

Sectoral classification of the economy in monetary statistics

The below sectoral classification of institutional units of the economy is compliant with the rules set forth in the regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (hereinafter referred to as 'ESA 2010').

RESIDENT

Resident sectors

I. Monetary financial institutions (MFIs) – financial institutions whose business is to receive deposits and/or close substitutes of deposits from institutional units, not only from MFIs, and to grant loans and/or invest in securities for their own account. Institutions classified as MFIs are included in the list of resident MFIs which is updated on an ongoing basis and disseminated in the NBP website (www.nbp.pl/home.aspx?f=/statystyka/sprawozdawczosc/mif.htm).

MFIs comprise:

1) the central bank (Narodowy Bank Polski (NBP)),

2) other MFIs which are:

a) deposit-taking corporations:

(i) credit institutions as defined in Art. 4(1)(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The population of Polish credit institutions can be identified based on the list of MFIs (see above). For statistical purposes credit institutions comprise banks (except for the central bank) and credit unions.

(ii) deposit-taking corporations other than credit institutions which are:

- other financial institutions which are principally engaged in financial intermediation and whose business is to receive deposits and/or close substitutes for deposits from institutional units, not only from MFIs (the degree of substitutability between the instruments issued by other MFIs and deposits placed with credit institutions shall determine their classification as MFIs); and for their own account, at least in economic terms, to grant loans and/or make investments in securities,
- electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money.

b) money market funds (MMFs) established under the act of 27 May 2004 on investment funds and alternative investment funds management (Journal of Laws of 2018 item 1355 as

amended) and meeting the criteria of Art. 2 of the Regulation (EU) No. 1071/2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector¹.

Starting from January 2012 the list of Polish MFIs includes no MMFs as no investment fund meets relevant criteria to be classified to the MMF subsector.

II. Non-monetary financial institutions (non-MFIs) comprise:

1. General government – consists of public authorities and their subordinate organizational units, state legal persons and other state organizational units not registered in the National Court Register, whose activities are financed, wholly or predominantly, from public funds. The sector also comprises non-profit institutions controlled by the general government and public non-financial corporations classified as general government.

Sectoral classification of institutional units to the general government sector and its subsectors should be based on the latest version of the „List of units included in the general government sector by subsectors and the Polish Classification of Activities (PKD) codes, compliant with ESA 2010” (*Lista jednostek zaliczonych do sektora instytucji rządowych i samorządowych według podsektorów i PKD zgodnie z ESA 2010*) disseminated in the website of the Statistics Poland <https://stat.gov.pl/obszary-tematyczne/rachunki-narodowe/statystyka-sektora-instytucji-rzadowych-i-samorzadowych/lista-jednostek-sektora-instytucji-rzadowych-i-samorzadowych-s-13-zgodnie-z-esa2010-stan-na-31-grudnia-2017-r-6,8.html>.

1.1. Central government – all administrative departments of the state and other central agencies whose competence extends normally over the whole economic territory, except for the administration of social security funds.

The subsector includes central government administration bodies and their subordinate organizational units whose activity is financed for the most part from the state budget.

¹ Collective investment undertakings complying with all the following shall be treated as MMFs, where they:

- a) pursue the investment objective of maintaining a fund’s principal and providing a return in line with the interest rates of money market instruments;
- b) invest in money market instruments which comply with the criteria for money market instruments set out in Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (1), or deposits with credit institutions or, alternatively, ensure that the liquidity and valuation of the portfolio in which they invest is assessed on an equivalent basis;
- c) ensure that the money market instruments they invest in are of high quality, as determined by the management company. The quality of a money market instrument shall be considered, inter alia, on the basis of the following factors:
 - i. the credit quality of the money market instrument;
 - ii. the nature of the asset class represented by the money market instrument;
 - iii. for structured financial instruments, the operational and counterparty risk inherent within the structured financial transaction;
 - iv. the liquidity profile;
- d) ensure that their portfolio has a weighted average maturity (WAM) of no more than six months and a weighted average life (WAL) of no more than 12 months (in accordance with Annex I, Part 1, Section 2);
- e) provide daily net asset value (NAV) and a price calculation of their shares/units, and daily subscription and redemption of shares/units;
- f) limit investment in securities to those with a residual maturity until the legal redemption date of less than or equal to two years, provided that the time remaining until the next interest rate reset date is less than or equal to 397 days whereby floating rate securities should reset to a money market rate or index;
- g) limit investment in other collective investment undertakings to those complying with the definition of MMFs;
- h) do not take direct or indirect exposure to equity or commodities, including via derivatives and only use derivatives in line with the money market investment strategy of the fund. Derivatives which give exposure to foreign exchange may only be used for hedging purposes. Investment in non-base currency securities is allowed provided the currency exposure is fully hedged;
- i) have either a constant or fluctuating NAV.

The subsector includes:

- a) public authorities, including government administration (voivods and voivodship offices, state control and law enforcement institutions, courts and tribunals;
- b) state colleges and universities and other schools which are established by relevant minister, central government administration body or a voivod, and whose activity is financed from the state budget;
- c) state cultural institutions and state film institutions;
- d) institutions of social assistance;
- e) services, guards and inspections operating under a voivod;
- f) scientific and research units;
- g) independent public healthcare centres established by relevant minister, central government administration body, voivod, state medical university or state university which carries out teaching and research activities in the domain of medical science;
- h) central public hospitals established under the Commercial Companies Code,
- i) clubs and offices of Members of Parliament,
- j) budget policy institutions,
- k) authorities exercising supervision over financial institutions and guarantee funds controlled by general government, e.g. Polish Financial Supervision Authority (KNF), Bank Guarantee Fund (BFG),
- l) state earmarked funds, except for those included in the social security funds subsector,
- m) funds established by, entrusted or transferred to Bank Gospodarstwa Krajowego under separate laws,
- n) state legal persons established under separate laws with the objective to perform tasks of public interest,
- o) executive agencies,

Executive agencies not included in the Statistics Poland list should be classified to the non-financial corporations sector.

- p) national parks,
- q) public non-financial corporations included in the central government subsector,
- r) balances held in the account called „Interes Narodowy” maintained for the Export Credit Insurance Corporation (Korporacja Ubezpieczeń Kredytów Eksportowych S.A. (KUKE S.A.)) should be classified as operations with central government,
- s) non-profit institutions serving households which are controlled by the central government subsector.

1.2. Local government – local government administration bodies and their subordinate organizational units whose activity is financed from local budgets, except for local branches of social security funds.

The subsector includes:

- a) self-government bodies,
- b) local government units and their unions,
- c) independent public healthcare centers established by local government units,
- d) public schools and institutions established under the act of 7 September 1991 on the system of education (Journal of Laws of 2018 item 1457 as amended) and run by local government units,
- e) local state cultural institutions, institutions of social assistance, services, guards and inspections, including voluntary fire brigades,
- f) regional agricultural advisory centers,
- g) budgetary enterprises established by local government units,
- h) local earmarked funds,
- i) local legal persons established under separate laws with the objective to perform tasks of public interest,
- j) public non-financial corporations included in the local government subsector,
- k) non-profit institutions serving households which are controlled by the local government subsector.

1.3. Social security funds – all central and local institutional units whose principal activity is to provide social benefits and which fulfil each of the following two criteria:

- a) by law or by regulation certain groups of the population are obliged to participate in the scheme or to pay contributions, and
- b) general government is responsible for the management of the institution in respect of the settlement or approval of the contributions and benefits.

The subsector includes:

- a) Zakład Ubezpieczeń Społecznych (ZUS – *Social Insurance Institution*) and Kasa Rolniczego Ubezpieczenia Społecznego (KRUS – *Agricultural Social Insurance Fund*), and funds managed by them,
- b) Narodowy Fundusz Zdrowia (*National Healthcare Fund*) and its regional branches,
- c) Fundusz Pracy (*Labour Fund*).

2. Other financial institutions

2.1. Non-MMF investment funds – investment funds established under the act of 27 May 2004 on investment funds and the management of alternative investment funds (Journal of Laws of 2018

item 1355 as amended), except for money market funds which are included in the list of monetary financial institutions and classified to the MFI sector.

Investment funds and sub-funds shall be identified based on the list disseminated in the NBP website (http://www.nbp.pl/home.aspx?f=/statystyka/pieniezna_i_bankowa/sfi.html).

2.2. Other financial intermediaries, financial auxiliaries, and *captive* financial institutions and money lenders subdivide into three subsectors:

2.2.1. Other financial intermediaries – financial corporations which are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits (or close substitutes for deposits), or investment fund shares, or in relation to insurance, pension and standardised guarantee schemes from institutional units. The subsector includes:

- a) financial leasing corporations,
- b) factoring corporations,
- c) security and derivative dealers,
- d) financial vehicle corporations engaged in securitisation transactions (FVCs)

FVC – an undertaking which is constituted pursuant to national law and whose principal activity meets both of the following criteria:²:

- it intends to carry out, or carries out, one or more securitisation transactions and its structure is intended to isolate the payment obligations of the undertaking from those of the originator, or the insurance or reinsurance undertaking; and
- it issues, or intends to issue, debt securities, other debt instruments, securitisation fund units, and/or financial derivatives (hereinafter the 'financing instruments') and/or legally or economically owns, or may own, assets underlying the issue of financing instruments that are offered for sale to the public or sold on the basis of private placements .

The subsector comprises institutional units established to carry out securitisation of assets with which a reporting bank carries out a securitisation transaction and which meets the above criteria, and which is included in the list of FVCs disseminated in the website of the European Central Bank (www.ecb.europa.eu/stats/money/mfi/html/index.en.html).

At present the list does not include Polish institutions as no one meets the criteria of the FVC definition set forth in the ECB regulation.

- e) banks and credit unions under bankruptcy proceeding, in liquidation and/or organization,
- f) private equity/venture capital companies,
- g) central counterparty KDPW_CCP S.A.

² According to the regulation (EU) No 1075/2013 of the European Central Bank of 18 October 2013 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (ECB/2013/40).

2.2.2. Financial auxiliaries – financial corporations which are principally engaged in activities closely related to financial intermediation but which are not financial intermediaries themselves. The subsector comprises:

- a) insurance and pension brokers, agents and consultants,
- b) investment advisers,
- c) foreign exchange bureaux,
- d) stock exchanges,
- e) commodity exchanges,
- f) corporations providing infrastructure for financial markets, e.g. clearing houses (First Data Polska S.A.),
- g) payment institutions,
- h) Krajowy Depozyt Papierów Wartościowych S.A. (*Depository of Securities*),
- i) managers of investment funds, umbrella investment funds, managers of pension funds,
- j) hire-purchase institutions,
- k) debt collection agencies,
- l) Związek Banków Polskich (*Polish Bank Association*),
- m) Krajowa Spółdzielcza Kasa Oszczędnościowo-Kredytowa (*National Credit Union*),
- n) representative offices of non-resident banks,
- o) head offices whose subsidiaries – all or majority thereof – are financial institutions.

2.2.3. Captive financial institutions and money lenders – financial corporations which are neither engaged in financial intermediation nor in providing financial auxiliary services, and where most of either their assets or their liabilities are not transacted on open markets. In particular, the subsector includes:

- a) units as legal entities such as trusts, estates, agencies accounts or 'brass plate' companies;
- b) holding companies that hold controlling-levels of equity of a group of subsidiary corporations and whose principal activity is owning the group without providing any other service to the businesses in which the equity is held, that is, they do not administer or manage other units. Resident holding companies are classified based on PKD (*Polish Classification of Activity*) code, i.e. the subsector includes companies labelled as “64.20.Z Holding companies”.
- c) SPEs that qualify as institutional units and raise funds in open markets to be used by their parent corporation;
- d) units which provide financial services exclusively with own funds, or funds provided by a sponsor, to a range of clients and incur the financial risk of the debtor defaulting. Examples are money lenders, corporations engaged in lending to students or for foreign trade from funds

received from a sponsor such as a government unit or a non-profit institution, and pawnshops that predominantly engage in lending;

e) special purpose government funds, usually called sovereign wealth funds, if classified as financial corporations.

2.3. Insurance corporations – institutions offering insurance services (insurance products), acting under the act of 11 September 2015 on insurance and reinsurance activity (Journal of Laws of 2019 item 381).

The list of institutions included in the sector is disseminated in the NBP website (<http://www.nbp.pl/home.aspx?f=/statystyka/sprawozdawczosc/lista-zu.htm>).

2.4. Pension funds – financial corporations which are principally engaged in the pooling and investing of funds with the aim of providing income to the insured persons in retirement, which act under the act of 28 August 1997 on the organization and operation of pension funds (Journal of Laws of 2018 item 1906 as amended).

3. Non-financial corporations – institutional units whose principal activity is the production of goods and non-financial services. In particular the sector includes:

- Public non-financial corporations – institutional units acting under the state enterprise act of 25 September 1981 (Journal of Laws of 2017 item 2152) and state-owned companies.
- Private non-financial corporations and cooperatives – institutional units with 100% private capital and which do not meet the criteria laid down for public non-financial corporations as described above, and all cooperatives (including housing cooperatives), civil law partnerships, branches of non-resident corporations and producer groups.

The sector also includes individual entrepreneurs who employ more than 9 persons.

4. Households and non-profit institutions serving households

4.1. Households – individuals or groups of individuals as consumers and as entrepreneurs producing market goods and services. The sector includes:

4.1.1. Individuals – natural persons, except for those conducting business activity classified as individual entrepreneurs or farmers. The subsector also comprises:

- a) employee mutual assistance funds;
- b) school savings funds,
- c) parents' councils acting in schools and kindergartens.

4.1.2. Individual entrepreneurs – natural persons conducting business activity on their own account who employ up to 9 persons (e.g. independent professionals provided they meet the above criteria).

4.1.3. Farmers – natural persons whose principal source of income is agricultural production, and their activity is not registered as an enterprise, company, cooperative or producer group.

4.2. Non-profit institutions serving households – non-profit institutions which are separate legal entities, which serve households and which principal resources are voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general government and from property income.

The sector includes:

- a) trade unions,
- b) professional or learned societies, e.g. bar associations,
- c) consumers associations,
- d) political parties,
- e) churches or religious societies,
- f) funds and foundations serving households,
- g) social, cultural, recreational and sports clubs,
- h) condominiums,
- i) non-public healthcare centers and schools run by churches or religious societies, funds and foundations serving households, trade unions, professional societies and associations and other units included in the non-profit institutions serving households sector,
- j) charities, relief and aid organisations financed by voluntary transfers in cash or in kind from other institutional units.

NON-RESIDENT

Euro area residents

Institutional units of euro area Member States comprise natural persons residing in the territory of the euro area (i.e. Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Greece, Spain, the Netherlands, Ireland, Luxemburg, Lithuania, Latvia, Malta, Germany, Portugal, Slovakia, Slovenia, Italy), and other institutional units residing in the euro area, which have the ability to undertake liabilities and acquire rights in their own name, and diplomatic, consular and other representations, special missions which enjoy diplomatic or consular immunities and privileges.

(Financial and non-financial) international organisations, even if residing in the euro area, are included in the rest of the world sector, except for the European Central Bank (ECB) which is classified as a monetary financial institution resident in Germany.

Rest of the world

The rest of the world sector includes natural persons residing outside the territory of the Republic of Poland and the euro area, and other institutional units residing in those countries, which have the ability to undertake liabilities and acquire rights in their own name, and diplomatic, consular and other representations, special missions which enjoy diplomatic or consular immunities and privileges, and international organisations.