



State Bank of Pakistan

بینک دولت پاکستان

Flow of Funds Accounts




2021-22



**Flow of Funds Accounts
of
Pakistan
2021-22**



Data Services and Innovations Department

 State Bank of Pakistan  State Bank of Pakistan  State Bank of Pakistan

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State Bank of Pakistan (SBP) produces reliable and timely statistics pertaining to central banking and related areas of interest for the use of policy makers, researchers, academia and other stakeholders. The Data Services and Innovations Department of the SBP is committed to meet the diverse data requirements of both internal and external stakeholders including both domestic and international institutions.

In line with the annual practice, this department has prepared the flow of funds accounts for 2021-22 (FY22) by aggregating data from all sectors of the economy. These accounts highlight the intricate statistical relationship of financial activities across various sectors of the economy and their interaction with non-financial activities that drive income and production. Detailed insights into financial developments encompassing net borrowing, net lending, savings and investment are also provided through these accounts. The department uses data compilation methodologies and procedures in accordance with the System of National Accounts, 2008 (2008 SNA) for this purpose.

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Note:

Sectoral Balance Sheets of financial corporations are based on the data compiled by the Core Statistics Department (CSD) of the State Bank of Pakistan (SBP). The sectoral balance sheets of non-financial corporations are prepared through audited financial statements of the companies.

Data published by Ministry of Finance (MoF), Pakistan Bureau of Statistics (PBS) and counterpart data are the main sources for general government. Balance of Payments (BOP) statistics and International Investment Position (IIP) statistics are the main sources for the rest of the world (ROW) sector.

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1. Introduction

The State Bank of Pakistan (SBP) initiated the compilation of Flow of Funds (FoF) accounts in collaboration with the Pakistan Bureau of Statistics and the Planning Commission of Pakistan in 1982. In 2005, SBP implemented the System of National Accounts 1993 (SNA-93), followed by the implementation of SNA-2008 in 2012-13.

The FoF accounts provide records of non-financial and financial transactions among various sectors of the economy and with the rest of the world in a consistent and comprehensive manner under the SNA-2008. Under this framework, the five main sectors of the economy are defined as follows:

i) Financial Corporations (FCs) consist of all resident corporations that are principally engaged in providing financial services, including insurance and pension funding services, to other institutional units.

ii) Non-Financial Corporations are corporations whose principal activity is the production of market goods or non-financial services.

iii) General Government includes federal government, provincial governments, local governments and governmental Non-Profit Institutions (NPIs).

iv) Households is defined as a group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food.

v) Rest of the World (ROW) consists of all non-resident institutional units that enter into transactions with resident units, or have other economic links with resident units.

The FoF accounts comprise of financial account, capital account, financial matrix, integrated financial and capital account, and sectoral positions. Financial account records transactions on financial assets and liabilities among institutional sectors and highlights the net lending/borrowing of each sector. The capital account shows transactions (acquisition and disposal) in non-financial assets, and highlights capital formation and saving-investment gap of each sector. The financial matrix, on the other hand, is a more comprehensive version of the financial account detailing transactions among the sectors through financial instruments that bifurcate into assets and liabilities.

2. Overview

The Flow of Funds Accounts of Pakistan show that the economy was in deficit with a net borrowing of Rs. 3,133.0 billion in 2021-22 (FY22). In this period, households, financial corporations and the rest of the world (ROW) were in surplus (i.e. net lenders) while general government and non-financial corporations were in deficit (i.e. net borrowers).

In FY22, the **Households** sector raised its claims on other sectors by Rs. 1,878.6 billion. It channelized its savings of Rs. 1,534.6 billion to financial corporations in the form of currency and deposits. Moreover, it invested Rs. 375.0 billion in debt securities mainly issued by the government.

The **ROW** sector was in surplus of Rs 3,065.6 billion. It raised its claims on the economy by lending Rs. 1,049.3 billion to the government and also by investing Rs. 213.4 billion in equity and fund share of non-financial corporations. In contrast, the economy paid Rs. 1,096.1 billion to ROW from its reserves. At the same time, the economy raised its claims on ROW by investing Rs. 37.3 billion in debt and equity securities of non-financial corporations.

The **Financial Corporations** witnessed a surplus of Rs. 275.1 billion with a net loans of Rs. 2,456.9 billion and net investment of Rs. 2,996.5 billion in debt and equity securities.

The **General Government** generated Rs. 6,588.0 billion from the rest of the sectors mainly through debt securities (largely held by financial corporations) and loans (availed largely from ROW) whereas the government utilized Rs 272.3 billion in FY22. Consequently, the general government resulted in a deficit of Rs. 6,315.7 billion.¹ Likewise, the **Non-Financial Corporations** were in deficit of Rs. 2,036.6 billion mainly due to their expansion in indirect financing from financial corporations that increased by 12.1%.

Table 1: Flow of Funds during 2021-22 (Billion Rs.)

Funds Supply			Funds Demand		
Households	Uses	Sources	←	Uses	Sources
	1992.1	113.5		272.3	6588
Financial Surplus		1878.6	←		
			←	Financial Deficit	6315.7
				General Government	
Rest of the World	Uses	Sources	←		
	2265.3	800.3			
Financial Surplus		3065.6	←		
			←	Uses	Sources
Financial Corporations	9421.3	9146.2		2936.5	4973.1
	Financial Surplus		275.1	←	
			←		Financial Deficit
			Non-Financial Corporations		
Net Lending (+) / Net Borrowing (-) = -3133					

¹ This is estimated using counterpart data for general government and therefore it may not match

the fiscal balance reported in fiscal operations published by Ministry of Finance.

3. Financial Assets and Liabilities

3.1. Financial Assets

The total outstanding financial assets of the economy grew by 8.6% in FY22 from Rs. 118,236.5 billion to Rs. 128,397.3 billion.

Table 2: Financial Assets - Outstanding

Items	Billion Rs.			
	2020-21	2021-22	% Share	
			2020-21	2021-22
Total Financial Assets	118,237	128,397	100.0	100.0
<i>YoY Changes (%)</i>	22.4	8.6		
Currency & Deposits	38,855	43,180	32.9	33.6
Debt Securities	31,818	36,054	26.9	28.1
Loans	16,686	22,641	13.7	17.6
Equity and Investment Fund Shares	4,823	4,545	4.2	3.5
Trade Credit & Advances	4,251	5,790	4.3	4.5
Other Accounts Receivables ²	21,803	16,187	18.4	12.6

Notes:

1. Figures in italic represents the YoY Change.

2. Includes Monetary Gold & SDR, Insurance, Pension, and Standardized Guarantee Schemes, Financial Derivatives and Employee Stock Options and Miscellaneous Assets, etc.

In terms of % share, the increase is attributed to currency & deposits, investment in debt securities and loans.

3.2. Liabilities

The total outstanding liabilities of the economy grew by 28.3% in FY22. In absolute terms, it increased from Rs. 168,060.7 billion to Rs. 215,621.8 billion. The percentage share of loans (29.1%), other accounts payables (22.8%) and currency & deposits (19.4%) constitute a significant share in total liabilities.

Table 3: Liabilities - Outstanding

Items	Billion Rs.			
	2020-21	2021-22	% Share	
			2020-21	2021-22
Total Liabilities	168,061	215,622	100.0	100.0
<i>YoY Changes (%)</i>	17.4	28.3		
Currency & Deposits	38,395	41,903	22.8	19.4
Debt Securities	34,121	39,567	20.3	18.4
Loans	59,196	62,692	35.2	29.1
Equity and Investment Fund Shares	10,532	17,372	6.3	8.1
Trade Credit & Advances	3,579	4,888	2.1	2.3
Other Accounts Payables ²	22,238	49,199	13.2	22.8

Notes:

1. Figures in italic represent shares in total liabilities.

2. Includes Monetary Gold & SDR, Insurance, Pension, and Standardized Guarantee Schemes, Financial Derivatives and Employee Stock Options and miscellaneous liabilities.

4. Financial Transactions by Sectors

Financial transactions take place among resident institutional units and with the rest of the world. All transactions within the economy are recorded according to changes in their financial assets (funds utilized) and liabilities (funds raised).

4.1. Financial Corporations

In FY22, the financial corporations were in surplus of Rs. 275.1 billion. In this period, funds raised by the financial corporations increased by Rs. 2,916.1 billion as compared to the previous year. The financial corporations borrowed within the financial sector mainly from the other deposit taking corporations followed by the central bank.

A summary of the funds raised by the financial corporations is presented in Table 4.

Table 4: Fund Raising by the Financial Corporations

		(Billion Rs.)	
Items		2020-21	2021-22
Fund Raising		6,230	9,146
	Central Bank	1,196	2,105
By Financial Institution	Deposit Taking Corporations	4,654	6,235
	Financial Auxiliaries	-61	111
	Other Financial Corporations*	241	385
	Insurance Companies & Pension Funds	201	311
	Currency & Deposits	4,031	3,918
	Debt Securities	1	48
By Financial Instrument	Loans	1,550	3,429
	of which: Borrowings from ROW	105	387
	Equity and Investment Fund Shares	182	378
	Insurance, Pension and SGS**	198	295
	Financial derivatives and ESF***	195	128
	Other Accounts Payable	73	950

* Includes Other Financial Intermediaries, Money Market Funds and Non-Money Market Funds
** Standardized Guarantee Schemes, *** Employees Stock Fund

In the same period, the funds utilized by financial corporations increased by Rs. 2,772.8 billion reflecting an increase of 41.7% in their assets. The sector raised its assets largely through lending and by investing in debt securities.

A summary of utilization of funds by the financial corporations is presented in Table 5.

Table 5: Fund Utilization by the Financial Corporations

		(Billion Rs.)	
Items		2020-21	2021-22
Fund Utilization		6,649	9,421
	Central Bank	1,325	2,254
By Financial Institution	Deposit Taking Corp.	4,752	6,410
	Financial Auxiliaries	-49	109
	Other Financial Corporations*	309	393
	Insurance Companies & Pension Funds	312	256
	Monetary Gold & SDR	-10	136
	Currency & Deposits	1,046	-185
By Financial Instrument	Debt Securities	2,988	3,429
	Loans	2,323	5,886
	Equity and Investment Fund Shares	199	-6
	Insurance, Pension and SGS**	2	14
	Financial derivatives and ESF**	-63	-94
	Other Accounts Receivable	163	243

* Includes Other Financial Intermediaries, Money Market Funds and Non-Money Market Funds
** Standardized Guarantee Schemes, *** Employees Stock Fund

4.2. Non-Financial Corporations

In FY22, the non-financial corporations were in deficit of Rs. 2,036.6 billion. To finance this, the non-financial corporations increased their liabilities by 58.1% that led to increase in direct financing and indirect financing by 19.5% and 12.1% respectively.

The funds utilized by non-financial corporations increased by Rs. 449.0 billion in FY22 as compared to the previous year. This is attributed to their investments in debt securities and equity and investment funds. The details of fund raising and utilization of non-financial corporations are presented in Table 6.

4.3. General Government

Like FY21, the general government continued to be in deficit in FY22. To finance the deficit, the general government borrowed Rs. 1,256.5 billion by issuing debt securities worth Rs. 4,396.1 billion. On the other hand, the general government holds Rs. 729.0 billion in the form of currency & deposits.

The details of fund raising and utilization of general government is presented in Table 7.

Table 6: Fund Raising and Utilization by the Non-Financial Corporations

(Billion Rs.)		
Items	2020-21	2021-22
Fund Raising (A)	3,146	4,973.1
Indirect Finance	1,907	2,139
Borrowing From NFC's	52	12
Borrowing From Central Bank	3	0
Borrowing From DTC's	509	1,418
Borrowing From NBFC's	-1	0
Borrowings from Government	298	256
Borrowings from Other Resident Sector	1	2
Borrowings from Overseas	1,045	451
Direct Finance	407	486
Deposits	88	205
Debt Securities	88	-6
Equity and Investment Fund Shares	231	288
Other Accounts Payables	832	2,348
Fund Utilization (B)	2,487	2,937
Currency & Deposits	1,135	1,070
Currency	-4	-6
Transferable deposits	697	614
Other Transferable deposits	63	276
Other deposits	379	186
Debt Securities	83	240
Loans	28	25
Equity and Investment Fund Shares	93	203
Insurance, Pension and SGS*	-21	67
Foreign Claims	130	143
Other Accounts Receivable	1,040	1,189
Funds Shortage (B-A)	-658	-2,036.6

* Standardized Guarantee Schemes

Table 7: Fund Raising and Utilization by the General Government

(Billion Rs.)		
Items	2020-21	2021-22
Fund Raising (A)	4,270	6,588
Deposits	-33	306
Debt Securities	3,435	4,396
Loans	843	1,256
Other Accounts Payables	24	629
Fund Utilization (B)	1,429	272
Currency & Deposits	1,026	729
Debt Securities	0	0
Loans	277	257
Equity and Investment Fund Shares	16	128
Other Accounts Receivable	111	-841
Difference (B- A)	-2,840	-6,316

4.4. Households

In FY22, the households were in surplus of Rs. 1,878.6 billion. This sector channelized Rs. 1,534.6 billion of its savings to financial corporations in the form of currency and deposits. The households also invested Rs. 375.0 billion in debt securities mainly issued by the general government.

A summary of funds raised/ utilized by the households is presented in Table 8.

Table 8: Fund Raising and Utilization by the Households

(Billion Rs.)		
Items	2020-21	2021-22
Fund Raising (A)	205	113
Borrowing From Central Bank*	4	2
Borrowing From DTC's	133	261
Borrowing From NBFC's	0	0
Borrowing From NFC's	2	6
Borrowing from Insurance Companies	29	16
Others ¹	36	-172
Fund Utilization (B)	2,309	1,992
Currency & Deposits	1,909	1,535
Debt Securities	90	375
Loans	1	2
Equity and Investment Fund Shares	106	72
Insurance, Pension and SGS ²	200	129
Other Accounts Receivable	2	-120
Difference (B- A)	2,104	1,879

*. This represents loans to the employees.

Notes:

1. Trade credits, miscellaneous financial debts, etc.

2. Standardized Guarantee Schemes

4.5. Rest of the World

In FY22, the rest of the world continued to be in surplus that reached to Rs. 3,065.6 billion. In this period, ROW lent Rs. 1,258.1 billion to the domestic economy, largely to the general government. It also invested Rs. 116.3 billion and Rs. 213.4 billion in debt securities and equity and investment fund shares respectively.

Summary of funds raised/ utilized by ROW is presented in Table 9.

Table 9: Fund Raising and Utilization by the Rest of the World

(Billion Rs.)		
Items	2020-21	2021-22
Fund Raising	956	-800
SDRs	32	-72
Foreign Exchange Holdings	677	-1,096
Investments in Debt and Equity	25	37
Others ³	222	330
Fund Utilization	1,372	2,265
Foreign Exchange Holdings	0	673
Debt Securities ¹	494	116
Loans	736	1,258
Equity and Investment Fund Shares	239	213
Other Accounts Receivable	-97	5
Difference (B- A)²	415	3,066

Notes:

1) Debt securities held by non-residents

2) Positive figures represent financial surplus, negative figures represent financial deficit

3) Loans & Trade Credit

5. Financial Account

The financial account of Pakistan shows that the economy borrowed Rs. 3,133.0 billion during FY22 on net basis. In the same period, net acquisition of financial assets of the economy reached Rs. 16,887.5 billion. The economy incurred Rs. 20,020.5 billion as liabilities. The sector-wise net lending and net borrowing details are as follows:

- 1) Households were the net lenders of Rs. 1,878.6 billion
- 2) Rest of the World was observed to be a net lender of Rs. 3,065.6 billion
- 3) Financial Corporations were a net lender of Rs. 275.1 billion
- 4) General Government was a net borrower of Rs. 6,315.7 billion
- 5) Non-Financial Corporations stood as net borrower of Rs. 2,036.6 billion

The detailed financial account is presented in the data matrix available on the SBP [website](#).

Table 10: Financial Account of Pakistan 2021-22

Items	Sector of Economy					Total
	FCs	NFCs	GG***	HH	ROW	
Net Acquisition of Financial Assets	9,421	2,937	272	1,992	2,265	16,888
Monetary Gold and SDRs	136	0	0	0	492	628
Currency and Deposits	-185	1,070	729	1,535	180	3,329
Debt Securities	3,429	240	0	375	116	4,160
Loans	5,886	25	257	2	1,258	7,427
Equity and Investment Fund Shares	-6	203	128	72	213	610
Financial Derivatives and ESFs*	-94	0	0	0	0	-94
Insurance, Pension and SCSs**	14	67	0	129	0	209
Other Accounts Receivable	243	1,333	-841	-120	5	619
Net Incurrence of Liabilities	9,146	4,973	6,588	113	-800	20,020
Monetary Gold and SDRs	0	0	0	0	-72	-72
Currency and Deposits	3,918	205	306	0	-1,096	3,333
Debt Securities	48	-6	4,396	0	27	4,465
Loans	3,429	2,139	1,256	285	187	7,297
Equity and Investment Fund Shares	378	288	0	0	10	676
Financial Derivatives and ESFs*	128	0	0	0	0	128
Insurance, Pension and SCSs**	295	0	0	0	0	295
Other Accounts Payable	950	2,348	629	-172	143	3,898
Net lending(+) / Net Borrowing(-)	275	-2,037	-6,316	1,879	3,066	-3,133

* Employees Stock Funds; ** Standardized Guarantee Schemes; *** Including Non-Profit Institutions (NPIs)

FCs: Financial Corporations

NFCs: Non-Financial Corporations

GG: General Government

HH: Households

ROW: Rest of the World

6. Capital Account

The capital account shows that the economy was in deficit of Rs. 3,083.4 billion with a statistical discrepancy of Rs. -49.7 billion. The main highlights of the capital account are as follow:

- 1) Gross saving of the economy was recorded at Rs. 7,378.0 billion
- 2) The current external balance of the economy w.r.t. ROW was reported as Rs. 3,102.0 billion

- 3) The gross fixed capital formation was observed to be Rs. 9,113.9 billion
- 4) The changes in inventories and valuables were recorded at Rs. 1,066.2 billion and Rs. 73.3 billion respectively.

The sectoral classification of the capital account of the economy is presented in the data matrix available on the SBP [website](#).

Table 11: Capital Account of Pakistan 2021-22

Items	Sector of Economy				Domestic Economy	ROW	Total
	Billion PKR						
	FCs	NFCs	GG	HH			
Saving, Gross	429	639	0	3,208	4,276	3,102	7,378
Consumption of Fixed Capital	50	880	0	0	930	0	930
Net Saving	379	-241	0	3,208	3,346	3,102	6,448
Current External Balance	0	0	0	0	0	3,102	3,102
Capital Formation	154	2,676	1,798	5,798	10,425	0	10,425
Gross Fixed Capital Formation	126	1,187	1,798	6,003	9,114	0	9,114
Changes in Inventories	0	1,345	0	-278	1,066	0	1,066
Valuables	0	0	0	73	73	0	73
Other Capital Accumulation*	28	143	0	0	172	0	172
Capital Transfers, Net	0	0	0	0	0	-36	-36
Net Surplus (+) / Net Deficit (-)	275	-2,037	-1,798	-2,589	-6,149	3,066	-3,083
Changes in Net Worth due to Saving and Capital Transfers	379	-241	0	3,208	3,346	3,066	6,412
Net Lending (+) / Net Borrowing (-): Financial Accounts	275	-2,037	-6,316	1,879	-6,199	3,066	-3,133
Statistical Discrepancy	0	0	-4,518	4,468	-50	0	-50

* includes acquisitions less disposals of Non-Produced Non-Financial Assets.

Notes:

1. Net Surplus (+) / Net Deficit (-) = Gross Saving - Capital Formation + Capital Transfer, Net
2. Changes in net worth due to Saving and Capital Transfers = Net Saving + Capital Transfer, Net
3. General & Special Reserves of Genral Government information is not available.

7. Integrated Capital and Financial Account

The integrated financial and capital account shows movements in financial assets and liabilities along with non-financial saving and investment.

The detailed Integrated Capital and Financial Account of Pakistan is presented in the data matrix available on the SBP [website](#). A summary of the account is presented in Table 12.

Table 12: Integrated Capital and Financial Account of Pakistan 2021-22

Items	Sector of Economy				Domestic Economy	ROW	Total
	FCs	NFCs	GG	HH			
Net Surplus (+) / Net Deficit (-)	275	-2,037	-1,798	-2,589	-6,149	3,066	-3,083
Saving, Gross	429	639	0	3,208	4,276	3,102	7,378
Current External Balance	0	0	0	0	0	3,102	3,102
Capital Formation	154	2,676	1,798	5,798	10,425	0	10,425
Gross Fixed Capital Formation	126	1,187	1,798	6,003	9,114	0	9,114
Changes in Inventories	0	1,345	0	-278	1,066	0	1,066
Valuables	0	0	0	73	73	0	73
Other Capital Accumulation*	28	143	0	0	172	0	172
Capital Transfers, Net	0	0	0	0	0	-36	-36
Net Lending(+)/ Net Borrowing(-)	275	-2,037	-6,316	1,879	-6,199	3,066	-3,133
Net Acquisition of Financial Assets	9,421	2,937	272	1,992	14,622	2,265	16,888
Net Incurrence of Liabilities	9,146	4,973	6,588	113	20,821	-800	20,020
Statistical Discrepancy	0	0	-4,518	4,468	-50	0	-50

* includes acquisitions less disposals of Non-Produced Non-Financial Assets.