

Methodological annex n°3: The perimeter of financial enterprises in 2020 benchmark

Financial enterprises include financial corporations (S.12) and unincorporated enterprises in industry K. Their activities are very diverse, covering monetary policy services through the central bank, financial intermediation and auxiliary financial services, as well as insurance services. Not all units within this perimeter are necessarily for-profit, such as mutual societies or the central bank.

The 2020 benchmark provided an opportunity to more precisely define the perimeter of financial institutions in collaboration with the Banque de France, in accordance with the European System of Accounts (ESA 2010) for the breakdown of the financial enterprises sector into sub-sectors. The main changes concern the introduction of pension funds, the definition of holdings, and the inclusion of Real Estate Collective Investment Undertakings (OPCI).

1. The breakdown into institutional sub-sector

In the French national accounts, the financial corporations sector is divided into three main groups: banks, insurers, and financial auxiliaries. This distinction aligns with the French Activity Classification (NAF rev. 2), which differentiates financial services activities (division 64, primarily banks), insurance activities (division 65), and activities auxiliary to financial services and insurance (division 66).

This division into three sub-sectors is maintained [► [Figure 1-1](#)] to preserve the correspondence between institutional sectors and the activity classification, but reclassifications and additions of units were implemented in the 2020 benchmark revision.

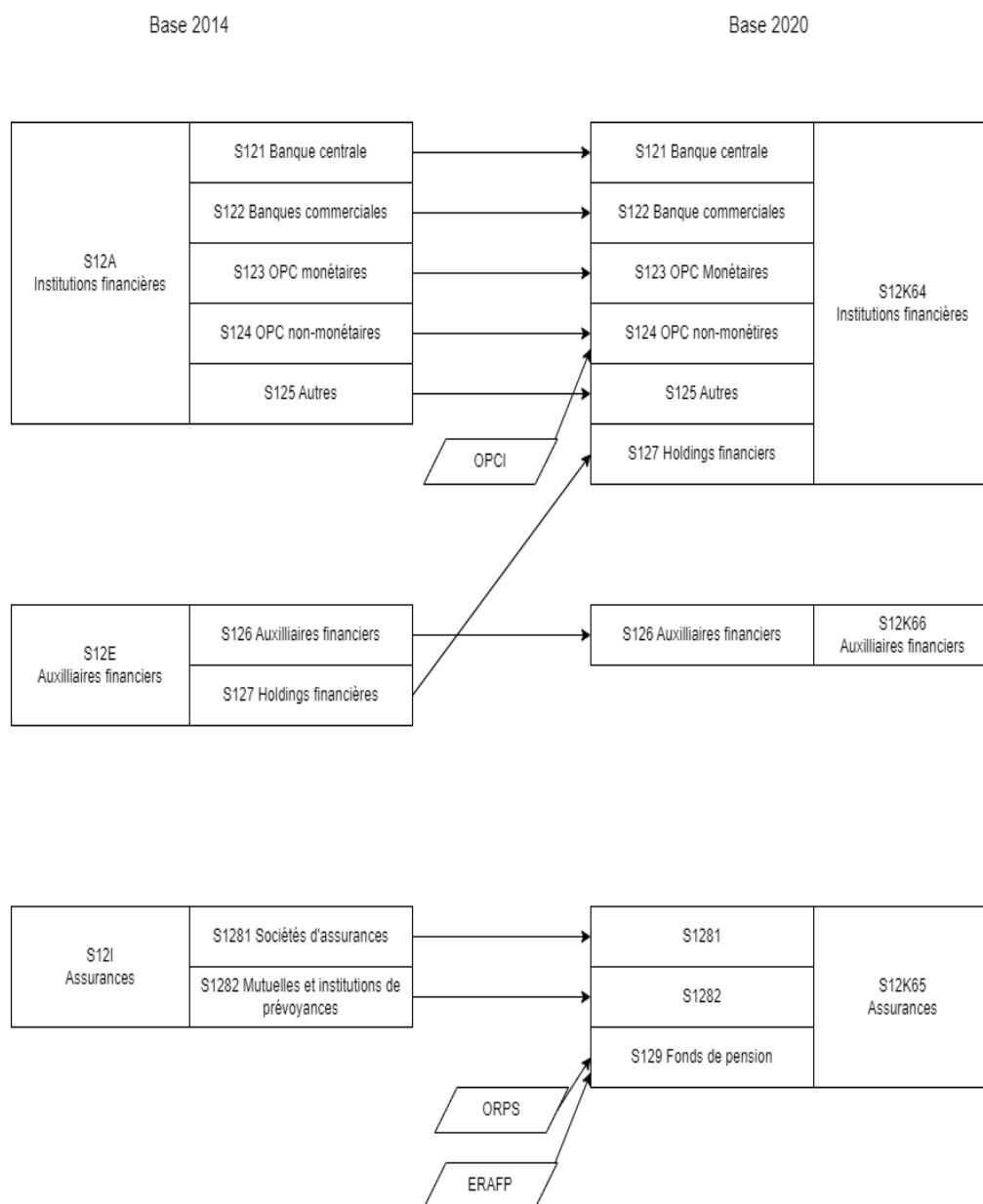
Financial institutions (S12K64) are units whose activities involve financial intermediation. Without being exhaustive, this sector includes the Banque de France, commercial banks, funds related to collective investment schemes, and securitization companies. The account for this institutional sub-sector is mainly compiled by the Banque de France based on prudential data. Indeed, besides central banks and captive financial institutions, these entities are licensed by financial authorities: the Prudential Supervision and Resolution Authority (ACPR) and the Financial Markets Authority (AMF). Captive financial institutions and money lenders (S.127), classified in the financial institutions sector in the 2020 benchmark, do not have specific licenses related to their activities. Their perimeter is defined using common methods by the Banque de France and INSEE.

Insurance corporations (S12K65) are units whose main activity is to provide insurance services (life, non-life, and social insurance). Entities in this sector are licensed by the Autorité de contrôle prudentiel

et de résolution (ACPR - Prudential supervision authority) and include insurance corporations, mutual societies, and provident institutions.

Financial auxiliaries (S12K66) correspond to units whose main activity is to provide auxiliary services to financial and insurance services. This sector includes insurance or credit brokers, fund managers, and the headquarters of financial companies, among others. The account for financial auxiliaries is determined based on data from structural business statistics (Esane), which mainly comes from the tax declarations of these units.

Figure 1-1 : Breakdown of the financial enterprises sector



2. Captive financial institutions are now classified with banks

In accordance with ESA 2010, "captive financial institutions and money lenders" (including holdings) form a separate grouping (S.127). While in the 2014 benchmark, captive financial institutions were grouped with financial auxiliaries (according to ESA 95 concepts), in the 2020 benchmark, they are isolated (S.127) and classified among financial institutions in connection with the classification of their activities in the NAF. **This is a reclassification between sub-sectors of financial enterprises.**

In parallel with this reclassification, a better definition of holdings has been implemented jointly with the Banque de France. Indeed, there is no specific legal criterion, such as a license, to distinguish holdings from other legal units. In particular, it is not always easy to distinguish holdings from headquarters.

In partnership with the Financial Operations Studies and Statistics Service of the Banque de France, a set of characteristics has been defined to identify holdings according to European recommendations [1]. The selected entities must have a maximum of three employees, a turnover of less than €250 thousands, and equity securities representing more than 50% of their assets.

Thus, captive financial institutions are, by definition, entities that have low gross value added relative to their financial assets and financial income. In 2019, their service output was €0.1 billion in the 2020 benchmark compared to €0.3 billion in the 2014 benchmark. However, property income (D.4) received was significantly revised upward, from €2.1 billion in the 2010 benchmark to €5.7 billion in the 2020 benchmark. Compared to the previous benchmark, the new entities selected by the algorithm produce fewer services but receive and distribute more income flows, which aligns well with the activities of holdings.

3. Real Estate Collective Investment Undertakings (OPCI) are integrated

In the 2014 benchmark, real estate collective investment undertakings (OPCIs) were absent from the scope of national accounting. However, their activity is negligible in terms of GDP.

OPCIs have a gross value added of approximately €0.3 billion and generate revenues of €1.0 billion for a total net asset value of around €75 billion. The sector is characterized by high concentration and rapidly expanding assets [2]. Note that real estate investment companies (SCPIs) were already identified in the 2014 benchmark.

4. The extension of the insurance perimeter: the inclusion of pension funds (S.129)

According to the European System of Accounts (ESA), a pension fund is a financial institution whose main function is to provide income at retirement through a system of pooling the risks and the social needs of insured persons. These are funded retirement schemes offered by certain companies to their employees. They can be controlled by employers or by general government. Unlike life insurance companies, pension funds offer their services to specific groups of employees and own-account workers: individual retirement savings products are not part of this category.

Pension funds are not social security pension schemes but employment-related pension schemes. As such, contributions paid by households create a financial asset for households (pension entitlements) and a financial liability for the pension fund. Any surpluses of the pension fund are a component of household savings. The adjustment for the change in pension entitlements (D.8), a new operation in the 2020 benchmark, correspond to the rights acquired minus the benefits received. This operation in the account of primary income, that is, between disposable income and savings, is an adjustment that allows, on the one hand, to record contributions and benefits in the primary incomes of the concerned agents and, on the other hand, to neutralize them in the calculation of savings because pension funds are savings operations just like life insurance, for example.

Historically, this activity was managed by insurance corporations (S.128) because there was no dedicated structure for managing long-term commitments specific to retirement savings contracts. Thus, in previous benchmarks, the institutional sector of pension funds was considered non-existent in France.

French regulation [3] has evolved to allow the establishment of new entities dedicated to the activity of supplementary occupational retirement provision, known as "ORPS" (supplementary professional pension fund). The first ORPS entities appeared at the end of 2018 and have developed rapidly [4]. The 2020 benchmark provides an opportunity to integrate these entities into the pension funds sector (S.129). The inclusion of ORPS corresponds methodologically to a **scope extension**.

Moreover, in the 2020 benchmark revision, the Additional Public Service Retirement Scheme (*retraite additionnelle de la fonction publique*, RAFP, which was classified within social security funds in the 2014 benchmark, is reclassified within the S.129 sector in the 2020 benchmark. Indeed, a re-examination of ERAFP's activities in light of the European regulation led to considering them as those of an employment-related scheme operating on a capitalization principle: benefits depend directly on the performance of assets accumulated through past contributions. As such, it constitutes a defined contribution scheme with reserve accumulation; it is a pension fund for which the European System of Accounts (ESA 2010) explicitly specifies classification in the pension fund sector as long as it enjoys decision-making autonomy.

In 2019, the total service output of the pension fund sector (S.129) amounts to €0.1 billion in the 2020 benchmark. Net social contributions (D.61) received by pension funds amount to €3.2 billion, mainly driven by contributions related to ERAFP. In return, the adjustment for the change in pension entitlements (D.8) now represent an expenditure for pension funds amounting to €2.2 billion, corresponding to a revenue for households.

5. More generally, social insurance has been aligned with social protection accounts

The scope of social insurance, which includes the retirement insurance service, was revised during the 2020 benchmark revision. The supplementary occupational retirement service activity is classified within the scope of social insurance, as it covers a social risk and this coverage is employment-related. This approach aims to improve the comparability of European economic accounts, where the role of employers varies in the social protection system (such as the health coverage system). This activity can be carried out by any authorized entity, including life insurers, mutual societies, or provident institutions. Conceptually, this is not a redefinition of the scope in terms of economic unit (or institutional sector) but rather the nature of the activities [► [Fiche 4](#)].

6. Links

Reference	Link
[1]	Notice of intention of the Business Statistics Directors Groups and the Directors of Macroeconomic Statistics on the consistent implementation of Council Regulation (EC) No 696/93 on statistical units
[2]	https://www.aspim.fr/article/communiqu��-de-presse/scpi-et-opci-en-2019-performances-en-hausse-collecte-et-investissements-records.html
[3]	The publication in the Official Journal of the ordinance regarding the creation of entities dedicated to the supplementary occupational retirement activity took place on April 7, 2017, following the promulgation of the law on transparency, the fight against corruption, and the modernization of economic life, known as the Sapin II law, at the end of 2016.
[4]	Publication DREES Les retrait��s et les retraites – ��dition 2023 : https://drees.solidarites-sante.gouv.fr/sites/default/files/2023-08/RETRAITES23MAJ2928.pdf