). In the sector accounts, these aggregates include above all indicators of the general government sector as well as eleven indicators for measuring economic imbalances. While the former (e.g. net lending/net borrowing, government debt) are relevant for the European Stability and Growth Pact, supported by the Maastricht criteria, the latter are used in the Macroeconomic Imbalance Procedure Scoreboard, which was developed (and later adapted) by the European Commission.

In light of the broad range of uses, the two main sets of tables mentioned in the ESA serve different purposes: Typically, tables by industry (at constant prices) and the input-output framework are used to monitor economic activity or to address structural policy questions. In contrast, the sector accounts allow us to look at the role of the general government and the financial sector, the ties between domestic sectors and the rest of the world, changes in household financial wealth as well as household income and saving. Unlike the tables by industry and the input-output framework, the sector accounts are a relatively new addition to the Austrian national accounts – they became an integral part only after the country's EU accession and the implementation of ESA 1995. Financial accounts for all sectors were first compiled in 1998 for the reporting period 1995 to 1997.

Over the years, both the degree of detail to be provided for sectors and the requirements on the statistics continued to increase. In light of the granularity required of the five main sectors for the purposes of policymaking and economic analysis, the system of sector accounts is in a constant development process. The main sectors are financial corporations, nonfinancial corporations, households,

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² The European System of Accounts at the national and regional level.

general government and rest of the world. For instance, when the activities of shadow banks and the financial corporations behind them³ came into sharper focus in the wake of the financial crisis 2008, the financial corporations sector was subdivided into subsectors to provide for greater granularity.

³ *Excluding monetary financial institutions (MFIs), insurance corporations and pension funds.*