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Finnish credit institutions in  
a changing environment

The Bank of Finland real-time  
gross settlement system

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# Finnish credit institutions in a changing environment

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According to preliminary data, amounts outstanding in the Finnish financial markets totalled FIM 870 billion at the end of 1994, which is equivalent to 170 per cent of Finland's GDP at market prices. In the early 1980s, GDP was twice the size of the financial markets. In addition, financial markets were underdeveloped at that time as deposits accounted for about 75 per cent of all outstanding financial assets. At the end of 1994, the share of deposits had diminished to one-third (Chart). A major part of deposits has shifted to other, higher-yielding investments. The share of money market instruments is fairly large by international standards, accounting for one-fifth of outstanding amounts in the financial markets.

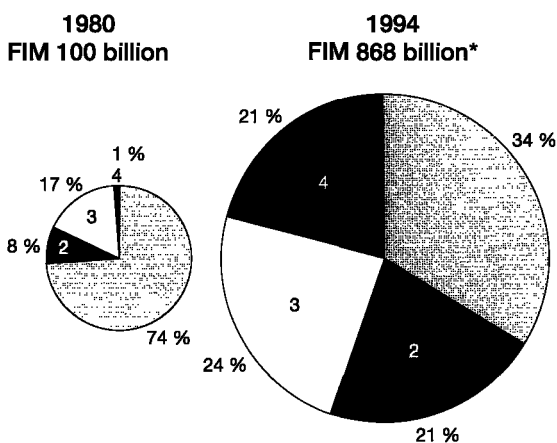
The Finnish capital market has traditionally been quite thin, but in recent years it has grown rapidly. In order to finance large budget deficits, the central government has placed an increasingly large proportion of its debt in the domestic bond market, and at the end of last year, the relative share of this market had risen above that of money market instruments to 24 per cent. Measured in terms of market capitalization, the share market has recovered from recession and currently accounts for one-fifth of outstanding amounts in the financial markets. However, changes in the values of equity investments have been substantial and there is great variation between individual shares.

The institutional structure of the Finnish financial markets has also continued to undergo rapid change. Finland's entry into the Single Market and the European Union has been accompanied by tighter competition in the banking sector. As a result of the recession and financial crisis in the early 1990s, excess capacity in the Finnish banking sector has been partly dismantled and this process is continuing. In October 1993, the Savings Bank of Finland, which had earlier passed into the hands of the government, was sold to four other banking groups. In February 1995, the two largest banking groups, Unitas/Union Bank of Finland Ltd and Kansallis-Osake-Pankki announced that they were merging their operations. The new bank is due to start operating at the beginning of 1996.

The initial impetus to structural change was provided by the step-by-step deregulation of financial markets and capital movements in the 1980s. This was the logical consequence of the process of

## Chart.

### Structure of financial markets, end -1980 and end -1994



1. Deposits
2. Shares (market capitalization)
3. Bonds
4. Money market instruments

\*Preliminary.

financial integration in Europe. In Finland, it was considered vitally important to participate in the Single Market and, later, to join the EU. As regards financial services, this entails both the freedom to provide services and the freedom of competition within the Single Market.

The Finnish financial markets have become more diversified. New entrants, particularly Swedish banks, have led to increased competition, despite the fact that the traditional deposit banking network has lately been cut back in size. Financial institutions may now also offer their services on a cross-border basis within the Union without having to establish a direct presence in local markets. This has led to the introduction of new financial instruments, the development of marketplaces and better availability of financing.

## **Credit institutions in Finland**

### **Operating environment**

Finnish banking legislation has been progressively overhauled during the 1990s to bring it in line with EU banking legislation. The regulations proposed by the Basle Committee in 1988 for defining capital adequacy were incorporated in the Finnish Deposit Bank Act of 1991. According to the regulations, a bank's capital should be at least 8 per cent of its total risk-weighted assets.

Under the Financial Activities Act, which entered into force at the beginning of 1992, corresponding requirements and supervision were extended to cover other credit institutions, notably finance companies. The Credit Institutions Act entered into force on 1 January 1994 at the same time as the agreement on the European Economic Area (EEA). The Credit Institutions Act is fully in compliance with the requirements imposed by the EEA Agreement and by Finland's membership of the EU as from 1 January 1995.

The most important changes in the institutional structure of the Finnish credit institution system have been due to developments in the domestic economy and to the severe banking crisis, which has speeded up the dismantling of excess capacity. As competition has sharpened, the banks have continually improved their efficiency and their earnings capacity. However, recovery has been rather slow owing to sluggish demand for financial services. The household savings ratio has remained high and demand for new loans has been slack. The cautious attitude towards borrowing has been sustained by continuing high unemployment and large public sector deficits. Export companies have used their higher export earnings to strengthen their balance sheets, and have been able to finance a large proportion of their investment by means of retained earnings.

### **Structures**

As a result of the economic recession and the slack demand for new loans, the total assets of Finnish banks have decreased over the last few years. At the end of 1994, the total assets of the banking sector amounted to FIM 640 billion, which was 9 per cent less than a year earlier.

Despite the changes in the industry, the deposit banks still play a dominant role in financial intermediation, accounting for some 60 per cent of all outstanding lending to companies and households. In addition, deposit banking groups account for a major part of the business of other undertakings and credit institutions offering financial services, particularly mortgage banks and finance and credit card companies.

Along with the recovery of the stock exchange, the number and importance of firms providing investment services have increased. Foreign investors' interest in Finnish shares started to increase

following the lifting of restrictions on foreign ownership of Finnish shares on 1 January 1993. Among the Finnish firms offering investment services, the share of traditional banking groups is quite significant. This applies not only to securities broking firms but also to unit trust (mutual fund) management companies and other companies specializing in investment business, such as development companies and investment companies.

In the 1960s, the internationalization of Finnish banking business accelerated along with the liberalization and expansion of Finland's foreign trade. In the middle of the decade, Finnish commercial banks established consortium banks in continental Europe together with other Nordic banks. Finnish banks were allowed to establish foreign subsidiaries in the 1970s and foreign branches in the early 1980s. The leading Finnish banks have established subsidiaries and branches in all the world's major financial centres.

The first subsidiaries of foreign banks were established in Finland in the early 1980s. From the beginning of 1991, foreign banks were allowed to open branches in Finland. In the context of the Single Market, Finland has introduced regulations and supervision that enable financial institutions to provide services on a cross-border basis, without the necessity to establish a direct presence in the territory of the member state concerned. These regulations concern both the operations of Finnish banks abroad and the operations of banks from other member states in Finland.

Tax and interest rate policies have had a major influence on the deposit market in Finland. Deposits can be broken down into tax-exempt deposits, market-priced deposits subject to withholding tax and other taxable deposits. Interest rates on tax-exempt, fixed-term deposits are determined on the basis of the Bank of Finland's base rate as laid down in tax laws. Withholding tax is a final tax levied at source on households' taxable deposits.

The withholding tax system was introduced in Finland at the beginning of 1991, initially at a rate of 10 per cent of interest income from deposits. Subsequently, in connection with the reform of capital income taxation, the withholding tax rate was raised to 20 per cent from the beginning of 1993 and to 25 per cent from the beginning of 1994. The tax is now at the same level as the corporate tax rate.

### **Banking groups**

There are four major banking groups in Finland with branch networks covering the entire country. This number will be reduced to three in the near future when Kansallis-Osake-Pankki and Unitas/Union Bank of Finland merge their operations. Each of these groups has its own subsidiaries engaging in mortgage banking, finance company activities, credit card business, investment operations etc. The major banking groups are shown in Table 1.

**Table 1. Major commercial banking groups at 31 December 1994**

	Total assets, FIM billion
<b>Kansallis-Osake-Pankki Group</b>	<b>159.8</b>
Kansallis-Osake-Pankki	148.9
Kansallis Finance Group <sup>3</sup>	6.3
Nordfinanz Bank Zürich <sup>1</sup>	11.3
Kansallis Mortgage Bank Ltd <sup>1</sup>	0.7
Kansalliskortti Oy <sup>3</sup>	1.4
<b>Unitas Group</b>	<b>151.7</b>
Union Bank of Finland Ltd	149.1
American Scandinavian Bank Corporation <sup>1</sup>	6.8
UBF International, Luxembourg <sup>1</sup>	2.2
UBF, Singapore <sup>1</sup>	2.8
Industrial Bank of Finland Ltd <sup>2</sup>	3.8
Finnish Customer Finance Ltd <sup>3</sup>	6.1
<b>Postipankki Group</b>	<b>113.7</b>
Postipankki Ltd	111.7
PSP-Finance Ltd <sup>3</sup>	1.6
PSP-Municipality Bank Ltd <sup>2</sup>	2.1
Suomen Tililuotto Oy <sup>3</sup>	0.2
<b>Skopbank Consolidated</b>	<b>25.0</b>
Skopbank	20.1
Skop Finance Group	1.0
Industrialization Fund of Finland Ltd <sup>1</sup>	8.4
<b>Okobank Consolidated</b>	<b>65.1</b>
Okobank	58.5
OKO Mortgage Bank Ltd <sup>2</sup>	4.6
OP-Finance Centre Ltd <sup>3</sup>	2.4
Op-Kotipankki Oy <sup>1</sup>	0.7

<sup>1</sup> Subsidiary.

<sup>2</sup> Mortgage bank.

<sup>3</sup> Finance company.

**Table 2. Commercial banks at 31 December 1994**

	Branches	Employees	Total assets, FIM billion
Union Bank of Finland Ltd	365	8 133	149.1
Kansallis-Osake-Pankki	419	8 469	148.9
Postipankki Ltd	88	6 102	111.7
Okobank	3	891	58.5
Skopbank	1	332	20.1
Bank of Åland Ltd	23	270	3.6
Interbank Ltd	5	108	3.5
Siltapankki Oy	1	29	1.5
Op-Kotipankki Oy	1	45	0.7
Kansallis Mortgage Bank Ltd	1	5	0.7
<b>Domestic commercial banks</b>	<b>907</b>	<b>24 384</b>	<b>498.3</b>
Banque Indosuez	1	24	..
Citibank International plc	1	27	..
Handelsbanken	1	75	..
Skandinaviska Enskilda Banken	1	46	..
<b>Foreign branches</b>	<b>4</b>	<b>172</b>	<b>12.4</b>
<b>Commercial banks, total</b>	<b>911</b>	<b>24 556</b>	<b>510.7</b>

**Table 3. Cooperative banks and savings banks at 31 December 1994**

<b>Cooperative banks</b>	Branches	Employees	Total assets, FIM billion
Five largest:			
Suur-Helsingin Osuuspankki	30	601	9.3
Turun Seudun Osuuspankki	36	405	6.7
Tampereen Seudun Osuuspankki	36	416	5.2
Keski-Suomen Osuuspankki	46	387	4.9
Oulun Osuuspankki	27	271	4
<b>All cooperative banks</b>	<b>990</b>	<b>10 025</b>	<b>125.8</b>
<b>Savings banks</b>			
	Branches	Employees	Total assets, FIM billion
Five largest:			
Aktia Savings Bank Ltd	75	593	8.4
Etelä-Karjalan Säästöpankki	20	159	1.5
Ylä-Savon Säästöpankki	12	102	1.2
Länsi-Uudenmaan Säästöpankki	11	106	1.0
Someron Säästöpankki	10	56	0.7
<b>All savings banks</b>	<b>248</b>	<b>1 595</b>	<b>19.7</b>

Other commercial banks operating in Finland are shown in Table 2. The largest local (cooperative and savings) banks are shown in Table 3.

### Other credit institutions

The major Finnish mortgage banks are subsidiaries of deposit banks and they specialize in granting long-term financing, mainly to the corporate customers of their parent banks. Consequently, they do not specialize in the financing of housing production, as is the case in many other countries in Europe. In Finland, the deposit banks have traditionally financed housing production, and housing loans are usually secured by shares in the housing companies concerned. As a result of the EU accession negotiations, shares in Finnish housing companies are treated as equivalent to real collateral, i.e. they are included in the asset category with a 50 per cent weighting when calculating the solvency ratio of the bank.

Table 4 shows the mortgage credit institutions and special credit institutions that do not belong to deposit banking groups. In connection with the EU accession negotiations, Finnfund, the Regional Development Fund Ltd and Finnish Export Credit Ltd were included on the list of exempt institutions provided for in the First Banking Coordination Directive. Consequently, the EU banking legislation does not apply to these state-owned special credit insti-

**Table 4. Other credit institutions at 31 December 1994**

	Total assets, FIM billion	Ownership
Finnish Mortgage Society	2.0	Members
Finnish Export Credit Ltd	45.0	State
Nordic Investment Bank Ltd	44.0	Nordic countries
Regional Development Fund	7.0	State plus other owners
Kuntarahoitus Oy	7.8	Municipalities

**Table 5. Insurance company groups at 31 December 1994**

Company	Premium income, FIM billion	Total assets, FIM billion
Pohjola Group	4.2	20.0
Ilmarinen*	6.6	40.5
Nova	0.8	5.6
Eläke-Varma*	5.4	38.8
Sampo Group	4.9	22.3
Eläke-Sampo*	3.8	22.1
Tapiola Group	1.9	10.4
Eläke-Tapiola*	2.7	14.3
Other companies	3.9	14.9
Other pension insurance companies*	1.4	8.2
Total	35.4	197.1

\* Pension insurance company.

tutions. They may grant subsidized financing to undertakings but they are not allowed to compete with other credit institutions in the provision of financing on market terms. This competitive situation and other new principles of professional conduct in the financial markets are currently being examined.

The Nordic Investment Bank, which has its head office in Helsinki, also has exempt status.

Mortgage banks (Table) supplement the financial services offered by their parent companies. Operating as separate subsidiaries, they obtain funding from the capital market by issuing bonds. In the past, mortgage banks enjoyed certain competitive, tax-related advantages, but these have now disappeared with the development of the financial markets. Under Finnish law, a mortgage bank may be converted into a commercial bank and merged with its parent bank.

The biggest finance companies, which engage in factoring, leasing, forfaiting and credit card business, belong to deposit banking groups. Finance companies fund their operations mainly in the money market by issuing certificates of deposit. The services offered by finance companies are typical of those offered in the Single Market that are governed by the Second Banking Coordination Direc-

tive. Consequently, services provided by finance companies in Finland, such as factoring and leasing, are covered by the Credit Institutions Act.

The Finnish finance companies have established their position in this field of business. Some finance companies have been merged with larger units while others have been re-assimilated by their parent companies. The largest finance companies are included in the consolidated figures shown in Table 1.

Unit trusts (mutual funds) started operating in Finland in 1987 when the Unit Trust Act was enacted after a long period of preparation. Unit trusts have remained of relatively minor significance, although they have witnessed rapid growth over the last few years. They have for the most part been established by banks and investment service companies, which handle the activities of management companies set up to manage trusts. The Unit Trust Act has been amended by extending the scope of permissible investments. These changes bring the Act in line with the provisions of the EU directive on undertakings for collective investments in transferable securities (UCITS), and further changes will be made to comply with the amendments to the UCITS directive proposed by the EU Commission.

### Insurance companies

Like banking, insurance business in Finland is concentrated among a few large companies. More than 85 per cent of all insurance premium income is accounted for by four groups of insurance companies. Statutory pension insurance business is also handled by private insurance companies. Pension insurance companies cannot, however, belong directly to life or non-life insurance companies, although they often belong to the same groups as separate companies. The continuation of this practice was agreed on in connection with Finland's EU accession negotiations. As it constitutes part of the country's social security system, the compulsory occupational pension scheme remains outside the scope of free international competition. As regards other insurance business, 'single European passport' rules have been implemented in the Finnish legislation and they came into force on 1 April 1995.

Insurance companies play a major role in the credit market, largely because a substantial part of pension insurance premiums is lent back to the companies that pay the contributions. About half of the total amount of credit granted by insurance companies represents the lending back of premiums under the compulsory occupational pension scheme.

Insurance companies normally invest part of their income from pension, life and non-life insurance premiums in the capital and real estate markets. Owing to the thinness of the Finnish capital market, these institutional investors play a major role in the share and real estate markets. The major

insurance groups are shown in Table 5. The pension insurance companies are shown below the group to which they belong.

### **Impact of the Single Market**

According to various studies, the freedom to provide financial services leads to efficiency gains and cost savings comparable to those achieved by the liberalization of trade, clear evidence of which has been provided in connection with the GATT rounds. The initiation of the EU's Single Market programme in 1985 aimed at achieving the same goals. The transition to free trade in financial services has been a gradual, long-term process involving the deregulation of national financial markets. However, free entry into markets through the Single Market has only been possible by extending the freedom of capital movements to include the freedom to provide other financial services.

Prevention of market disturbances and consumer protection have required the devising of a common code of conduct, which has been achieved through the EU banking directives. The aim of the directives has been to ensure that all credit institutions face similar competitive conditions. This has required intensification of banking supervision and close cooperation between the authorities of the different countries. The strains and obligations imposed on banks should be the same in all countries, so as to avoid distortion of inter-bank competition. In this respect, much still remains to be done in the Single Market, for instance in the field of taxation.

The anticipated increase in competition has forced credit institutions everywhere to cut costs through rationalization. In many countries, the number of banks has been substantially reduced. Bank branches have been closed and automation has increased. At the same time, the number of staff employed by banks has decreased considerably. The extent of this process so far in Finland can be gauged from Table 6. The streamlining of the banking sector is continuing.

**Table 6. Deposit banks at 31 December 1994**

Deposit banks at 31 December				
Year	Banks	Offices	Employees	ATMs
1990	502	3 301	50 492	2 838
1991	432	3 387	47 246	2 908
1992	365	2 817	42 225	2 914
1993	358	2 640	37 315	2 994
1994	356	2 151	36 175	2 833

As regards financial intermediation, markets will be gained by those credit institutions which, thanks to adequate capital, are able to provide their customers with financing at lower interest rate margins. Banks' own funding costs depend to a large extent on the success of the country's economic policy, which has a major impact on the general level of interest rates. If the convergence of the economies of the EU member states progresses, it will result in the convergence of national interest rate levels, with the leading countries showing the way. The implications of free international competition and cross-border provision of financial services for the provision of banking services and for credit institution structures will only become apparent in the long run.

Finland's membership of the EU enables her to participate not only in the drafting of EU legislation but also in the preparations for economic and monetary union. This process, which will deepen European integration, serves as a guideline for the economic policy conducted in Finland and for the monetary and exchange rate policy conducted by the Bank of Finland.

8 May 1995

# The Bank of Finland real-time gross settlement system<sup>1</sup>

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Accounting Department  
Bank of Finland

The settlement system administered by the central bank (Bank of Finland) is the hub of the country's clearing and settlement systems and plays an important role as far as the functioning of the entire economy is concerned. All interbank transactions are settled across the current accounts which the banks hold at the Bank of Finland. The monetary policy operations conducted by the central bank directly affect the banks' balances in these accounts, and thereby the money market. Indeed, an efficient and reliable funds transfer system based on accounts at the central bank is one of the key elements of smoothly operating financial markets. A real-time gross settlement (RTGS) system, in which payments are finally and irrevocably settled one by one in real time as they arise, offers the best means of eliminating the risks associated with such transactions.

## **Structure and functions of the Bank of Finland interbank funds transfer system (BOF system)**

The Bank of Finland interbank funds transfer system (the BOF system) is an RTGS system. It comprises three subsystems: the Bank of Finland current account application, the account holders' application and a telecommunication application linking the other two subsystems. The salient features and main functions of the BOF system are shown in Chart 1.

Account holders in the BOF system have PC-based workstation applications which are connected to the Bank of Finland on a real-time basis via a telecommunications network. The banks effect payments by transferring funds from their own accounts to the accounts of other Bank of Finland account holders through their workstations. When an account holder effects a payment, he is notified immediately if the transfer is successful. If a limit imposed on an account prevents the transfer of funds, the sending bank is also notified immediately of this. A transaction which cannot be effected because of lack of sufficient funds remains in the workstation application, from where it can be sent for execution again at later time. Payment orders which are not effected right away are not automati-

cally transmitted once sufficient funds become available; in other words, there is no queueing system. However, this procedure enables the account holder, in a situation where liquidity is tight, to store payments in the workstation for transmission later in the order desired by the account holder.

Account holders use their workstation applications not only for effecting payments but also for monitoring their liquidity. All account entries are transmitted to workstations in real time. Account holders can use their workstations to monitor entries and balances in their accounts in real time. In addition, the system is able to print out various kinds of reports, the most important of which is the obligatory daily statement of account.

The Bank of Finland's application, in which accounts and basic data on them are maintained, also serves as a subsystem for the Bank's accounting system and is connected in real time to the Bank's other accounting subsystems. Other subsystems are used for debiting and crediting current accounts in connection with transactions between account holders and the Bank. The major part of these payments are associated with the supply of notes and coin and with the Bank of Finland's foreign currency transactions with the banks.

## **Design and implementation of the BOF system**

The specification of the system began in 1989 in cooperation with representatives of the banks, and in 1990 the Bank of Finland signed an agreement with an external supplier on the construction of the system. The BOF system was introduced in March 1991.

The design of the system was facilitated by the fact that the major banks already had terminals through which they could monitor their intraday account positions with the Bank on a real-time basis. At that time, however, all payments which the banks now can effect themselves from their workstations were transmitted to the Bank of Finland as payment instructions. The main reasons for establishing the new funds transfer system were rationalization gains and faster processing of transactions, thereby making it easier for banks to monitor movements in their intraday liquidity positions.

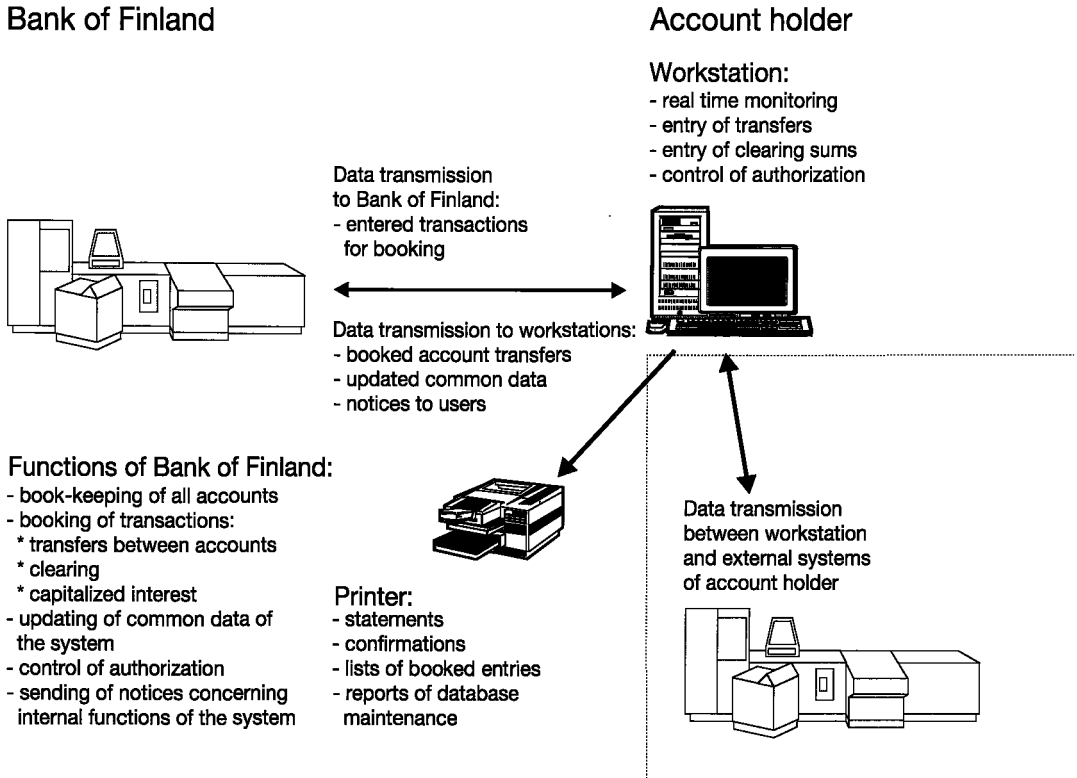
In designing and implementing the system, special attention was paid to the security and

<sup>1</sup> The other systems mentioned in this article are described in more detail in eg *Payment and Settlement Systems in Finland, Bank of Finland, Series A:88, Helsinki 1993.*



**Chart 1.**

**Structure and functions of the Bank of Finland interbank funds transfer system (BOF system)**



soundness of the system. There have been occasional problems with the workstations of individual users and some brief malfunctions in the Bank of Finland application, but it has not been necessary to resort to existing back-up arrangements.

**Access conditions, participants and sanctions**

The Bank of Finland grants banks and other institutions the right to become participants in the BOF system by according them access to its current account facility. Under the conditions governing access to the current account facility effective since November 1994, the Bank of Finland can accord access on uniform terms to all domestic and foreign credit institutions located in Finland which are subject to minimum reserve requirements and meet the following requirements: a credit institution applying for access to the current account facility must be subject to public supervision by the Finan-

cial Supervision Authority; it must meet the statutory solvency requirements; and its own funds must amount to at least FIM 30 million. In addition, the operations of the credit institution must be stable and managed according to sound and prudential business principles.

For special reasons and at its own discretion, the Bank may open current accounts for other institutions operating in the financial markets, such as clearing houses or securities broking firms. The opening of such an account must be deemed necessary from the point of view of the security and efficiency of payment transactions, the conduct of monetary policy or the stability or efficiency of the financial markets.

When the BOF system was first introduced, the Bank did not require all account holders to acquire workstation applications, but sought instead, through its pricing policy, to induce account holders to become users of the new system. Today, an

**Table.** Institutions accepted as participants in the BOF system and the Bank of Finland liquidity credit system (1 May 1995)

Account holders: (total 20)	Access to current account facility	Access to intraday credit facility	Access to liquidity credit facility
<b>Credit institutions (13):</b>			
Domestic credit institutions (9):			
Aktia Savings Bank Ltd	X	X	X
Finnish Export Credit Ltd	X		
Interbank Ltd	X	X	X
Kansallis-Osake-Pankki	X	X	X
Okobank	X	X	X
Postipankki Ltd	X	X	X
Skopbank	X	X	X
Union Bank of Finland Ltd	X	X	X
Ålandsbanken Ab (Bank of Åland Ltd)	X	X	X
Other EU credit institutions (4):			
Banque Indosuez, Helsinki Branch	X	X	X
Citibank International plc, Finland Branch	X	X	X
Skandinaviska Enskilda Banken, Helsinki Branch	X	X	X
Svenska Handelsbanken, Helsinki Branch	X	X	X
<b>Non-credit institutions (7):</b>			
Supervised financial institutions (4):			
Asset Management Company			
Arsenal Ltd	X		
Helsinki Money Market Center Ltd	X		
Helsinki Stock Exchange	X		
Finnish Options Market Ltd	X		
Public authorities (2 + CB):			
Government Guarantee Fund	X		
State Treasury	X	X	
Bank of Finland (CB)			System administrator

additional requirement for access to a current account at the central bank is that the applicant acquire a workstation application (on-line participation).

In addition to the Bank of Finland itself, which administers the BOF system, there are currently 19 institutions authorized to participate in the system. Most of these are domestic credit institutions or Finnish branches of foreign credit institutions. There are also two institutions that can be classified as public authorities and four non-credit institutions operating in the financial markets (Table).

All private participants in the system are institutions supervised by the Financial Supervision Authority. For its part, the Bank of Finland is responsible for the functioning of the system as a whole. If a current account holder no longer fulfils the access conditions or acts contrary to the Bank's instructions, the Bank may cancel the institution's access to the current account facility for a predetermined period or indefinitely.

### Full-cost pricing

The Bank bore the major part of the construction costs of the BOF system. During the planning stage, it was agreed with the supplier that the costs of the three applications should be specified separately and with the account holders that they should be charged for the investment costs arising from their workstation and telecommunication applications. The Bank's current account application, which is used for processing entries in account holders' accounts, also serves as part of the Bank's accounting system. Hence, the costs relating to this application were covered in full by the Bank.

In determining the cost of applications per account holder, the denominator used was larger than the number of account holders at that time. Hence, the Bank actually carried part of the costs that should have been borne by the account holders. To recoup these costs, the Bank levies a one-off charge on new users in connection with the delivery of the workstation software.

In addition to their telecommunication charges, account holders pay a flat monthly maintenance charge to the Bank for the use of the system and a transaction fee based on the number of funds transfers. A fee substantially higher than the transaction fee is charged to those account holders who are not on-line participants in the system. All fees are calculated according to the full-cost pricing principle.

### Payment schedules

The BOF system handles three types of funds transfers. The largest group consists of intraday gross payments between banks. The second group comprises funds transfers between the Bank of Finland and the banks and the third group payments related to various netting systems connected to the BOF system.

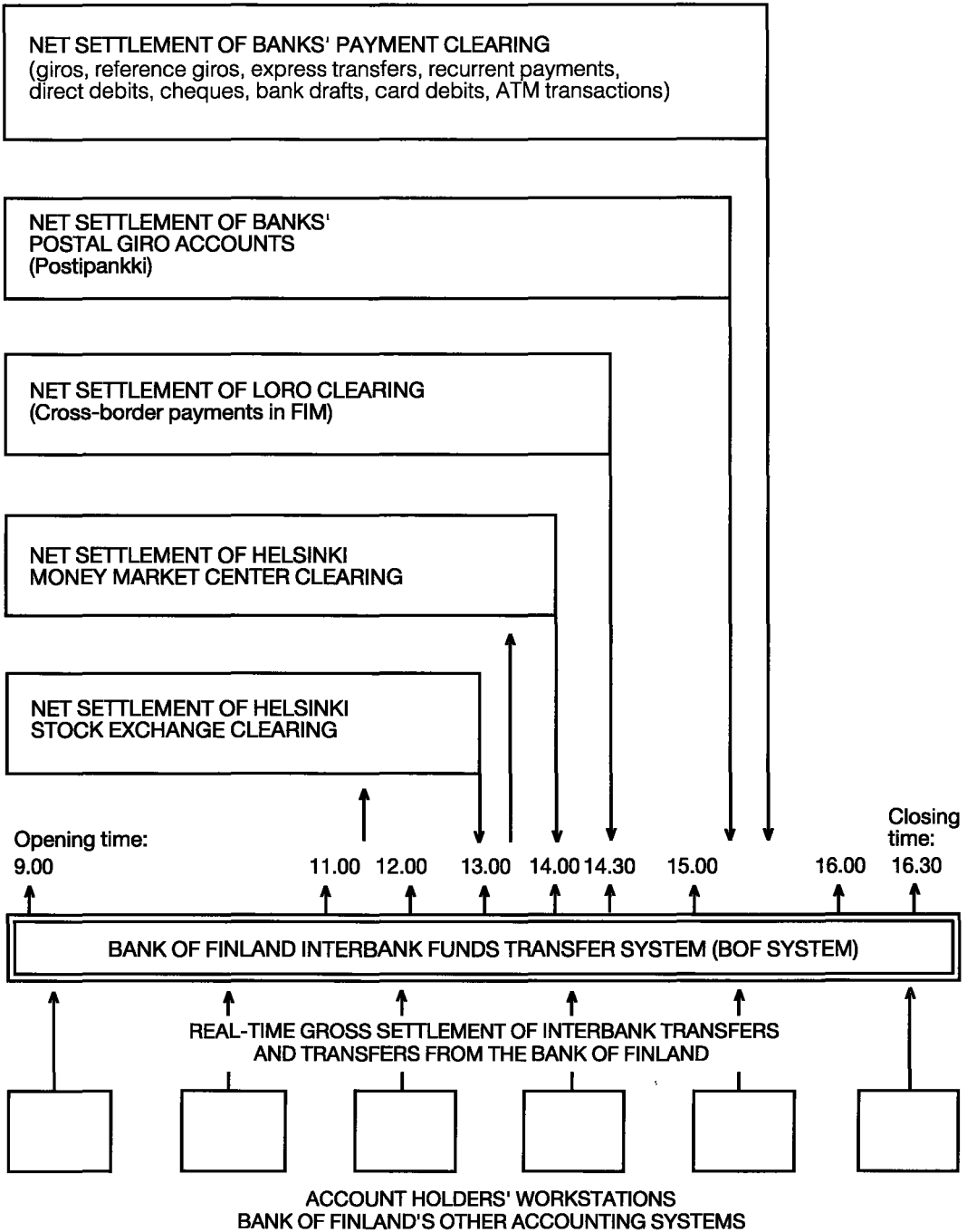
Funds transfers connected with the first two types of transactions can be transmitted throughout the day, ie from 9 am to 4.30 pm. The participants have, however, agreed on certain cut-off times for funds transfers depending on the type of transfer concerned. Roughly speaking, payments connected with transactions concluded in the preceding few days (eg money market and foreign exchange transactions for spot value) should be effected in the morning. The last funds transfers of the day are normally related to overnight money market trades, which the banks execute after payment clearing. The aim of the banks is to settle all payments by 4 pm so that some time remains for clarification and correction of any errors.<sup>2</sup>

Funds transfers related to netting systems linked to the BOF system follow a tight timetable. The netting systems and their settlement schedules are shown in Chart 2.

<sup>2</sup> Once settled, all payments are *irrevocable*. To correct an error, a counter payment must be effected.

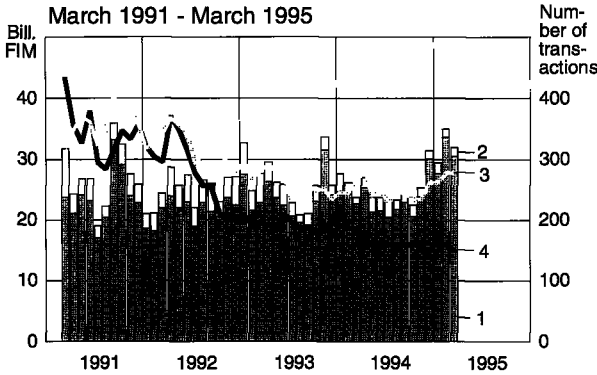
**Chart 2.**

**Different clearing systems linked to the Bank of Finland interbank funds transfer system (BOF system)**



**Chart 3.**

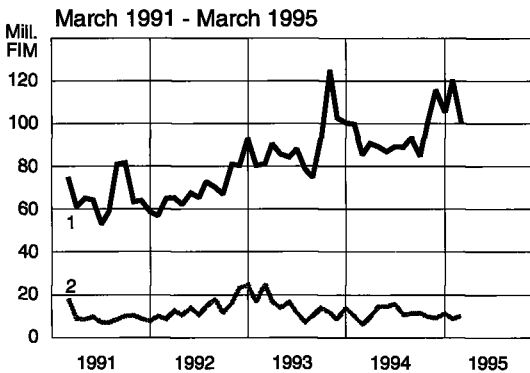
**Transactions effected through the Bank of Finland interbank funds transfer system, average daily values and numbers per month**



1. Transactions between account holders, billion FIM
2. Transactions between the Bank of Finland and account holders, billion FIM
3. Transactions between account holders, number of transactions
4. Transactions between the Bank of Finland and account holders, number of transactions

**Chart 4.**

**Average size of transactions effected through the Bank of Finland interbank funds transfer system**



1. Transactions between account holders
2. Transactions between the Bank of Finland and account holders

The funds transfers of the Helsinki Stock Exchange are associated with the settlement of transactions in book-entry shares cleared on the exchange. Likewise, the funds transfers of the Helsinki Money Market Center Ltd (HMMC) are associated with instruments kept in its custody and cleared in its system.

In the so-called *loro* clearing, the cross-border markka-denominated payments of banks' non-resident clients are settled as net amounts through the BOF system. The big banks clear cross-border markka transactions bilaterally. For the smaller banks, one of the big banks (Kansallis-Osake-Pankki) currently acts as the *loro* clearing agent and settles the net amounts for the transactions cleared by it centrally in the BOF system. Payment data related to these transactions are transmitted between the banks via SWIFT.

The practice of bringing the balances in banks' postal giro accounts back to zero at the end of the day dates back to a time when there were separate bank and postal giro systems in Finland. These systems have now been replaced by a single transfer system, but the other banks still keep accounts with Postipankki, mainly for technical reasons. In this clearing, all credit balances in Postipankki accounts are transferred daily to (or debit balances are covered by funds transfers from) the banks' current accounts at the Bank of Finland.

In the banks' payment clearing, customer payments are cleared bilaterally between banks and settled in the BOF system. Unlike in most countries, there is no centralized multilateral clearing organization for domestic interbank funds transfers in Finland. Rather, payment instructions are transmitted between banks on a bilateral basis. Almost all payment instructions are forwarded electronically in the form of batch transfers several times a day. Each bank calculates the net amount receivable from or payable to each other bank on the basis of all third-party payment instructions that it has forwarded to the other banks and these amounts are settled centrally in the BOF system in accordance with the figures reported by the banks.

In the near future, one more netting system will be linked to the BOF system. The Bank of Finland has granted the Finnish Options Market Ltd (a derivatives exchange) access to the Bank's current account facility, but the payment flows related to transactions on the exchange have not yet been connected to the BOF system.

**Transaction volumes**

In 1994, the value of the transactions handled in the BOF system totalled more than FIM 6 300 billion (USD 1 500 billion), ie about 12.5 times Finland's GDP. This represents some FIM 25 billion (USD 5.9 billion) per business day on average. The average daily value and number of payment flows through the system per month are shown in Chart 3. The fall in the number of transactions in 1992 is due to the

commencement of activities by the HMMC: in this connection there was a changeover to netting of payments related to transactions in bank and Bank of Finland CDs and Treasury bills, and as a result the number of transactions per party was reduced to just one a day. Previously, when these transactions were settled on a gross basis, both the value and number of payments were substantially higher. The HMMC has not had such a lasting effect on the total value of payments as on the number of payments, since there has been a simultaneous increase in the average size of transactions.

The average size of individual transactions effected through the BOF system is shown in Chart 4. The increase in the average size of transactions between account holders after the first few years of operation of the system is due to the commencement of business by the HMMC referred to above. The increase in the average size of transactions in the past few months is attributable to higher turnover in the money market and thus in the growth of the relative share of large-value payments. However, not only the size of individual transactions but also the total number and total value of transactions have grown. The reason for this is the linking of a new foreign-owned bank branch to the system on 1 December 1994. There has not been a corresponding change in the average size of transactions between the Bank of Finland and the banks, and the total value of these funds transfers remained fairly stable throughout 1994.

### **Intraday credit facilities and collateral**

In order to be able to manage their payment flows, banks need to keep liquid funds, the precise amount of which varies from day to day. In addition, the need for liquidity typically fluctuates sharply *in the course of a business day*, depending on the magnitude of outgoing and incoming transfers and their timing. An individual bank cannot influence these factors very much, since they depend on customers' payment instructions, on the payment patterns of other parties in the payment system and, above all, on regular payment schedules agreed between the parties – or the failure to adhere to these schedules.

The flow of payments is the smoother, the more intraday liquidity is available to all participants in the funds transfer system. However, holding assets in the form of liquid funds is unprofitable for the banks. Consequently, they are not prepared to maintain significant amounts of excess liquidity solely for the purpose of effecting payments. Furthermore, in order to influence short-term interest rates, the Bank of Finland needs to be able to freely regulate the level of liquidity in the banking system, or to be more specific the banks' liquidity position *at the end of the day*. To ensure that there is sufficient intraday liquidity to enable the smooth management of payment flows, the Bank allows current account holders to overdraw their accounts during

the business day; in other words, it extends them *intraday credit*.<sup>3</sup>

To reduce its own credit risk, the Bank of Finland has, since 1 March 1993, restricted account holders' access to intraday credit by imposing an account-specific limit. An intraday credit limit may be granted, on application, to a credit institution which is subject to minimum reserve requirements and which holds a current account, provided it puts up collateral for its limit in accordance with the Bank's instructions. Since 1 November 1994, all account holders with intraday credit limits have been required to post collateral for 100 per cent of their limits. The full collateralization requirement is immediately applicable to all new applicants for access to the current account facility, whereas banks which had lower collateral requirements based on the old regulations have been granted a transitional period lasting until the end of 1995.

The primary collateral for borrowing takes the form of a set-off arrangement whereby the Bank of Finland is entitled to use the minimum reserve deposits or other assets of the account holder concerned at the central bank. If this is not sufficient, the Bank accepts additional collateral in the form of markka-denominated government securities, Bank of Finland CDs or negotiable, government-guaranteed book-entry securities. If, in a certain situation, an account holder is unable to deliver adequate collateral to the Bank, a penalty interest rate of 5 per cent per annum is charged on the outstanding amount.

At the end of 1994, the total amount of limits granted was about FIM 14 billion (USD 3.3 billion). The total collateral requirement was FIM 4 billion, the major part of which consisted of banks' minimum reserve deposits (Chart 5).

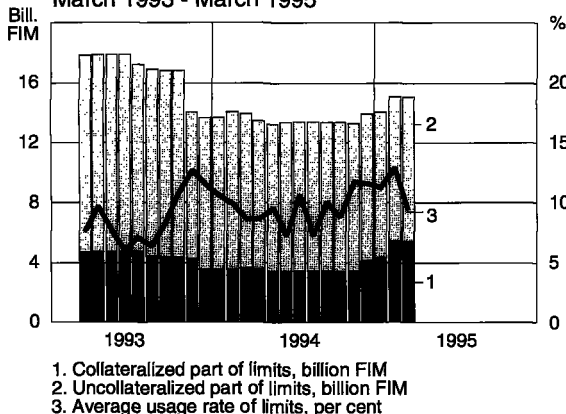
Situations sometimes arise in the BOF system where a participant is prevented from executing a payment because the unused part of its intraday credit limit is insufficient to cover the payment. Almost invariably in such cases, the party concerned is due to receive funds within the same day which would enable the transfer to be effected later in the day, but which do not satisfy the participant's liquidity requirement at that particular moment. The system's clearing timetable, or the payment schedules agreed between the parties, must nevertheless be adhered to so that the liquidity shortage of one party does not unnecessarily spread to other participants in the system and hence jeopardize the smooth operation of the entire funds transfer system. A situation where participants in the system are unable to effect their payments because of a failed transaction by another participant is called

<sup>3</sup> If a bank is otherwise unable to eliminate the negative balance in its current account by the end of the day, it has to resort to the Bank of Finland's liquidity credit facility. Liquidity credit extended by the central bank is fully collateralized and the rate of interest charged on it is higher than corresponding market rates.

Chart 5.

**Banks' intraday credit limits**

March 1993 - March 1995



a 'gridlock', ie a situation where the transfer of funds comes to a stop.

To unlock such situations, the Bank of Finland may temporarily raise the intraday credit limit of the bank which is due to make a payment but has 'hit its limit'. The payment concerned can then be effected, but otherwise the bank may only receive funds transfers until such time as the balance in its current account has moved back within the normal limit. Initially, during the experimental stage of the BOF system, such temporary increases in the credit limit were permitted frequently, but now that the system has been run in, the Bank has adopted the policy that credit limits can only be increased when there is no other alternative. The Bank also imposes a flat charge every time the limit is temporarily raised.

As a rule, the flexibility provided by the current account limits should be enough to enable banks to manage their intraday liquidity and funds transfers. Nevertheless, the Bank of Finland had to temporarily raise limits on 60 separate occasions in 1994. In fact, the Bank is considering a further tightening of its policy towards raising limits.

In many European countries, banks can use their minimum reserve deposits as a liquidity buffer in their intraday settlement of payments. This is possible because they meet their minimum reserve requirements by holding an average balance in their current accounts over a given period rather than making a fixed deposit. In Finland, the banks cannot use their minimum reserve deposits directly as a liquidity buffer, since they are frozen in a separate account for a month at a time. They can, how-

ever, use their minimum reserve deposits as collateral for their current account limits. The Bank of Finland is currently investigating how well an averaged minimum reserve requirement would be suited to the Finnish RTGS system.

**Future challenges**

In the European Union, payment systems have lately become a major issue. For the single market to be able to function as smoothly as national markets do today, there must be greater compatibility between the payment systems of the member states and efficient cross-border systems. At the same time, increasingly strict demands have been put forward internationally, particularly by central banks, concerning the security and efficiency of payment systems. As the interlinking of national systems increases, efforts must be made to eliminate the possibility that risks generated in the payment system of one country might spread to the payment systems of another. These considerations underly the EU's endeavours to harmonize the payment systems of the member states, ie to bring about systems which meet uniform minimum requirements and are compatible.

The plan for economic and monetary union (EMU), as approved in the Maastricht Treaty, has prompted the member states to focus particular attention on the harmonization and interlinking of the payment systems of the EU central banks. The implementation of a single monetary policy in Stage Three of economic and monetary union will not be possible without the interlinking of the RTGS systems of the central banks of the member states to form an EMU-wide RTGS system.<sup>4</sup>

The European Monetary Institute, EMI, which was established at the beginning of 1994 to prepare the transition to Stage Three and to the European System of Central Banks, has rapidly assumed an active role in issues related to payment systems. With Finland's entry into the European Union, the Bank of Finland now has its own representatives at the regular meetings of EMI's Working Group on EU Payment Systems and in its task forces.

The basic principle adopted by the EMI is that each country should have its own RTGS system through which as high a proportion of large-value payments as possible is settled on a real time basis. This is thought to offer the best way to minimize the emergence of counterparty and settlement risks in the payment system and hence also systemic risk. Preparatory work is also focusing on how the RTGS systems of member states can be interlinked. The construction of this entirely new, international 'interlinking' system will require joint efforts on the part of all member states.

<sup>4</sup> The acronym for the planned system is TARGET (Trans-European Automated Real-time Gross-settlement Express Transfer).

Whereas some member states are still designing real-time systems, the Bank of Finland's interbank funds transfer system already meets this requirement. However, the interlinking of national RTGS systems will require changes in the BOF system as well. At present, the system can only be used for processing interbank payments and payments associated with netting systems, but in the future there are plans to also effect customer payments through the EMU-wide RTGS system. The efficient execution of customer payments requires

that the Bank of Finland's RTGS system be further developed and linked to the banks' account systems, in which customer payments are processed.

8 May 1995

# Items

## **Long-term reference rates**

On 21 April 1995, the Bank of Finland recommended that the three- and five-year reference rates calculated by it should no longer be used as reference rates for new loans. The Bank will nevertheless continue to calculate the long-term reference rates on the basis of the bid rates quoted by five banks. If the number of available quotations is less than five, but at least three, the reference rates will be calculated on the basis of the available quotations.

## **HELIBOR rates**

As from 1 June 1995, until further notice, the HELIBOR rates will be calculated by taking into account the bid rates (offered rates for funds) quoted for their own certificates of deposit by all the banks which have been accepted by the Bank of Finland as counterparties in its money market operations and which give regular quotations for certificates of deposit on electronic information systems in the market. The highest and lowest rates quoted for each maturity will be omitted and an arithmetic average will be calculated on the basis of the remaining rates. The quotations will continue to be taken daily at 1 p.m. Up till now, the HELIBOR rates have been calculated on the basis of quotations by the five largest banks for their own certificates of deposit.



# Measures concerning monetary and foreign exchange policy and the financial markets

1994

## SEPTEMBER

**Increase in the capital of Asset Management Company Arsenal Ltd.** On 8 September, the Government decides to raise the share capital of Asset Management Company Arsenal Ltd by FIM 6 billion. The capital injection is necessary to cover losses incurred during the year.

## NOVEMBER

**Banks' access to the Bank of Finland's current account and liquidity credit facilities.** At the beginning of November, the Bank of Finland modifies the conditions governing access by banks and other credit institutions to current account and liquidity credit facilities at the central bank. In addition, the partial collateralization requirement previously imposed on intraday credit limits is replaced by the requirement of full collateralization.

**Tax-exempt deposits.** On 18 November, Parliament approves an amendment of the law on the tax relief of deposits and bonds whereby the tax-exempt status of 24-month deposits is extended to apply to deposits made up to the end of 1995.

**The Bank of Finland decides to sign the EMS agreement without entry into the ERM.** On 23 November, the Bank of Finland decides to sign the agreements between the central banks of the EU member states on the European Monetary System (EMS) and Short-Term Monetary Support (STMS). The agreements will enter into force as of the date Finland's membership of the EU becomes effective. The Board of the Bank of Finland also decides to propose to the central banks of the EU member states that the existing bilateral swap agreements with EU central banks be terminated with effect from the date of entry into force of the EMS and STMS agreements.

## DECEMBER

**Tender rate.** On 9 December, the Bank of Finland raises its tender rate from 5.0 per cent to 5.5 per cent. The tender rate serves as a benchmark for short-term money market rates.

**Support to Skopbank.** On 21 December, the Government grants capital support to Skopbank by purchasing preferred capital certificates issued by Skopbank to the total value of FIM 450 million.

1995

## FEBRUARY

**Tender rate.** On 10 February, the Bank of Finland raises its tender rate from 5.5 per cent to 5.75 per cent.

## MARCH

**Increase in the capital of Asset Management Company Arsenal Ltd.** On 23 March, the Government decides to raise the share capital of Asset Management Company Arsenal Ltd by FIM 8 billion. The capital injection is necessary to cover losses incurred during the year.

## APRIL

**Long-term reference rates.** On 21 April, the Bank of Finland recommends that the three- and five-year reference rates calculated by it should no longer be used as reference rates for new loans.

## JUNE

**HELIBOR rates.** As from 1 June, the method of calculating the HELIBOR rates is revised. As a rule, all the banks which have been accepted by the Bank of Finland as counterparties in its money market operations are taken into account in the calculation; the highest and lowest rates quoted for each maturity are omitted.

# Finland in brief

## Land, climate and population

Finland covers an area of more than 338 000 square kilometres. The total area is slowly increasing because of the steady uplift of the land since the last glacial era. The country shares frontiers with Sweden in the west, Norway in the north and Russia in the east and has a coastline bordered by the Baltic Sea in the south and west. Agricultural land accounts for 8 % of the total area, forest and other wooded land for 69 % and inland waters for 10 %. Located between latitudes 60° and 70° north, Finland has warm summers and cold winters. Helsinki on the south coast has an average maximum temperature of 22° C (72° F) in July and -4° C (25° F) in February.

Finland has a population of 5 098 427 (31 December 1994) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 516 100 inhabitants, Espoo (Esbo) 186 600, Tampere (Tammerfors) 179 300, Vantaa (Vanda) 164 600 and Turku (Åbo) 162 300.

There are two official languages: 93.1 % of the population speaks Finnish as its mother tongue and 5.8 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

## Form of government

Finland is a parliamentary democracy with a republican constitution. From the twelfth century to 1809 Finland was part of the Kingdom of Sweden. In 1809, Finland was annexed to Russia as an autonomous Grand Duchy with the Tsar as Grand Duke. On 6 December 1917 Finland declared her independence. The republican constitution adopted in 1919 remains essentially unchanged today.

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, 1 March 1994 to 1 March 2000, is Mr Martti Ahtisaari.

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of 1995, the seats of the various parties in Parliament are distributed as follows:

Social Democratic Party 63; Centre Party 44; National Coalition Party 39; Left Wing Alliance 22; Swedish People's Party 12; Green League 9; Christian League 7; Progressive Finnish Party 2; Rural Party 1; and Ecological Party 1.

Of the 18 ministerial posts in the present Government appointed in April 1995, 7 are held by the Social Democratic Party, 5 by the National Coalition Party, 2 by the Left Wing Alliance, 2 by the Swedish People's Party, 1 by the Green League and 1 by an expert with no party affiliation. The Prime Minister is Mr Paavo Lipponen of the Social Democratic Party.

Finland is divided into 455 self-governing municipalities. Members of the municipal council are elected by universal suffrage for a period of four years.

## International relations

Finland became a member of the BIS in 1930, the IMF in 1948, the IBRD in 1948, GATT in 1950, the UN in 1955, the

Nordic Council in 1955, the IFC in 1956, IDA in 1960, EFTA in 1961, the ADB in 1966, the OECD in 1969, the IDB in 1977, the AfDB in 1982, the MIGA in 1988, the Council of Europe in 1989, the EBRD in 1991 and the EU in 1995.

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. The agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Union came into effect at the beginning of 1994. Finland's negotiations to join the European Union were concluded in spring 1994. The accession treaty was signed in Corfu in June. In autumn 1994, a consultative referendum was held in which the majority of the voters (56.9 %) were in favour of membership. The Finnish Parliament ratified the accession treaty in November. The accession treaty having been ratified by each Member State, Finland became a member of the European Union on 1 January 1995. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

Finland's development cooperation programmes channel assistance via international organizations and, bilaterally, to a number of African, Asian and Latin American countries.

## The economy

**Output and employment.** Of the gross domestic product of FIM 418 billion in basic values in 1993, 3 % was generated in agriculture and fishing, 2 % in forestry, 26.5 % in industry, 4.5 % in construction, 11 % in trade, restaurants and hotels, 8.5 % in transport and communications, 4 % in finance and insurance, 20.5 % in other private services and 20 % by producers of government services. Of total employment of 2.0 million persons in 1993, 8 % were engaged in primary production, 27 % in industry and construction and 65 % in services.

In 1993, expenditure on the gross domestic product in purchasers' values amounted to FIM 479 billion and was distributed as follows: net exports 5.5 % (exports 33.3 %, imports -27.8 %), gross fixed capital formation 15 %, private consumption 56.5 % and government consumption 23.5 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 47 per cent, which is somewhat below the average for the Nordic countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 3.6 % in 1990-93. Finland's GDP per capita in 1993 was USD 16 500.

**Foreign trade.** OECD countries absorb the bulk of Finnish merchandise exports. In 1990-94, their share was, on average, 78.3 %, of which the share of EC countries was 48.8 percentage points and that of EFTA countries 18.8 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet

Union/Russia) accounted for 9.9% and the rest of the world for 11.8%. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1994, the share of forest industry products in total merchandise exports was 36%, the share of metal and engineering products 44% and the share of other goods 20%. Raw materials and intermediate goods (incl. crude oil) accounted for 60% of merchandise imports, fuels for 5%, investment goods for 14% and consumption goods for 20%.

**Forest resources.** Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 910 million cubic metres, of which 45% is pine, 37% spruce and 18% broad-leaved species, chiefly birch.

The annual growth increment totals 78 million cubic metres and the total drain was about 62 million cubic metres in 1994.

**Energy.** In 1993, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 45%, heating for 22%, transportation for 13% and other purposes for 20%. The sources of primary energy in 1993 were as follows: oil 28%, coal 11%, nuclear power 15%, hydro-electric power, peat and other indigenous sources 32%, others 14%. Compared internationally (1992), Finland's consumption of 5.6 toe (OECD definition) per capita was 1.7 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 42%, as compared with 61% in western Europe on average.

## **Finance and banking**

**Currency.** Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From 1 November 1977 to 7 June 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from 30 November 1988 the range was 6 percentage points). From 7 June 1991 to 7 September 1992, the markka was pegged to the European Currency Unit, the ECU. The fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint was first 4.87580 (FIM/ECU). Owing to the devaluation of the markka on 15 November 1991, the midpoint was increased to 5.55841 and the fluctuation limits to 5.39166 and 5.72516. On 8 September 1992, the Bank of Finland decided to temporarily abandon the limits of the fluctuation range and allow the markka to float. On 13 November 1992, the Government, on the basis of the amended Currency Act, authorized the Bank of Finland to float the markka for an indefinite period.

**The Central Bank.** The Bank of Finland (Suomen Pankki – Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance and open market operations in the money and foreign exchange market. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 4 branch offices in other towns.

**Other banks** (31 December 1994). Finland has three major groups of deposit banks with a total of about 2 149 offices. There are three big commercial banks with national branch networks and ten smaller ones. The commercial banks have a total of 27 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 40 savings banks and 302 cooperative banks with their own extensive branch networks. In addition, foreign banks have four branches and eight representative offices in Finland.

**Financial market.** Of the total stock of FIM 683 billion in outstanding domestic credit at the end of September 1994, 53% was provided by deposit banks, 23% by insurance companies, 5% by other private credit institutions, 7% by public financial institutions and 12% by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 80% of the instruments, which totalled approximately FIM 189 billion at end-1993, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 66 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 181 billion (at end-1994). Domestic bonds and debentures in circulation at end-1994 totalled FIM 200 billion; government bonds made up 47% of the total. Turnover on the Stock Exchange in 1994 amounted to FIM 71 billion; the share of shares and subscription rights in the total was approximately 97%.



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# 1. The balance sheet of the Bank of Finland

## 1.1 The balance sheet of the Bank of Finland, mill. FIM

	1994	1995			
	31 Dec.	7 April	13 April	21 April	28 April
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	52 743	53 038	53 823	50 632	50 321
Gold	2 180	1 742	1 742	1 742	1 742
Special drawing rights	1 537	1 469	1 521	1 352	1 295
IMF reserve tranche	1 354	1 306	1 325	1 306	1 290
ECU-claim on the European Monetary Institute	—	3 553	3 460	3 491	3 460
Foreign currency claims	47 672	44 968	45 775	42 741	42 535
<b>Other foreign claims</b>	4 595	4 653	4 653	4 673	4 673
Markka subscription to Finland's quota in the IMF	4 595	4 595	4 595	4 615	4 615
Share in the European Monetary Institute	—	58	58	58	58
<b>Claims on financial institutions</b>	2 520	3 505	3 683	3 330	3 828
Liquidity credits	—	—	—	—	—
Certificates of deposit	443	329	330	0	—
Securities with repurchase commitments	1 037	2 246	2 423	2 423	2 922
Term credits	—	—	—	—	—
Bonds	802	691	691	669	668
Other claims on financial institutions	238	238	238	238	238
<b>Claims on the public sector</b>	1 806	1 768	1 768	1 768	1 773
Treasury bills	—	—	—	—	—
Total coinage	1 806	1 768	1 768	1 768	1 773
<b>Claims on corporations</b>	3 149	3 122	3 118	3 125	3 123
Financing of domestic deliveries (KTR)	316	284	280	274	273
Other claims on corporations	2 833	2 838	2 838	2 851	2 851
<b>Other assets</b>	6 524	5 882	5 835	5 874	6 006
Loans for stabilizing the money market	4 532	4 532	4 532	4 532	4 532
Accrued items	1 832	1 176	1 140	1 179	1 306
Other assets	159	175	163	163	168
<b>Valuation account</b>	—	1 971	1 661	1 284	1 889
<b>Capitalized expenditures and losses due to safeguarding the stability of the money market</b>	1 400	1 400	1 400	1 400	1 400
<b>Total</b>	72 737	75 338	75 940	72 087	73 014
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	130	626	647	683	688
<b>Other foreign liabilities</b>	5 579	5 545	5 559	5 579	5 568
IMF markka accounts	4 595	4 595	4 595	4 615	4 615
Allocations of special drawing rights	985	950	964	965	953
Other foreign liabilities	—	—	—	—	—
<b>Notes and coin in circulation</b>	14 315	13 950	14 263	13 990	14 121
Notes	12 675	12 316	12 617	12 338	12 470
Coin	1 640	1 634	1 645	1 652	1 651
<b>Certificates of deposit</b>	35 236	38 421	38 876	34 625	35 448
<b>Liabilities to financial institutions</b>	7 912	6 974	7 155	7 815	7 922
Call money deposits	1 387	458	484	1 299	1 124
Term deposits	—	—	—	—	—
Minimum reserve deposits	6 526	6 516	6 516	6 516	6 798
Other liabilities to financial institutions	—	0	155	—	—
<b>Liabilities to the public sector</b>	93	78	89	94	101
Cheque accounts	0	0	2	1	1
Deposits of the Government Guarantee Fund	93	78	87	93	100
Other liabilities to the public sector	—	—	—	—	—
<b>Liabilities to corporations</b>	1 548	1 320	1 317	1 314	1 290
Deposits for investment and ship purchase	1 548	1 320	1 317	1 314	1 290
<b>Other liabilities</b>	461	963	573	524	415
Accrued items	437	931	548	499	389
Other liabilities	24	32	25	25	26
<b>Valuation account</b>	—	—	—	—	—
<b>Provisions</b>	1 698	1 698	1 698	1 698	1 698
Pension provision	1 329	1 329	1 329	1 329	1 329
Other provisions	369	369	369	369	369
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Net earnings	—	—	—	—	—
<b>Total</b>	72 737	75 338	75 940	72 087	73 014

1.2 Time series for the balance sheet items of the Bank of Finland, mill. FIM

End of period	Foreign sector								Public sector		
	Gold	Special drawing rights	IMF reserve tranche	ECU-claims on the European Monetary Institute	Foreign currency claims	Foreign exchange reserves (1+2+3+4+5)	Other claims, net	Net claims (6+7)	Claims	Liabilities	Net claims (9-10)
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	2 180	791	783	.	33 478	37 232	- 1 273	35 960	1 314	1 321	- 7
<b>1991</b>	2 180	932	1 136	.	29 381	33 629	- 424	33 204	1 375	3	1 372
<b>1992</b>	2 180	564	1 732	.	25 041	29 517	- 2 998	26 519	2 446	90	2 356
<b>1993</b>	2 180	664	1 747	.	28 882	33 473	- 1 324	32 148	1 788	784	1 004
<b>1994</b>	2 180	1 537	1 354	.	47 672	52 743	- 1 114	51 629	1 806	93	1 713
<b>1994</b>											
<b>April</b>	2 180	650	1 597	.	37 197	41 623	- 1 229	40 394	1 828	39	1 789
<b>May</b>	2 180	654	1 591	.	43 303	47 728	- 1 207	46 521	1 827	61	1 766
<b>June</b>	2 180	650	1 514	.	48 364	52 708	- 1 176	51 532	1 819	526	1 293
<b>July</b>	2 180	645	1 480	.	51 329	55 634	- 1 261	54 373	1 823	84	1 739
<b>Aug.</b>	2 180	636	1 447	.	48 794	53 058	- 1 249	51 809	1 817	71	1 746
<b>Sept.</b>	2 180	618	1 407	.	48 947	53 153	- 1 178	51 975	1 847	60	1 787
<b>Oct.</b>	2 180	1 249	1 338	.	48 610	53 377	- 1 139	52 238	1 864	115	1 749
<b>Nov.</b>	2 180	1 461	1 388	.	49 154	54 184	- 1 121	53 063	1 872	51	1 821
<b>Dec.</b>	2 180	1 537	1 354	.	47 672	52 743	- 1 114	51 629	1 806	93	1 713
<b>1995</b>											
<b>Jan.</b>	1 742	1 370	1 366	3 700	46 627	54 805	- 1 490	53 315	1 767	184	1 583
<b>Feb.</b>	1 742	1 775	1 326	3 606	45 608	54 058	- 1 544	52 514	1 765	68	1 697
<b>March</b>	1 742	1 616	1 329	3 619	45 185	53 492	- 1 149	52 343	1 763	68	1 695
<b>April</b>	1 742	1 295	1 290	3 460	42 535	50 321	- 1 583	48 738	1 773	101	1 672

End of period	Domestic financial sector					Corporate sector				
	Term claims on deposit banks, net	Liquidity position of deposit banks <sup>1</sup>	Minimum reserve deposits of deposit banks <sup>2</sup>	Other claims on financial institutions, net	Net claims (12+13+14+15)	Claims in the form of special financing	Special deposits and other items, net	Net claims (17+18)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	12	13	14	15	16	17	18	19	20	21
<b>1990</b>	9 411	- 418	- 17 401	5 744	- 2 665	1 477	- 9 724	- 8 247	14 555	0
<b>1991</b>	11 882	- 2 206	- 10 361	5 531	4 846	1 086	- 6 854	- 5 768	14 528	8 880
<b>1992</b>	3 738	- 550	- 13 165	4 572	- 5 405	747	- 2 651	- 1 904	14 508	4 880
<b>1993</b>	7 337	- 1 802	- 6 398	1 339	476	496	720	1 216	14 994	14 837
<b>1994</b>	1 480	- 1 387	- 6 526	1 040	- 5 392	316	1 285	1 601	14 315	35 236
<b>1994</b>										
<b>April</b>	2 093	- 483	- 6 411	1 220	- 3 581	431	1 014	1 445	13 927	21 695
<b>May</b>	3 208	- 485	- 6 360	1 197	- 2 441	413	1 034	1 447	14 164	28 412
<b>June</b>	2 684	- 536	- 6 446	1 162	- 3 137	397	1 066	1 463	14 355	32 108
<b>July</b>	2 488	- 796	- 6 467	1 126	- 3 649	386	1 081	1 467	14 176	35 985
<b>Aug.</b>	4 557	- 2 252	- 6 602	1 120	- 3 177	374	1 104	1 478	13 922	35 040
<b>Sept.</b>	3 485	- 1 421	- 6 550	1 173	- 3 313	360	1 124	1 484	13 906	36 856
<b>Oct.</b>	1 829	- 945	- 7 029	1 111	- 5 034	345	1 186	1 531	13 900	36 948
<b>Nov.</b>	492	- 2 026	- 6 674	1 094	- 7 113	331	1 222	1 553	13 776	34 406
<b>Dec.</b>	1 480	- 1 387	- 6 526	1 040	- 5 392	316	1 285	1 601	14 315	35 236
<b>1995</b>										
<b>Jan.</b>	944	- 719	- 6 511	1 003	- 5 284	307	1 354	1 661	13 592	36 282
<b>Feb.</b>	2 328	- 1 618	- 6 521	947	- 4 863	295	1 447	1 742	14 087	36 943
<b>March</b>	2 701	- 1 048	- 6 516	937	- 3 926	285	1 501	1 786	13 846	37 991
<b>April</b>	2 922	- 1 124	- 6 798	906	- 4 094	273	1 561	1 834	14 121	35 448

<sup>1</sup> Call money claims on deposit banks, net, until 2 July 1992.

<sup>2</sup> Cash reserve deposits prior to 1 July 1993.

## 2. The Bank of Finland's operations in the money and foreign exchange markets and the banks' forward exchange position

### 2.1 Banks' liquidity position

at the Bank of Finland, mill. FIM

Average of daily observations	Call money deposits	Liquidity credits <sup>1</sup>	Liquidity position, net <sup>1</sup> (1-2)
	1	2	3
<b>1990</b>	806	132	674
<b>1991</b>	881	985	- 103
<b>1992</b>	2 103	437	1 666
<b>1993</b>	831	425	407
<b>1994</b>	1 393	10	1 383
<b>1994</b>			
<b>April</b>	1 275	0	1 275
<b>May</b>	891	16	875
<b>June</b>	1 821	0	1 821
<b>July</b>	1 014	0	1 014
<b>Aug.</b>	2 575	0	2 575
<b>Sept.</b>	2 089	0	2 089
<b>Oct.</b>	1 442	0	1 442
<b>Nov.</b>	2 038	0	2 038
<b>Dec.</b>	1 160	0	1 160
<b>1995</b>			
<b>Jan.</b>	1 196	0	1 196
<b>Feb.</b>	1 210	4	1 206
<b>March</b>	1 750	0	1 750
<b>April</b>	853	0	853

### 2.2 The Bank of Finland's minimum reserve system<sup>2</sup>

End of period	Reserve requirement			Cash reserve requirement, %	Deposits, mill. FIM Total
	On deposits repayable on demand, %	On other deposits, %	On other items, %		
	1	2	3	4	5
<b>1990</b>	.	.	.	7.0	17 401
<b>1991</b>	.	.	.	4.0	10 361
<b>1992</b>	.	.	.	5.0	13 165
<b>1993</b>	2.0	1.5	1.0	.	6 398
<b>1994</b>	2.0	1.5	1.0	.	6 526
<b>1994</b>					
<b>April</b>	2.0	1.5	1.0	.	6 411
<b>May</b>	2.0	1.5	1.0	.	6 360
<b>June</b>	2.0	1.5	1.0	.	6 446
<b>July</b>	2.0	1.5	1.0	.	6 467
<b>Aug.</b>	2.0	1.5	1.0	.	6 602
<b>Sept.</b>	2.0	1.5	1.0	.	6 550
<b>Oct.</b>	2.0	1.5	1.0	.	7 029
<b>Nov.</b>	2.0	1.5	1.0	.	6 674
<b>Dec.</b>	2.0	1.5	1.0	.	6 526
<b>1995</b>					
<b>Jan.</b>	2.0	1.5	1.0	.	6 511
<b>Feb.</b>	2.0	1.5	1.0	.	6 521
<b>March</b>	2.0	1.5	1.0	.	6 516
<b>April</b>	2.0	1.5	1.0	.	6 798

<sup>1</sup> Call money credits and call money position until 2 July 1992.

<sup>2</sup> Cash reserve system prior to 1 July 1993.

### 2.3 The Bank of Finland's money market transactions, mill. FIM

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
<b>1990</b>	163 326	26 379	160 797	- 23 850
<b>1991</b>	109 568	30 380	81 969	- 2 781
<b>1992</b>	76 230	137 940	- 60 417	- 1 293
<b>1993</b>	86 521	146 899	- 50 486	- 9 892
<b>1994</b>	35 540	351 820	- 295 165	- 21 115
<b>1994</b>				
<b>April</b>	4 080	17 730	- 13 435	- 215
<b>May</b>	2 000	27 940	- 20 790	- 5 150
<b>June</b>	2 870	32 690	- 24 980	- 4 840
<b>July</b>	2 000	34 770	- 29 180	- 3 590
<b>Aug.</b>	5 140	35 040	- 32 970	3 070
<b>Sept.</b>	590	36 860	- 33 510	- 2 760
<b>Oct.</b>	330	38 290	- 36 210	- 1 750
<b>Nov.</b>	1 630	35 210	- 34 400	820
<b>Dec.</b>	1 470	34 680	- 34 790	1 580
<b>1995</b>				
<b>Jan.</b>	2 580	36 050	- 31 590	- 1 880
<b>Feb.</b>	3 490	36 940	- 34 710	1 260
<b>March</b>	4 260	40 440	- 35 360	- 820
<b>April</b>	2 400	34 970	- 35 680	3 110



## 2.4 The Bank of Finland's transactions in convertible currencies, mill. FIM

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3		
<b>1991</b>	35 120	- 69 940	- 14 820	12 820	12 260
<b>1992</b>	20 050	- 70 640	- 1 650	390	45 060
<b>1993</b>	25 120	- 45 080	7 460	- 6 910	33 240
<b>1994</b>	20 930	- 12 900	9 060	- 8 930	24 660
<b>1994</b>					
<b>March</b>	-	- 2 200	-	-	- 1 800
<b>April</b>	-	-	330	- 330	- 700
<b>May</b>	-	- 920	110	- 110	6 810
<b>June</b>	-	- 1 350	-	-	6 360
<b>July</b>	-	- 930	-	-	4 610
<b>Aug.</b>	-	- 4 270	- 2 960	2 990	- 530
<b>Sept.</b>	-	- 1 440	- 2 420	- 2 340	5 350
<b>Oct.</b>	5 110	- 220	5 070	- 5 090	2 280
<b>Nov.</b>	210	- 520	770	- 530	60
<b>Dec.</b>	1 750	- 300	870	- 1 120	- 960
<b>1995</b>					
<b>Jan.</b>	-	- 190	3 290	- 3 260	4 360
<b>Feb.</b>	-	- 90	- 280	- 90	720
<b>March</b>	-	- 1 440	- 1 710	1 350	- 50

## 2.5 Forward exchange contracts between Finnish markkaa and other currencies, mill. FIM

Stock at end of period	Finnish banks' forward contracts						Non-residents' forward contracts with Finnish customers (excl. Finnish banks)			The Bank of Finland's forward contracts	
	With Finnish customers (excl. Finnish banks)			With foreign customers			Total	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net	Net currency sales
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net	Currency purchases from foreign customers	Currency sales to foreign customers	Net					
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	11 609	4 979	6 631	21 179	11 079	10 100	16 731	237	55	183	- 6 098
<b>1991</b>	33 004	36 352	- 3 348	40 056	37 505	2 550	- 798	1 404	645	759	8 953
<b>1992</b>	39 195	32 939	6 256	21 142	32 339	- 11 197	- 4 941	1 614	1 929	- 315	7 133
<b>1993</b>	38 373	23 721	14 652	14 346	21 895	- 7 548	7 104	11 632	2 173	9 459	1 939
<b>1994</b>	51 096	22 093	29 003	19 236	32 791	- 13 555	15 448	18 372	4 780	13 592	- 6 080
<b>1994</b>											
<b>March</b>	42 814	16 519	26 295	18 003	24 476	- 6 473	19 822	14 280	2 599	11 682	489
<b>April</b>	40 494	15 128	25 366	15 807	22 872	- 7 065	18 301	16 236	4 104	12 133	135
<b>May</b>	40 529	13 887	26 643	17 151	25 046	- 7 894	18 749	15 321	3 859	11 462	0
<b>June</b>	41 191	15 124	26 067	18 939	25 421	- 6 481	19 586	15 155	4 417	10 739	0
<b>July</b>	40 536	16 619	23 917	17 436	27 166	- 9 730	14 187	14 746	4 000	10 746	0
<b>Aug.</b>	39 846	19 930	19 916	19 572	32 036	- 12 464	7 452	14 542	3 735	10 807	3 002
<b>Sept.</b>	40 197	20 368	19 829	18 637	29 261	- 10 624	9 205	14 177	3 389	10 788	671
<b>Oct.</b>	44 821	19 418	25 403	20 662	30 252	- 9 589	15 814	14 945	2 659	12 286	- 4 436
<b>Nov.</b>	46 460	21 508	24 952	18 515	28 808	- 10 293	14 659	16 058	4 036	12 023	- 5 075
<b>Dec.</b>	51 096	22 093	29 003	19 236	32 791	- 13 555	15 448	18 372	4 780	13 592	- 6 080
<b>1995</b>											
<b>Jan.</b>	53 808	22 928	30 880	21 342	31 748	- 10 407	20 473	19 972	4 698	15 274	- 9 436
<b>Feb.</b>	54 500	23 006	31 494	21 161	36 433	- 15 273	16 221	20 618	3 533	17 086	- 9 485
<b>March</b>	57 611	25 712	31 899	23 283	36 466	- 13 182	18 717	20 806	4 775	16 030	- 8 055

### 3. Rates of interest

#### 3.1 Money market rates and rates applied by the Bank of Finland, per cent

Average of daily observations	Interbank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate <sup>1</sup>	Call money deposit rate	Base rate
	1	2	3	4	5	6	7	8
<b>1990</b>	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
<b>1991</b>	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
<b>1992</b>	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
<b>1993</b>	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
<b>1994</b>	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
<b>1994</b>								
<b>April</b>	4.31	5.01	5.13	5.43	5.75	6.99	2.99	5.25
<b>May</b>	4.29	4.97	5.14	5.46	5.78	6.97	2.97	5.25
<b>June</b>	3.93	5.20	5.61	6.24	6.86	7.18	3.18	5.25
<b>July</b>	4.61	5.17	5.46	6.13	6.91	7.17	3.17	5.25
<b>Aug.</b>	3.91	5.35	5.96	6.77	7.54	7.32	3.32	5.25
<b>Sept.</b>	4.07	5.07	5.57	6.36	7.25	7.13	3.13	5.25
<b>Oct.</b>	4.10	5.07	5.39	5.82	6.69	7.08	3.08	5.25
<b>Nov.</b>	4.30	5.07	5.43	6.05	6.79	7.06	3.06	5.25
<b>Dec.</b>	4.57	5.41	5.70	6.18	7.02	7.38	3.38	5.25
<b>1995</b>								
<b>Jan.</b>	4.43	5.50	5.85	6.32	7.14	7.50	3.50	5.25
<b>Feb.</b>	5.27	5.71	5.99	6.32	6.97	7.66	3.66	5.25
<b>March</b>	4.66	5.78	6.06	6.48	7.07	7.75	3.75	5.25
<b>April</b>	5.00	5.75	5.97	6.31	6.82	7.75	3.75	5.25

<sup>1</sup> Call money credit rate until 2 July 1992.

#### 3.2 The Bank of Finland's liquidity facility

	The Bank of Finland's tender rate, %		Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points
		<b>1992</b>	+1.00	7	-3.00
		<b>1993</b>	+2.00	7	-2.00
		<b>1994</b>	+2.00	7	-2.00
		<b>1994</b>			
		<b>April</b>	+2.00	7	-2.00
		<b>May</b>	+2.00	7	-2.00
		<b>June</b>	+2.00	7	-2.00
		<b>July</b>	+2.00	7	-2.00
		<b>Aug.</b>	+2.00	7	-2.00
		<b>Sept.</b>	+2.00	7	-2.00
		<b>Oct.</b>	+2.00	7	-2.00
		<b>Nov.</b>	+2.00	7	-2.00
		<b>Dec.</b>	+2.00	7	-2.00
		<b>1995</b>			
		<b>Jan.</b>	+2.00	7	-2.00
		<b>Feb.</b>	+2.00	7	-2.00
		<b>March</b>	+2.00	7	-2.00
		<b>April</b>	+2.00	7	-2.00
03.04.1995	5.75				

<sup>1</sup> July - December.

#### 3.3 Weighted Eurorates and commercial ECU interest rate, per cent

Average of daily observations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
<b>1990</b>	10.5	9.1	10.4
<b>1991</b>	10.1	8.5	9.9
<b>1992</b>	10.4	7.8	10.6
<b>1993</b>	8.0	6.0	8.1
<b>1994</b>	5.9	5.2	6.1
<b>1994</b>			
<b>April</b>	6.0	5.1	6.2
<b>May</b>	5.7	5.0	5.9
<b>June</b>	5.6	4.9	6.0
<b>July</b>	5.6	5.0	6.0
<b>Aug.</b>	5.7	5.0	6.0
<b>Sept.</b>	5.8	5.2	5.9
<b>Oct.</b>	5.8	5.4	6.0
<b>Nov.</b>	5.8	5.5	5.9
<b>Dec.</b>	6.1	5.8	6.3
<b>1995</b>			
<b>Jan.</b>	6.0	5.6	6.3
<b>Feb.</b>	6.0	5.6	6.1
<b>March</b>	6.7	5.6	6.9
<b>April</b>	6.3	5.3	6.4

### 3.4 Rates of interest applied by banks, per cent

Average for period	Lending						Markka deposits and other markka funding					
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	36-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, on max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
1	2	3	4	5	6	7	8	9	10	11	12	
<b>1990</b>	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
<b>1991</b>	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
<b>1992</b>	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
<b>1993</b>	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
<b>1994</b>	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
<b>1994</b>												
<b>March</b>	4.99	11.73	6.73	6.78	8.17	7.79	3.25	4.25	2.00	2.88	5.77	3.85
<b>April</b>	7.29	11.68	6.87	7.10	8.12	7.91	3.25	4.25	2.00	2.88	5.79	3.85
<b>May</b>	7.63	11.66	7.18	7.43	8.08	7.87	3.25	4.25	2.00	2.88	5.67	3.86
<b>June</b>	7.19	11.70	7.25	7.44	8.09	7.88	3.25	4.25	2.00	2.89	5.77	3.92
<b>July</b>	8.25	11.76	7.58	7.86	8.14	7.90	3.25	4.25	2.00	3.01	5.85	4.03
<b>Aug.</b>	8.37	11.80	7.81	8.04	8.20	7.97	3.25	4.25	2.00	3.05	5.98	4.11
<b>Sept.</b>	7.61	11.75	7.66	7.86	8.19	7.96	3.25	4.25	2.00	3.04	5.99	4.11
<b>Oct.</b>	8.26	11.61	7.28	7.49	8.15	7.91	3.25	4.25	2.00	3.05	6.10	4.10
<b>Nov.</b>	7.75	11.72	7.01	7.21	8.09	7.83	3.25	4.25	2.00	3.04	6.09	4.08
<b>Dec.</b>	7.62	10.69	6.44	6.71	8.05	7.76	3.25	4.25	2.00	3.11	6.17	4.10
<b>1995</b>												
<b>Jan.</b>	7.79	11.55	7.22	7.40	8.11	7.84	3.25	4.25	2.00	3.15	6.27	4.18
<b>Feb.</b>	8.46	11.54	7.29	7.50	8.11	7.83	3.25	4.25	2.00	3.17	6.33	4.18
<b>March</b>	8.40	11.58	7.62	7.80	8.16	7.89	3.25	4.25	2.00	3.22	6.41	4.22

<sup>1</sup> End of period.

### 3.5 Yields on bonds and shares, per cent

Period	Bonds				Shares	
	Reference rates calculated by the Bank of Finland		Taxable government bonds		Share yield	
	3 years	5 years	5 years	10 years		
	1	2	3	4	5	
<b>1990</b>		13.7	13.5	13.3	.	4.0
<b>1991</b>		12.3	12.2	11.8	.	3.9
<b>1992</b>		13.1	13.0	12.0	11.5 <sup>1</sup>	3.1
<b>1993</b>		8.5	8.9	8.2	8.8	1.8
<b>1994</b>		8.5	9.3	8.4	9.0	1.4
<b>1994</b>						
<b>March</b>		6.6	7.5	6.7	7.5	1.2
<b>April</b>		7.7	8.6	7.6	8.3	1.4
<b>May</b>		7.9	8.9	7.9	8.5	1.4
<b>June</b>		9.1	10.0	9.0	9.5	1.5
<b>July</b>		9.7	10.4	9.3	9.9	1.5
<b>Aug.</b>		10.3	11.0	10.0	10.6	1.4
<b>Sept.</b>		10.2	11.0	9.9	10.5	1.4
<b>Oct.</b>		9.5	10.5	9.4	10.1	1.5
<b>Nov.</b>		9.6	10.5	9.5	10.2	1.5
<b>Dec.</b>		9.6	10.5	9.5	10.2	1.7
<b>1995</b>						
<b>Jan.</b>		9.5	10.3	9.4	10.2	1.3
<b>Feb.</b>		9.3	10.2	9.3	10.2	1.5
<b>March</b>		9.2	10.1	9.2	10.2	2.3

<sup>1</sup> November and December only.

## 4. Rates of exchange

### 4.1 Middle rates, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copen- hagen 1 DKK	Frankfurt aM 1 DEM	Amster- dam 1 NLG	Brussels 1 BEF	Zurich 1 CHF	Paris 1 FRF
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1990</b>	3.8233	3.277	6.808	6.325	0.6459	0.6110	0.6181	2.3664	2.1002	0.1145	2.7576	0.7024
<b>1991</b>	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.1184	2.8208	0.7169
<b>1992</b>	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	2.8769	2.5552	0.1397	3.2000	0.8486
<b>1993</b>	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	3.4584	3.0787	0.1655	3.8706	1.0096
<b>1994</b>	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	3.2169	2.8684	0.1561	3.8179	0.9406
<b>1994</b>												
<b>April</b>	5.4911	3.974	8.139	7.885	0.6965	0.7455	0.8246	3.2336	2.8795	0.1571	3.8174	0.9438
<b>May</b>	5.4072	3.918	8.134	7.956	0.7008	0.7529	0.8335	3.2629	2.9075	0.1585	3.8275	0.9531
<b>June</b>	5.4276	3.925	8.267	8.102	0.6945	0.7660	0.8486	3.3262	2.9676	0.1615	3.9399	0.9737
<b>July</b>	5.2014	3.762	8.036	7.939	0.6695	0.7573	0.8430	3.3120	2.9526	0.1607	3.9249	0.9666
<b>Aug.</b>	5.1384	3.728	7.927	7.826	0.6640	0.7490	0.8310	3.2852	2.9259	0.1594	3.8980	0.9589
<b>Sept.</b>	4.9691	3.669	7.767	7.667	0.6591	0.7303	0.8128	3.2038	2.8578	0.1557	3.8447	0.9367
<b>Oct.</b>	4.6761	3.464	7.506	7.416	0.6440	0.7061	0.7855	3.0745	2.7443	0.1494	3.6959	0.8983
<b>Nov.</b>	4.7172	3.458	7.500	7.385	0.6418	0.7015	0.7833	3.0659	2.7353	0.1490	3.6448	0.8930
<b>Dec.</b>	4.8455	3.488	7.554	7.435	0.6447	0.7068	0.7864	3.0823	2.7528	0.1499	3.6450	0.8949
<b>1995</b>												
<b>Jan.</b>	4.7358	3.352	7.458	7.375	0.6344	0.7071	0.7851	3.0930	2.7591	0.1501	3.6782	0.8946
<b>Feb.</b>	4.6433	3.315	7.300	7.256	0.6288	0.7041	0.7832	3.0913	2.7576	0.1501	3.6526	0.8889
<b>March</b>	4.3769	3.111	7.004	6.993	0.6021	0.6979	0.7770	3.1138	2.7768	0.1509	3.7378	0.8790
<b>April</b>	4.2650	3.096	6.862	6.948	0.5810	0.6889	0.7855	3.0947	2.7641	0.1505	3.7580	0.8814

Average of daily quotations	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Reykjavik 1 ISK	Madrid 1 ESP	Athens 1 GRD	Tallinn 1 EEK	Tokyo 1 JPY	Mel- bourne 1 AUD	ECU Commer- cial 1 XEU	SDR 1 XDR
	13	14	15	16	17	18	19	20	21	22	23
<b>1990</b>	0.00319	0.3363	0.0268	0.0656	0.0375	..	.	0.02647	2.988	4.864	5.18322
<b>1991</b>	0.00326	0.3464	0.0280	0.0684	0.0389	0.022	.	0.03008	3.152	5.003	5.52771
<b>1992</b>	0.00364	0.4088	0.0332	0.0778	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
<b>1993</b>	0.00364	0.4916	0.0356	0.0846	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
<b>1994</b>	0.00324	0.4573	0.0314	0.0745	0.0390	0.021	0.4021	0.05106	3.814	6.175	7.46629
<b>1994</b>											
<b>April</b>	0.00338	0.4597	0.0317	0.0761	0.0398	0.022	0.4042	0.05310	3.934	6.251	7.71250
<b>May</b>	0.00339	0.4639	0.0316	0.0762	0.0396	0.022	0.4079	0.05215	3.916	6.288	7.65245
<b>June</b>	0.00340	0.4729	0.0321	0.0772	0.0404	0.0221	0.4158	0.05281	3.981	6.398	7.74158
<b>July</b>	0.00332	0.4708	0.0322	0.0759	0.0401	0.0219	0.4140	0.05276	3.821	6.329	7.57829
<b>Aug.</b>	0.00325	0.4669	0.0322	0.0749	0.0396	0.0217	0.4107	0.05147	3.805	6.261	7.47292
<b>Sept.</b>	0.00317	0.4552	0.0314	0.0731	0.0386	0.0211	0.4005	0.05029	3.684	6.113	7.27337
<b>Oct.</b>	0.00302	0.4369	0.0301	0.0697	0.0370	0.0201	0.3843	0.04747	3.452	5.865	6.90651
<b>Nov.</b>	0.00298	0.4355	0.0300	0.0699	0.0368	0.0199	0.3832	0.04813	3.559	5.838	6.93950
<b>Dec.</b>	0.00297	0.4379	0.0301	0.0704	0.0366	0.0199	0.3853	0.04838	3.752	5.874	7.03528
<b>1995</b>											
<b>Jan.</b>	0.00294	0.4396	0.0300	0.0698	0.0357	0.0199	0.3866	0.04752	3.625	5.859	6.94337
<b>Feb.</b>	0.00287	0.4393	0.0299	0.0697	0.0356	0.0197	0.3864	0.04725	3.460	5.811	6.86328
<b>March</b>	0.00259	0.4424	0.0296	0.0680	0.0341	0.0192	0.3892	0.04833	3.216	5.700	6.72357
<b>April</b>	0.00249	0.4398	0.0293	0.0676	0.0343	0.0190	0.3868	0.05101	3.139	5.671	6.71986

## 4.2 Markka value of the ECU and currency indices

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982=100		
		Trade-weighted currency index	Payments currency index	MERM index
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>1990</b>	4.85697	97.3	96.8	97.3
<b>1991</b>	5.00580	101.4	101.4	102.8
<b>1992</b>	5.80140	116.4	115.7	117.3
<b>1993</b>	6.69420	132.4	136.1	141.8
<b>1994</b>	6.19108	123.2	125.8	131.8
<b>1994</b>				
<b>April</b>	6.25477	125.5	129.2	135.8
<b>May</b>	6.29981	125.9	129.0	135.3
<b>June</b>	6.41394	127.4	130.3	136.6
<b>July</b>	6.35263	125.2	127.2	133.6
<b>Aug.</b>	6.28705	123.8	125.8	131.9
<b>Sept.</b>	6.13918	121.3	122.7	128.7
<b>Oct.</b>	5.89314	116.5	117.2	122.6
<b>Nov.</b>	5.86886	116.3	117.3	122.9
<b>Dec.</b>	5.89101	117.0	118.8	124.2
<b>1995</b>				
<b>Jan.</b>	5.87972	115.9	117.5	122.6
<b>Feb.</b>	5.84352	114.9	116.2	121.3
<b>March</b>	5.76731	112.4	112.9	118.2
<b>April</b>	5.72937	111.2	111.1	117.4

## 5. Other domestic financing

### 5.1 Bank funding from the public, mill. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markku deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
<b>1990</b>	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
<b>1991</b>	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
<b>1992</b>	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
<b>1993</b>	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
<b>1994</b>	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
<b>1993</b>									
<b>Dec.</b>	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
<b>1994</b>									
<b>Jan.</b>	38 657	94 042	108 694	22 740	264 133	14 050	278 183	70 115	348 298
<b>Feb.</b>	37 462	96 507	106 185	22 548	262 702	12 324	275 027	68 874	343 901
<b>March</b>	38 058	97 847	105 867	22 734	264 506	13 201	277 708	72 348	350 056
<b>April</b>	38 242	98 146	106 551	22 748	265 687	13 574	279 261	75 636	354 897
<b>May</b>	41 132	97 145	106 163	22 337	266 778	14 281	281 059	75 753	356 811
<b>June</b>	42 094	98 377	105 973	21 679	268 123	14 353	282 476	72 209	354 685
<b>July</b>	43 391	98 775	106 511	21 391	270 067	16 517	286 584	70 634	357 218
<b>Aug.</b>	44 503	97 970	107 529	20 969	270 970	14 957	285 927	64 382	350 309
<b>Sept.</b>	40 588	97 976	107 427	20 722	266 712	12 839	279 551	56 424 <sup>r</sup>	335 974 <sup>r</sup>
<b>Oct.</b>	41 393	98 519	107 168	20 272	267 352	14 479	281 832	52 354 <sup>r</sup>	334 186 <sup>r</sup>
<b>Nov.</b>	42 319	98 059	107 511	20 141	268 030	11 895	279 925	46 810 <sup>r</sup>	326 735 <sup>r</sup>
<b>Dec.</b>	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228 <sup>r</sup>	326 651 <sup>r</sup>

### 5.2 Bank lending to the public, mill. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markku lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
<b>1990</b>	19 152	5 777	260 790	285 720	103 134	388 853
<b>1991</b>	18 037	4 712	262 859	285 609	107 714	393 323
<b>1992</b>	16 045	3 335	252 163	271 544	95 168	366 712
<b>1993</b>	14 217	2 223	248 406	264 846	66 931	331 777
<b>1994</b>	13 241	1 301	242 417	256 958	45 138	302 096
<b>1993</b>						
<b>Dec.</b>	14 217	2 223	248 406	264 846	66 931	331 777
<b>1994</b>						
<b>Jan.</b>	14 081	2 248	247 259	263 587	64 220	327 807
<b>Feb.</b>	14 120	2 008	247 884	264 012	63 158	327 170
<b>March</b>	14 125	1 942	247 795	263 862	61 114	324 976
<b>April</b>	13 971	1 759	247 095	262 825	59 077	321 902
<b>May</b>	14 079	1 736	246 531	262 345	58 233	320 578
<b>June</b>	14 139	1 763	245 939	261 841	57 756	319 597
<b>July</b>	14 061	1 733	245 591	261 386	56 128	317 513
<b>Aug.</b>	13 859	1 680	244 474	260 013	53 977	313 990
<b>Sept.</b>	14 068	1 642	243 874	259 584	51 258	310 842
<b>Oct.</b>	13 583	1 594	244 191	259 368	47 775	307 143
<b>Nov.</b>	13 274	1 522	244 044	258 840	46 902	305 742
<b>Dec.</b>	13 241	1 301	242 417	256 958	45 138	302 096

### 5.3 Money supply and monetary aggregates, mill. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)	M <sub>3</sub>
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
<b>1990</b>	- 82 881	- 19 072	453 720	434 648	- 85 385	141 524	266 383	291 045
<b>1991</b>	- 86 555	- 6 516	470 852	464 336	- 102 540	130 644	275 241	310 924
<b>1992</b>	- 68 099	81	439 937	440 018	- 97 909	134 829	274 011	310 733
<b>1993</b>	- 25 989	1 848	403 742	405 589	- 100 006	141 759	279 595	322 408
<b>1994*</b>	14 047	3 394	365 836	369 230	- 96 581	154 357	286 696	328 509
<b>1994*</b>								
<b>March</b>	- 19 743	1 066	397 300	398 365	- 97 626	148 907	280 996	333 304
<b>April</b>	- 23 247	3 499	392 564	396 063	- 91 234	148 783	281 582	335 879
<b>May</b>	- 14 545	5 940	391 346	397 286	- 100 115	150 750	282 626	338 847
<b>June</b>	- 6 902	2 244	389 636	391 880	- 100 498	153 365	284 480	338 345
<b>July</b>	7 521	- 880	387 027	386 147	- 107 408	155 001	286 260	340 445
<b>Aug.</b>	4 260	655	383 389	384 044	- 101 500	154 836	286 804	336 027
<b>Sept.</b>	12 224	- 2 345	374 845	372 501	- 102 004	151 193	282 721	333 572
<b>Oct.</b>	12 826	3 250	370 923	374 174	- 103 332	152 568	283 668	335 896
<b>Nov.</b>	12 535	3 611	369 603	373 214	- 101 461	152 745	284 288	331 096
<b>Dec.</b>	14 047	3 394	365 836	369 230	- 96 581	154 357	286 696	328 509
<b>1995*</b>								
<b>Jan.</b>	..	..	..	..	..	153 970	285 767	325 740
<b>Feb.</b>	..	..	..	..	..	158 086	289 244	328 803
<b>March</b>	..	..	..	..	..	159 896	292 198	332 226

### 5.4 Liabilities and assets of the central government, mill. FIM

End of period	Foreign currency-denominated debt			Markku-denominated debt				Total central government debt (3+8)	Out-standing lending	Cash funds	
	Bonds	Other debt	Total (1+2)	Public bonds	Other long-term liabilities	Treasury notes and bills	Miscellaneous items				Total (4+5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	20 917	3 876	24 793	23 982	8 263	-	.	32 245	57 038	48 121	23 114
<b>1991</b>	38 703	4 943	43 646	31 018	12 208	5 180	.	48 406	92 052	55 165	15 956
<b>1992</b>	100 244	6 143	106 387	40 578	13 555	14 762	.	68 895	175 282	61 671	19 781
<b>1993</b>	142 824	12 753	155 577	71 082	16 060	22 824	.	109 966	265 543	66 439	36 487
<b>1994</b>	160 587	15 975	176 562	93 008	17 100	33 153	- 5 945	137 316	313 878	66 851	43 012
<b>1994</b>											
<b>March</b>	147 889	9 894	157 783	75 083	18 230	19 182	- 5 409	107 086	264 869	67 892	20 834
<b>April</b>	146 940	10 891	157 831	76 001	17 541	18 625	- 5 384	106 943	264 774	68 013	18 547
<b>May</b>	156 684	11 106	167 790	76 282	17 442	19 704	- 5 379	108 049	275 839	68 206	22 405
<b>June</b>	163 930	11 658	175 588	77 129	16 901	24 915	- 5 410	113 535	289 123	67 212	30 119
<b>July</b>	169 523	11 952	181 475	78 286	16 891	30 159	- 5 440	119 896	301 371	66 642	41 465
<b>Aug.</b>	165 170	11 698	176 868	79 587	16 870	28 551	- 5 485	119 523	296 391	66 903	37 525
<b>Sept.</b>	167 196	12 111	179 307	82 349	16 865	31 514	- 5 455	125 273	304 580	67 284	41 848
<b>Oct.</b>	160 626	15 042	175 668	84 786	16 865	31 666	- 5 487	127 830	303 498	67 459	39 910
<b>Nov.</b>	163 035	16 371	179 406	88 690	16 794	32 656	- 5 479	132 661	312 067	66 924	42 051
<b>Dec.</b>	160 587	15 975	176 562	93 008	17 100	33 153	- 5 945	137 316	313 878	66 851	43 012
<b>1995</b>											
<b>Jan.</b>	167 765	16 137	183 902	96 649	17 080	38 658	- 6 019	146 368	330 270	..	52 460
<b>Feb.</b>	165 516	15 884	181 400	105 442	17 080	37 320	- 6 039	153 803	335 203	..	54 954
<b>March</b>	166 342	17 306	183 648	115 230	17 053	38 990	- 6 041	165 232	348 880	..	47 978

## 5.5 Markka bond market

### A) ISSUES, mill. FIM

During period	Corporations	Financial institutions	Central government	Local government	Others	Total (1+2+3+4+5)
	1	2	3	4	5	6
<b>1990</b>	4 640	17 891	4 420	490	1 007	28 447
<b>1991</b>	7 277	25 737	11 073	1 320	-	45 407
<b>1992</b>	6 984	15 043	12 965	2 674	4	37 671
<b>1993</b>	11 691	10 481	36 512	2 235	63	60 981
<b>1994*</b>	4 053	10 156	31 553	593	-	46 356
<b>1994*</b>						
<b>March</b>	2 311	733	2 555	190	-	5 789
<b>April</b>	100	510	942	-	-	1 552
<b>May</b>	181	1 270	1 348	30	-	2 829
<b>June</b>	500	160	2 673	48	-	3 380
<b>July</b>	2	207	1 171	-	-	1 380
<b>Aug.</b>	-	1 721	2 410	-	-	4 131
<b>Sept.</b>	-	356	4 173	-	-	4 530
<b>Oct.</b>	-	1 063	3 044	-	-	4 107
<b>Nov.</b>	400	930	4 137	-	-	5 466
<b>Dec.</b>	-	861	4 525	-	-	5 385
<b>1995*</b>						
<b>Jan.</b>	100	358	5 109	-	-	5 567
<b>Feb.</b>	53	263	9 230	-	-	9 546
<b>March</b>	354	450	10 543	26	-	11 373

### B) Stock, mill. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1990</b>	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
<b>1991</b>	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
<b>1992</b>	26 624	82 153	44 005	5 238	3 358	89 382	13 918	58 078	161 378
<b>1993</b>	32 459	73 893	73 682	6 884	2 009	119 552	10 391	58 984	188 927
<b>1994*</b>	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
<b>1994*</b>									
<b>March</b>	33 780	71 562	77 676	7 245	1 009	125 409	8 898	56 963	191 270
<b>April</b>	33 638	71 401	77 951	7 235	973	126 375	8 889	55 934	191 198
<b>May</b>	33 383	71 528	78 144	7 237	966	127 092	8 575	55 591	191 258
<b>June</b>	33 100	68 984	78 990	7 273	964	127 695	8 559	53 057	189 311
<b>July</b>	33 060	68 596	80 148	7 270	964	128 767	8 555	52 716	190 038
<b>Aug.</b>	32 156	69 291	81 448	7 126	964	130 413	8 190	52 382	190 985
<b>Sept.</b>	31 217	68 312	84 211	7 120	963	132 507	7 848	51 468	191 823
<b>Oct.</b>	30 278	68 293	86 648	7 110	953	134 732	7 616	50 934	193 282
<b>Nov.</b>	30 505	67 586	90 548	7 030	950	138 626	7 588	50 405	196 619
<b>Dec.</b>	30 179	66 467	94 865	6 981	953	142 128	7 581	49 929	199 638
<b>1995*</b>									
<b>Jan.</b>	29 808	66 232	98 507	6 879	953	146 139	6 946	49 473	202 379
<b>Feb.</b>	29 569	63 960	107 300	6 841	933	153 390	6 715	48 498	208 603
<b>March</b>	29 286	62 318	117 085	6 849	926	162 634	6 234	47 596	216 464



C) Turnover, mill. FIM

During period	Interbank	Between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
<b>1990</b>	5 401	6 058	.	.	.
<b>1991</b>	3 343	29 134	.	.	.
<b>1992</b>	18 383	58 757	10 744	12 156	13 354
<b>1993</b>	47 803	246 104	42 945	95 647	117 489
<b>1994</b>	184 599	359 697	173 096	150 908	176 647
<b>1994</b>					
<b>April</b>	25 078	39 647	23 300	17 241	17 960
<b>May</b>	10 772	21 650	9 731	8 753	10 958
<b>June</b>	14 719	21 105	14 132	8 225	11 496
<b>July</b>	5 247	13 956	5 081	4 961	7 745
<b>Aug.</b>	23 000	22 271	22 791	10 728	10 987
<b>Sept.</b>	12 393	24 397	12 307	9 424	13 922
<b>Oct.</b>	13 514	29 003	13 361	12 045	14 624
<b>Nov.</b>	12 351	24 444	11 742	9 818	13 363
<b>Dec.</b>	7 842	17 304	7 531	6 784	9 281
<b>1995</b>					
<b>Jan.</b>	8 855	30 706	8 481	12 246	16 423
<b>Feb.</b>	7 716	28 452	7 287	10 833	14 291
<b>March</b>	14 858	35 736	11 622	14 835	19 126
<b>April</b>	16 904	32 257	14 802	12 917	15 353

5.6 Helsinki Stock Exchange

Average of daily observations	Share prices							Turnover <sup>1</sup> , mill. FIM		
	All-share index	HEX Index (28 Dec., 1990=1000)						Shares and subscription rights	Bonds and debentures	Total
		By industry								
		Banks and finance	Insurance and investment	Manufacturing	Forest industries	Metal and engineering	Conglomerates			
1	2	3	4	5	6	7	8	9	10	
<b>1990</b>	1 332	1 263	1 185	1 376	1 436	1 282	1 474	15 521	4 550	20 071
<b>1991</b>	962	901	898	1 003	1 075	1 076	1 021	6 339	1 315	7 655
<b>1992</b>	772	425	467	943	1 123	1 206	890	10 277	15 377	25 654
<b>1993</b>	1 240	608	644	1 601	1 695	1 749	1 751	46 337	59 977	106 314
<b>1994</b>	1 847	719	802	2 464	2 284	2 675	3 068	68 671	2 147	70 818
<b>1994</b>										
<b>April</b>	1 815	771	914	2 377	2 189	2 689	2 818	4 849	107	4 956
<b>May</b>	1 839	749	862	2 427	2 207	2 723	2 891	4 035	71	4 105
<b>June</b>	1 708	676	726	2 271	2 113	2 526	2 732	3 719	49	3 768
<b>July</b>	1 776	688	727	2 377	2 253	2 503	2 987	3 891	99	3 990
<b>Aug.</b>	1 877	647	759	2 536	2 405	2 742	3 185	6 594	134	6 728
<b>Sept.</b>	1 908	652	697	2 601	2 513	2 738	3 336	4 856	132	4 988
<b>Oct.</b>	1 917	645	714	2 612	2 351	2 657	3 512	7 761	216	7 977
<b>Nov.</b>	1 908	604	694	2 617	2 207	2 568	3 672	5 629	102	5 731
<b>Dec.</b>	1 832	576	640	2 524	2 128	2 375	3 589	5 100	70	5 170
<b>1995</b>										
<b>Jan.</b>	1 869	524	598	2 616	2 224	2 381	3 788	5 582	130	5 712
<b>Feb.</b>	1 802	543	577	2 512	2 146	2 240	3 645	7 016	132	7 148
<b>March</b>	1 648	509	533	2 292	1 905	2 038	3 343	5 464	76	5 540
<b>April</b>	1 688	497	556	2 365	2 040	2 138	3 408	5 340	92	5 432

<sup>1</sup> During period.

## 6. Balance of payments, foreign liabilities and assets

### 6.1 Current account, *mill.FIM*

During period	Exports of goods, feb	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, feb	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1990</b>	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 601	136 166	101 967	4 363	10 766	9 503
<b>1991</b>	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
<b>1992</b>	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369
<b>1993*</b>	132 550	10 430	7 079	9 379	26 888	159 438	7 624	6 506	173 567	101 559	5 537	9 237	17 008
<b>1994*</b>	152 192	11 414	6 811	10 802	29 027	181 219	8 700	5 715	195 634	118 638	5 884	8 189	17 116
<b>1992</b>													
<b>IV</b>	29 754	2 167	1 480	2 424	6 071	35 825	1 649	1 699	39 173	25 632	1 176	2 572	3 666
<b>1993*</b>													
<b>I</b>	31 016	2 366	1 351	2 778	6 495	37 511	2 233	1 470	41 215	25 715	1 279	2 401	4 445
<b>II</b>	32 625	2 646	1 763	2 281	6 690	39 315	2 125	1 756	43 196	24 818	1 325	2 276	4 015
<b>III</b>	32 116	2 832	2 203	2 102	7 138	39 253	1 622	1 584	42 460	23 992	1 444	2 242	4 206
<b>IV</b>	36 793	2 586	1 761	2 218	6 565	43 358	1 643	1 695	46 696	27 034	1 489	2 319	4 341
<b>1994*</b>													
<b>I</b>	34 536	2 602	1 425	2 587	6 614	41 150	1 382	1 469	44 001	24 852	1 314	1 899	4 234
<b>II</b>	38 519	2 923	1 747	2 380	7 049	45 569	3 031	1 370	49 970	29 488	1 483	2 038	3 994
<b>III</b>	37 405	3 127	2 075	2 789	7 991	45 396	1 721	1 372	48 490	28 866	1 525	2 101	4 130
<b>IV</b>	41 732	2 763	1 563	3 046	7 372	49 105	2 565	1 503	53 173	35 433	1 562	2 151	4 758
<b>1995*</b>													
<b>I</b>	43 000	2 763	1 384	3 353	7 501	50 501	3 537	2 047	56 084	31 500	1 377	2 258	4 607

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure (15+16)	Transfers and other expenditure (17)	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25+26) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1990</b>	24 632	126 599	26 973	9 107	162 680	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
<b>1991</b>	26 074	112 421	28 674	10 229	151 325	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-4 893	-26 696
<b>1992</b>	28 690	121 878	30 424	10 347	162 649	12 622	4 283	-4 873	-5 639	-6 228	6 394	-24 001	-4 428	-22 035
<b>1993*</b>	31 782	133 341	34 580	10 390	178 311	30 991	4 893	-2 159	-7 629	-4 894	26 097	-26 956	-3 885	-4 744
<b>1994*</b>	31 189	149 827	31 007	9 222	190 056	33 554	5 530	-1 378	-6 314	-2 162	31 392	-22 307	-3 507	5 578
<b>1992</b>														
<b>IV</b>	7 413	33 045	7 824	2 440	43 309	4 122	991	-1 092	-1 241	-1 342	2 780	-6 174	-741	-4 136
<b>1993*</b>														
<b>I</b>	8 125	33 840	10 137	2 808	46 785	5 301	1 087	-1 049	-1 667	-1 630	3 672	-7 904	-1 338	-5 570
<b>II</b>	7 616	32 434	10 493	2 393	45 321	7 806	1 322	-512	-1 735	-926	6 881	-8 368	-637	-2 124
<b>III</b>	7 892	31 884	6 805	2 640	41 330	8 124	1 388	-39	-2 104	-755	7 369	-5 183	-1 055	1 131
<b>IV</b>	8 149	35 183	7 145	2 549	44 876	9 760	1 097	-558	-2 123	-1 584	8 175	-5 502	-854	1 820
<b>1994*</b>														
<b>I</b>	7 447	32 298	9 163	2 834	44 295	9 684	1 288	-474	-1 646	-833	8 851	-7 781	-1 365	-294
<b>II</b>	7 516	37 004	8 521	2 110	47 634	9 031	1 439	-291	-1 614	-466	8 565	-5 490	-739	2 336
<b>III</b>	7 756	36 622	6 141	2 119	44 882	8 539	1 602	-25	-1 342	235	8 775	-4 420	-747	3 607
<b>IV</b>	8 471	43 904	7 181	2 160	53 245	6 300	1 200	-587	-1 712	-1 099	5 201	-4 616	-656	-72
<b>1995*</b>														
<b>I</b>	8 243	39 743	9 795	3 972	53 510	11 500	1 386	-873	-1 254	-742	10 758	-6 258	-1 926	2 574

6.2 Capital and financial account, mill. FIM

During period	Imports of capital												Total (1+7+12)
	Direct investment in Finland	Portfolio investment					Other investment					Total (8+9+10+11)	
		Shares	Bonds	Of which: marks denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other		
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1990</b>	3 010	376	22 280	1 440	- 923	..	21 733	1 156	16 635	- 725	17 307	34 372	59 115
<b>1991</b>	- 997	47	38 751	11 786	- 4 511	..	34 287	- 3 987	7 496	131	- 9 737	- 6 098	27 192
<b>1992</b>	1 822	397	39 309	- 5 312	- 1 791	..	37 915	3 639	2	1 690	- 17 415	- 12 084	27 653
<b>1993*</b>	4 945	12 748	30 353	3 616	- 4 382	..	38 719	4 467	5 357	- 5 347	- 24 454	- 19 977	23 687
<b>1994*</b>	7 703	13 206	20 075	- 7 681	- 1 507	- 373	31 402	2 829	492	- 232	- 1 164	1 924	41 029
<b>1992 IV</b>	845	47	16 710	- 1 169	629	..	17 386	1 178	270	1 110	- 13 544	- 10 986	7 244
<b>1993*</b>													
<b>I</b>	439	1 405	15 542	320	- 2 314	..	14 632	1 900	7 326	901	- 8 593	1 533	16 604
<b>II</b>	927	1 515	16 269	3 420	- 1 348	..	16 435	- 196	815	- 1 268	- 6 612	- 7 261	10 101
<b>III</b>	631	6 529	2 267	2 523	- 2 755	..	6 041	- 836	- 1 495	1 671	- 8 143	- 8 803	- 2 131
<b>IV</b>	2 948	3 300	- 3 725	- 2 646	2 036	..	1 611	3 599	- 1 289	- 6 650	- 1 106	- 5 446	- 887
<b>1994*</b>													
<b>I</b>	3 718	4 389	4 079	- 61	- 1 609	31	6 889	- 882	- 3 980	772	6 665	2 575	13 182
<b>II</b>	2 886	2 404	5 501	- 3 649	3 084	268	11 258	- 868	1 255	- 1 748	- 3 077	- 4 439	9 705
<b>III</b>	2 187	5 181	15 869	124	- 2 185	- 383	18 482	183	- 1 314	964	- 5 536	- 5 704	14 965
<b>IV</b>	- 1 088	1 232	- 5 374	- 4 095	- 798	- 288	- 5 227	4 397	4 531	- 220	784	9 492	3 177
<b>1995*</b>													
<b>I</b>	2 515	406	- 1 534	- 3 112	- 1 976	234	- 2 870	- 2 199	- 1 002	9	7 942	4 750	4 395

During period	Exports of capital											Errors and omissions	Change in central bank's reserve assets (in-crowd-)	
	Direct investment abroad	Portfolio investment					Other investment							Total (14+19+24)
		Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other	Total (20+21+22+23)			
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
<b>1990</b>	10 353	2	575	1 171	..	1 748	- 1 565	2 953	935	- 3 480	- 1 157	10 944	- 6 240	- 15 417
<b>1991</b>	- 501	- 369	- 3	1 499	..	1 128	- 726	2 341	1 054	6 587	9 256	9 883	2 012	7 375
<b>1992</b>	- 3 372	46	321	2 748	..	3 115	3 634	3 409	3 745	3 259	14 048	13 790	- 1 008	9 180
<b>1993*</b>	9 537	873	767	1 932	..	3 571	1 923	- 839	- 6 063	14 698	9 720	22 828	5 104	- 1 219
<b>1994*</b>	19 687	- 10	- 4 783	- 907	- 276	- 5 976	2 343	- 6 267	1 854	5 896	3 826	17 537	- 3 565	- 25 504
<b>1992 IV</b>	- 695	25	- 100	3 361	..	3 286	1 799	2 435	- 1 924	4 276	6 586	9 177	5 577	492
<b>1993*</b>														
<b>I</b>	985	158	2 823	- 577	..	2 404	1 623	- 726	- 1 516	15 515	14 896	18 285	1 665	5 586
<b>II</b>	1 081	2	- 1 095	- 972	..	- 2 065	518	- 185	247	- 3 766	- 3 186	- 4 171	- 1 464	- 10 684
<b>III</b>	- 473	77	- 841	3 975	..	3 211	- 190	- 1 008	1 514	9 514	9 829	12 567	2 549	11 019
<b>IV</b>	7 944	636	- 120	- 494	..	21	- 28	1 081	- 6 308	- 6 564	- 11 819	- 3 854	2 354	- 7 141
<b>1994*</b>														
<b>I</b>	5 078	43	- 662	211	- 201	- 609	- 1 329	- 1 279	2 612	- 5 779	- 5 774	- 1 306	- 3 914	- 10 279
<b>II</b>	5 206	- 68	- 3 273	- 4 446	- 27	- 7 814	1 742	- 1 358	- 460	6 181	6 105	3 497	1 628	- 10 172
<b>III</b>	4 200	- 18	- 1 173	420	- 52	- 824	- 444	- 126	- 268	9 875	9 037	12 413	- 2 239	- 3 921
<b>IV</b>	5 203	33	326	2 908	4	3 271	2 374	- 3 504	- 30	- 4 381	- 5 541	2 933	960	- 1 132
<b>1995*</b>														
<b>I</b>	515	- 218	1 608	- 2 244	- 98	- 951	926	- 726	- 2 185	10 953	8 967	8 532	3 254	- 1 691

6.3 Finland's international investment position, mill. FIM

Position at end of period	Liabilities												
	Direct investment in Finland	Portfolio investment					Other investment					Total liabilities (1+7+12)	
		Shares	Bonds	Of which: marketable denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other		Total (8+9+10+11)
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1990</b>	18 651	5 052	95 530	6 385	23 856	..	124 438	13 915	51 937	7 969	89 662	163 483	306 572
<b>1991</b>	17 443	4 149	141 055	19 036	22 079	..	167 283	9 532	68 892	8 555	84 036	171 015	355 741
<b>1992</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
<b>1993*</b>	24 391	30 375	265 610	26 288	14 995	- 6 103	304 877	18 206	91 378	4 025	55 478	169 087	498 354
<b>1994*</b>	31 473	60 558	256 005	19 012	10 466	- 6 877	320 152	20 635	83 003	3 430	47 917	154 985	506 610
<b>1992</b>													
<b>IV</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
<b>1993*</b>													
<b>I</b>	19 812	8 121	253 159	16 281	17 007	..	278 287	15 193	96 786	13 135	76 093	201 207	499 306
<b>II</b>	20 763	11 901	254 886	21 118	15 573	..	282 360	14 897	93 408	11 461	67 494	187 260	490 383
<b>III</b>	21 418	22 725	265 540	23 460	13 090	..	301 355	14 091	95 327	13 276	61 106	183 799	506 573
<b>IV</b>	24 391	30 375	265 610	26 288	14 995	- 6 103	304 877	18 206	91 378	4 025	55 478	169 087	498 354
<b>1994*</b>													
<b>I</b>	27 616	39 079	265 290	25 822	12 244	- 8 855	307 758	17 142	85 626	4 724	60 047	167 540	502 914
<b>II</b>	30 514	42 719	271 376	22 182	15 286	- 8 809	320 572	16 256	86 786	2 964	56 729	162 735	513 821
<b>III</b>	32 606	56 036	269 909	23 157	11 909	- 7 591	330 263	16 309	80 153	3 752	48 447	148 661	511 530
<b>IV</b>	31 473	60 558	256 005	19 012	10 466	- 6 877	320 152	20 635	83 003	3 430	47 917	154 985	506 610
<b>1995*</b>													
<b>I</b>	33 868	53 380	251 597	17 888	7 222	- 7 497	304 702	18 195	80 823	3 369	54 173	156 560	495 130

Position at end of period	Assets											
	Direct investment abroad	Portfolio investment					Other investment					Total assets (14+19+24)
		Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other	Total (20+21+22+23)	
14	15	16	17	18	19	20	21	22	23	24	25	
<b>1990</b>	40 800	762	6 447	2 173	..	9 383	16 549	24 825	5 726	65 754	112 854	163 037
<b>1991</b>	44 823	426	7 004	4 154	..	11 584	16 388	28 504	7 647	72 498	125 037	181 444
<b>1992</b>	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955
<b>1993*</b>	54 577	1 285	10 706	11 028	446	23 465	26 350	34 018	5 701	89 301	155 370	233 412
<b>1994*</b>	69 601	1 129	4 681	9 070	487	15 367	26 431	24 077	7 055	107 254	164 817	249 786
<b>1992</b>												
<b>IV</b>	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955
<b>1993*</b>												
<b>I</b>	51 946	676	11 952	7 766	..	20 394	23 664	36 976	12 275	92 392	165 307	237 648
<b>II</b>	48 465	671	10 801	6 627	..	18 099	23 888	34 148	12 159	97 321	167 516	234 080
<b>III</b>	49 447	759	10 074	10 689	..	21 522	23 857	34 208	13 929	98 044	170 039	241 008
<b>IV</b>	54 577	1 285	10 706	11 028	446	23 465	26 350	34 018	5 701	89 301	155 370	233 412
<b>1994*</b>												
<b>I</b>	59 112	1 296	9 576	10 910	622	22 403	24 479	31 396	8 107	91 319	155 301	236 816
<b>II</b>	64 465	1 211	5 953	6 338	550	14 052	26 159	29 856	7 449	106 714	170 178	248 695
<b>III</b>	65 838	1 116	4 311	6 087	561	12 075	24 435	28 350	6 955	113 275	173 016	250 929
<b>IV</b>	69 601	1 129	4 681	9 070	487	15 367	26 431	24 077	7 055	107 254	164 817	249 786
<b>1995*</b>												
<b>I</b>	70 151	673	5 486	5 768	119	12 046	27 522	22 424	4 977	115 619	170 541	252 738

6.4 Finland's net international investment position (liabilities less assets), by sector, mill. FIM

Position at end of period	Corporate sector	Banks	Bank of Finland	Other financial institutions	Central government	Local government	Net (1+2+3+4+5+6)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts, %
	1	2	3	4	5	6	7	8	9
<b>1990</b>	34 853	110 111	- 36 700	9 910	24 751	610	143 535	13 130	9.7
<b>1991</b>	28 483	107 434	- 34 046	18 960	52 748	719	174 298	15 671	12.7
<b>1992</b>	30 501	82 343	- 27 546	28 283	113 674	2 347	229 602	19 011	13.6
<b>1993*</b>	49 895	48 189	- 33 279	29 737	167 444	2 956	264 942	21 897	12.7
<b>1994*</b>	72 086	33 579	- 52 606	21 262	179 516	2 987	256 825	19 907	10.4
<b>1992</b>									
<b>IV</b>	30 501	82 343	- 27 546	28 283	113 674	2 347	229 602	4 926	12.6
<b>1993*</b>									
<b>I</b>	34 830	65 514	- 27 782	29 660	156 500	2 937	261 658	6 640	16.1
<b>II</b>	36 841	61 511	- 37 288	27 269	165 160	2 810	256 303	7 103	16.4
<b>III</b>	44 736	44 622	- 27 318	27 224	173 332	2 967	265 565	3 918	9.2
<b>IV</b>	49 895	48 189	- 33 279	29 737	167 444	2 956	264 942	4 237	9.1
<b>1994*</b>									
<b>I</b>	58 654	53 523	- 42 504	27 617	165 574	3 233	266 097	7 181	16.3
<b>II</b>	57 567	51 846	- 52 617	24 973	180 109	3 248	265 126	4 890	9.8
<b>III</b>	69 474	33 505	- 52 998	23 923	183 627	3 069	260 600	3 820	7.9
<b>IV</b>	72 086	33 579	- 52 606	21 262	179 516	2 987	256 825	4 016	7.6
<b>1995*</b>									
<b>I</b>	63 916	22 697	- 53 298	20 023	186 010	3 043	242 392	5 958	10.6

## 7. Foreign trade

### 7.1 Exports, imports and the trade balance, mill. FIM

During period	Exports, fob	Imports, cif	Balance (1-2)
	1	2	3
<b>1990</b>	101 327	103 027	- 1 700
<b>1991</b>	92 842	87 744	5 098
<b>1992</b>	107 463	94 947	12 516
<b>1993*</b>	134 112	103 167	30 945
<b>1994*</b>	153 859	120 200	33 659
<b>1994*</b>			
<b>March</b>	12 124	9 515	2 609
<b>April</b>	12 343	9 415	2 928
<b>May</b>	13 357	10 929	2 428
<b>June</b>	13 305	9 599	3 706
<b>July</b>	13 131	9 179	3 952
<b>Aug.</b>	11 557	9 884	1 673
<b>Sept.</b>	13 165	10 162	3 003
<b>Oct.</b>	13 397	10 087	3 310
<b>Nov.</b>	13 982	10 968	3 014
<b>Dec.<sup>1</sup></b>	14 713	14 757	- 44
<b>1995*<sup>1</sup></b>			
<b>Jan.</b>	13 000	10 000	3 000
<b>Feb.</b>	14 500	10 000	4 500
<b>March</b>	15 500	11 500	4 000

### 7.2 Foreign trade: indices of volume, unit value and terms of trade, 1980=100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
<b>1990</b>	125	138	154	128	120
<b>1991</b>	114	115	154	131	118
<b>1992</b>	124	112	164	145	113
<b>1993*</b>	147	109	172	163	106
<b>1994*</b>	166	130	175	158	111
<b>1992</b>					
<b>III</b>	117	102	163	142	115
<b>IV</b>	133	116	171	154	111
<b>1993</b>					
<b>I</b>	135	108	176	165	106
<b>II</b>	143	105	174	165	105
<b>III</b>	141	101	174	165	105
<b>IV</b>	165	116	170	161	105
<b>1994*</b>					
<b>I</b>	155	107	170	161	106
<b>II</b>	168	129	175	158	111
<b>III</b>	161	124	178	161	111
<b>IV</b>	180	156	176	158	112

<sup>1</sup> See Notes and explanations to the statistical section.

### 7.3 Foreign trade by main groups, mill. FIM

During period	Exports by industries, fob					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Investment goods	Consumer goods	Other goods
	1	2	3	4	5	6	7	8	9	10
<b>1990</b>	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
<b>1991</b>	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
<b>1992</b>	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
<b>1993*</b>	10 910	37 430	14 205	48 158	23 409	54 792	10 904	15 396	21 066	1 009
<b>1994*</b>	14 114	41 300	15 639	55 558	27 248	65 899	11 628	17 147	24 606	920
<b>1993*</b>										
<b>Dec.</b>	968	2 963	1 074	3 799	2 076	5 027	1 099	1 356	1 895	96
<b>1994*</b>										
<b>Jan.</b>	978	3 009	1 282	4 272	2 340	4 537	693	1 206	1 820	61
<b>Feb.</b>	1 018	3 060	1 060	3 741	2 029	4 229	608	925	1 621	33
<b>March</b>	1 026	3 623	1 248	4 061	2 166	5 198	752	1 314	2 206	45
<b>April</b>	1 165	3 487	1 156	4 338	2 197	4 823	968	1 662	1 913	49
<b>May</b>	1 431	3 506	1 511	4 538	2 380	6 075	1 290	1 317	2 232	15
<b>June</b>	1 318	3 358	1 289	4 882	2 458	5 513	867	1 192	1 950	77
<b>July</b>	1 015	3 287	1 315	5 802	1 712	4 823	955	1 227	1 792	377
<b>Aug.</b>	935	3 437	1 258	3 816	2 111	5 419	1 029	1 386	2 031	18
<b>Sept.</b>	1 313	3 586	1 354	4 320	2 592	5 656	1 054	1 384	2 027	25
<b>Oct.</b>	1 268	3 566	1 313	4 937	2 313	5 645	803	1 485	2 051	101
<b>Nov.</b>	1 357	3 719	1 453	4 968	2 485	6 191	1 012	1 557	2 180	14
<b>Dec.</b>	1 290	3 662	1 400	5 883	2 464	7 790	1 597	2 492	2 783	104

## 7.4 Foreign trade by regions and countries

Region and country	Exports, feb				Imports, cif			
	1993 *		1994 *		1993 *		1994 *	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
<b>All OECD countries</b>	102 135	76.3	115 277	12.9	81 607	79.2	93 014	14.0
<b>OECD Europe</b>	86 513	64.6	97 873	13.1	66 956	65.0	74 466	11.2
Of which:								
Austria	1 427	1.1	1 597	11.9	1 179	1.1	1 347	14.3
Belgium and Luxembourg	2 955	2.2	3 457	17.0	3 008	2.9	3 284	9.2
Denmark	4 479	3.3	5 283	17.9	3 231	3.1	3 661	13.3
France	7 114	5.3	7 774	9.3	4 716	4.6	4 902	3.9
Germany	17 628	13.2	20 662	17.2	16 901	16.4	17 713	4.8
Italy	4 350	3.2	4 591	5.5	3 811	3.7	4 660	22.3
Netherlands	6 729	5.0	7 866	16.9	3 847	3.7	4 339	12.8
Norway	4 277	3.2	4 862	13.7	5 010	4.9	5 745	14.7
Spain	3 263	2.4	3 547	8.7	1 245	1.2	1 576	26.6
Sweden	14 855	11.1	16 818	13.2	10 531	10.2	12 522	18.9
Switzerland	2 111	1.6	2 325	10.1	2 044	2.0	2 105	3.0
United Kingdom	14 020	10.5	15 907	13.5	9 160	8.9	10 004	9.2
<b>Other OECD</b>	15 622	11.7	17 404	11.4	14 651	14.2	18 548	26.6
Of which:								
Canada	1 075	0.8	1 031	- 4.0	724	0.7	837	15.7
Japan	2 187	1.6	3 174	45.1	5 958	5.8	7 809	31.1
United States	10 506	7.8	11 033	5.0	7 498	7.3	9 163	22.2
<b>Non-OECD European countries</b>	12 679	9.5	18 428	45.3	11 207	10.9	14 970	33.6
Of which:								
Russia	6 051	4.5	7 994	32.1	7 813	7.6	10 661	36.5
<b>Other countries</b>	19 113	14.3	20 153	5.4	10 264	10.0	12 215	19.0
Of which:								
<b>OPEC countries</b>	3 266	2.4	2 446	- 25.1	542	0.5	590	9.0
<b>TOTAL</b>	133 927	100.0	153 858	14.9	103 078	100.0	120 199	16.6
Of which:								
<b>EC countries</b>	62 850	46.9	71 489	13.7	47 974	46.5	52 447	9.3
<b>EFTA countries</b>	22 799	17.0	25 725	12.8	18 831	18.3	21 812	15.8

## 8. Domestic economic developments

### 8.1 Supply and use of resources, mill. FIM, 1990 prices (seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
<b>1990</b>	269 754	108 535	121 858	17 286	5 769	523 202	118 828	126 600	515 430
<b>1991</b>	260 031	111 256	93 722	17 243	- 2 451	479 801	110 965	111 755	479 011
<b>1992</b>	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
<b>1993*</b>	237 793	103 004	61 105	13 959	10 064	425 925	142 459	113 752	454 632
<b>1994*</b>	242 502	102 577	64 398	12 779	17 818	440 074	160 294	128 104	472 264
<b>1992</b>									
<b>III</b>	61 578	27 181	17 901	4 110	1 052	111 822	30 543	27 599	114 766
<b>IV</b>	60 978	27 001	16 419	4 280	2 344	111 022	31 512	27 924	114 610
<b>1993*</b>									
<b>I</b>	59 876	25 911	16 073	3 628	2 747	108 235	34 825	29 902	113 158
<b>II</b>	59 245	25 819	15 487	3 399	1 047	104 997	34 421	26 776	112 642
<b>III</b>	59 109	25 776	14 823	3 581	3 320	106 609	36 186	28 610	114 185
<b>IV</b>	59 563	25 498	14 722	3 351	2 950	106 084	37 027	28 464	114 647
<b>1994*</b>									
<b>I</b>	60 854	25 412	15 160	3 317	1 410	106 153	37 892	28 527	115 518
<b>II</b>	60 098	25 578	15 354	3 254	4 337	108 621	40 016	30 895	117 742
<b>III</b>	60 461	25 570	16 773	3 108	5 412	111 324	40 932	32 900	119 356
<b>IV</b>	61 089	26 017	17 111	3 100	6 659	113 976	41 454	35 782	119 648

### 8.2 Volume of industrial production, 1990=100 (seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.3)	(89.6)	(16.8)	(31.3)	(41.5)	(9.1)
	1	2	3	4	5	6	7
<b>1990</b>	100.2	99.8	100.2	100.1	100.4	100.1	100.0
<b>1991</b>	91.2	91.3	89.9	91.5	85.6	92.6	103.6
<b>1992</b>	92.4	88.4	91.4	94.6	91.1	90.2	103.0
<b>1993*</b>	97.1	85.8	96.2	104.3	99.4	90.4	107.9
<b>1994*</b>	107.9	111.9	107.1	114.4	118.5	95.4	115.6
<b>1994*</b>							
<b>Feb.</b>	103.0	80.0	101.6	109.4	108.9	93.3	118.5
<b>March</b>	103.1	91.9	102.1	111.5	111.5	88.8	115.9
<b>April</b>	105.1	100.7	104.4	112.6	111.2	95.9	114.5
<b>May</b>	108.0	101.6	106.0	114.0	115.7	96.6	116.3
<b>June</b>	107.9	120.7	107.2	115.0	116.0	97.0	118.0
<b>July</b>	108.5	182.1	106.6	117.3	113.6	96.7	114.7
<b>Aug.</b>	109.0	166.7	107.2	115.2	118.8	95.6	122.6
<b>Sept.</b>	111.4	123.8	111.0	116.0	129.6	96.7	117.5
<b>Oct.</b>	112.6	104.8	112.7	116.7	131.1	97.4	113.8
<b>Nov.</b>	112.5	99.9	112.9	114.9	133.7	97.5	110.7
<b>Dec.</b>	111.5	86.6	111.7	118.2	129.0	95.7	112.9
<b>1995*</b>							
<b>Jan.</b>	113.3	77.0	113.6	117.2	132.2	96.6	115.4
<b>Feb.</b>	113.1	85.0	114.2	119.5	131.8	99.3	106.9



8.3 Indicators of domestic supply and demand, 1985=100 (seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
<b>1990</b>	119.9	111.6	127.3	124.8	161.7	122.1	144.6	117.5
<b>1991</b>	99.4	103.5	103.9	94.4	127.7	109.9	102.1	110.3
<b>1992</b>	87.2	92.9	79.5	73.8	76.2	87.5	84.5	107.0
<b>1993*</b>	82.5	87.6	59.5	60.5	52.9	59.8	83.2	105.5
<b>1994*</b>	87.6	89.3	52.6	55.1	56.2	47.6	97.3	109.9
<b>1993*</b>								
<b>IV</b>	82.8	87.3	57.1	57.7	62.9	52.5	79.1	106.9
<b>1994*</b>								
<b>Jan.</b>	82.6	88.0	..	..	..	..	..	106.6
<b>Feb.</b>	83.7	88.3	..	..	..	..	..	107.6
<b>March</b>	84.2	91.6	..	..	..	..	..	108.9
<b>April</b>	82.5	86.8	..	..	..	..	..	109.6
<b>May</b>	89.5	90.2	..	..	..	..	..	110.5
<b>June</b>	88.0	89.4	..	..	..	..	..	109.4
<b>July</b>	87.0	86.9	..	..	..	..	..	109.6
<b>Aug.</b>	90.8	89.2	..	..	..	..	..	110.0
<b>Sept.</b>	90.8	90.9	..	..	..	..	..	110.7
<b>Oct.</b>	89.3	88.9	..	..	..	..	..	111.8
<b>Nov.</b>	91.8	89.7	..	..	..	..	..	111.7
<b>Dec.</b>	90.4	91.1	..	..	..	..	..	112.3
<b>1994*</b>								
<b>I</b>	83.5	89.3	53.9	59.1	40.3	50.4	73.8	107.7
<b>II</b>	86.7	88.8	50.2	54.5	51.1	44.4	97.8	109.8
<b>III</b>	89.5	89.0	53.4	52.2	66.8	47.6	84.4	110.1
<b>IV</b>	90.5	89.9	52.7	48.9	66.4	48.2	132.9	111.9
<b>1995*</b>								
<b>Jan.</b>	110.7	93.4	..	..	..	..	..	114.3

8.4 Wages and prices, 1990=100

Period	Index of wage and salary earnings	By sectors			Consumer price index	Indicator of underlying inflation	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private	Of which: Manufacturing (SIC3)	Public				Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1990</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>1991</b>	106.4	106.4	106.1	106.4	104.3	104.1	100.0	99.8	100.8	99.4	98.5	99.8	102.2
<b>1992</b>	108.4	108.1	108.3	109.0	107.4	107.1	101.4	99.5	108.5	101.6	102.7	101.1	100.4
<b>1993<sup>1</sup></b>	109.2	108.8	110.0	110.1	109.7	109.9	104.8	100.8	119.3	105.5	109.2	103.9	100.7
<b>1994<sup>1</sup></b>	111.1	111.1	114.6	111.2	110.9	111.4	106.2	102.8	118.7	107.1	110.1	105.8	102.2
<b>1993<sup>1</sup></b>													
<b>IV</b>	109.9	109.6	111.5	110.7	109.8	110.7	104.7	101.0	118.5	105.6	109.6	103.9	100.9
<b>1994</b>													
<b>March</b>	..	..	..	..	110.0	111.0	105.4	101.9	118.1	105.7	108.0	104.7	101.7
<b>April</b>	..	..	..	..	110.2	111.3	105.8	102.1	119.2	105.8	108.0	104.8	101.7
<b>May</b>	..	..	..	..	110.3	111.3	105.8	102.2	119.1	106.4	109.0	105.2	101.9
<b>June</b>	..	..	..	..	111.3	111.3	106.1	102.5	119.5	107.0	110.3	105.6	102.2
<b>July</b>	..	..	..	..	111.4	111.5	106.6	103.1	119.3	107.7	110.9	106.3	102.1
<b>Aug.</b>	..	..	..	..	111.6	111.7	106.8	103.3	119.5	108.2	112.0	106.5	102.4
<b>Sept.</b>	..	..	..	..	111.8	112.0	107.0	103.7	119.3	108.4	112.0	106.8	102.5
<b>Oct.</b>	..	..	..	..	111.9	112.1	107.1	104.0	118.2	108.4	111.0	107.3	102.9
<b>Nov.</b>	..	..	..	..	111.6	111.7	107.1	104.1	118.5	108.4	111.3	107.2	102.9
<b>Dec.</b>	..	..	..	..	111.5	111.7	107.2	104.3	118.0	108.7	111.5	107.4	102.8
<b>1994<sup>1</sup></b>													
<b>I</b>	110.5	110.4	113.1	110.9	109.7	110.7	105.1	101.6	117.8	105.6	108.6	104.3	101.6
<b>II</b>	111.0	111.0	114.4	111.0	110.6	111.3	105.9	102.3	119.3	106.4	109.1	105.2	101.9
<b>III</b>	111.2	111.2	114.9	111.2	111.6	111.7	106.8	103.4	119.4	108.1	111.6	106.5	102.3
<b>IV</b>	111.8	111.9	116.0	111.6	111.7	111.8	107.1	104.1	118.2	108.5	111.3	107.3	102.9
<b>1995</b>													
<b>Jan.</b>	..	..	..	..	111.4	110.8	107.0	104.1	117.8	109.1	113.2	107.3	103.2
<b>Feb.</b>	..	..	..	..	111.8	111.5	107.5	104.2	119.5	109.5	114.7	107.2	103.6
<b>March</b>	..	..	..	..	111.8	..	107.5	104.4	119.1	109.4	114.6	107.1	103.5

<sup>1</sup> Preliminary figures for columns 1-4.

## 8.5 Labour, employment and unemployment (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries		
%		1000 persons									%
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4
<b>1991</b>	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6
<b>1992</b>	66.1	2 502	2 174	325	1 849	188	454	150	1 382	328	13.1
<b>1993</b>	65.3	2 484	2 041	312	1 729	173	423	124	1 319	444	17.9
<b>1994</b>	64.8	2 480	2 024	312	1 712	167	426	113	1 317	456	18.4
<b>1994</b>											
<b>March</b>	65.1	2 488	2 010	324	1 686	167	419	106	1 317	478	19.2
<b>April</b>	64.6	2 468	2 000	314	1 686	166	420	112	1 302	468	19.0
<b>May</b>	64.9	2 482	2 018	314	1 704	168	420	115	1 315	464	18.7
<b>June</b>	64.9	2 481	2 025	312	1 713	172	422	104	1 327	456	18.4
<b>July</b>	64.5	2 468	2 005	298	1 707	165	422	120	1 298	462	18.7
<b>Aug.</b>	64.5	2 471	2 027	308	1 719	168	431	114	1 314	443	17.9
<b>Sept.</b>	65.1	2 492	2 042	314	1 728	170	441	113	1 319	450	18.0
<b>Oct.</b>	64.8	2 482	2 041	305	1 736	161	435	122	1 323	441	17.8
<b>Nov.</b>	64.5	2 473	2 038	310	1 728	167	432	112	1 327	435	17.6
<b>Dec.</b>	64.8	2 484	2 050	310	1 740	164	437	119	1 331	433	17.4
<b>1995</b>											
<b>Jan.</b>	64.7	2 481	2 045	308	1 736	162	443	123	1 316	436	17.6
<b>Feb.</b>	64.4	2 469	2 049	301	1 748	164	432	119	1 333	420	17.0
<b>March</b>	64.7	2 483	2 070	304	1 766	161	452	124	1 333	413	16.6

## 8.6 Central government finances: revenue, expenditure and financial balance,

mill. FIM, cash flow basis

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
<b>1991</b>	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
<b>1992</b>	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291	105 184	42 990	59 180
<b>1993</b>	31 667	67 291	1 443	28 823	129 224	7 366	136 593	46 880	108 608	42 720	63 535
<b>1994</b>	34 588	68 124	1 792	24 095	128 599	7 308	135 900	48 750	108 155	40 388	65 519
<b>1993</b>											
<b>Dec.</b>	2 078	6 543	115	5 142	13 878	759	14 637	4 256	10 357	3 609	6 318
<b>1994</b>											
<b>Jan.</b>	2 827	6 024	67	1 857	10 775	27	10 802	3 699	9 936	3 118	6 609
<b>Feb.</b>	2 757	5 500	115	1 770	10 142	83	10 224	3 090	8 334	3 084	4 939
<b>March</b>	3 774	4 727	100	2 283	10 884	2 382	13 265	4 097	9 474	3 521	5 820
<b>April</b>	2 374	5 134	100	1 945	9 553	208	9 759	3 320	9 049	3 849	5 068
<b>May</b>	2 567	5 970	98	2 717	11 352	241	11 592	3 633	8 999	3 684	5 166
<b>June</b>	2 786	5 511	524	1 977	10 798	1 503	12 300	4 654	9 930	3 725	6 028
<b>July</b>	3 059	5 980	237	1 756	11 032	898	11 929	4 200	8 475	3 195	5 083
<b>Aug.</b>	2 915	6 837	138	1 336	11 226	198	11 424	3 046	8 170	3 115	4 806
<b>Sept.</b>	2 671	5 289	127	1 489	9 576	81	9 658	3 866	8 399	3 147	5 182
<b>Oct.</b>	2 736	5 834	101	1 243	9 914	228	10 141	3 859	11 109	3 138	7 867
<b>Nov.</b>	2 632	5 608	72	1 956	10 268	975	11 243	4 013	8 368	3 164	5 009
<b>Dec.</b>	3 490	5 710	113	3 766	13 079	484	13 563	7 273	7 912	3 648	3 942

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
<b>1990</b>	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
<b>1991</b>	5 370	6 368	158 044	13 328	171 372	- 23 420	- 32 304	25 659	- 6 645
<b>1992</b>	5 042	8 499	168 016	35 501	203 516	- 41 400	- 71 847	70 691	- 1 155
<b>1993</b>	4 306	18 076	177 870	19 753	197 623	- 48 646	- 61 030	84 036	23 009
<b>1994</b>	3 737	22 229	182 871	17 886	200 760	- 54 272	- 64 860	73 193	8 336
<b>1993</b>									
<b>Dec.</b>	477	1 744	16 834	2 491	19 325	- 2 956	- 4 688	91	- 4 596
<b>1994</b>									
<b>Jan.</b>	187	3 336	17 158	545	17 703	- 6 383	- 6 901	519	- 6 383
<b>Feb.</b>	224	1 202	12 850	631	13 482	- 2 708	- 3 258	7 659	4 402
<b>March</b>	245	3 120	16 936	3 111	20 047	- 6 052	- 6 782	- 41	- 6 823
<b>April</b>	227	2 081	14 677	1 434	16 112	- 5 124	- 6 353	789	- 5 563
<b>May</b>	257	1 438	14 327	717	15 045	- 2 975	- 3 453	9 209	5 756
<b>June</b>	342	2 424	17 350	663	18 013	- 6 552	- 5 713	13 429	7 716
<b>July</b>	353	1 181	14 209	365	14 575	- 3 177	- 2 646	14 635	11 990
<b>Aug.</b>	298	1 216	12 730	633	13 363	- 1 504	- 1 939	- 1 348	- 3 287
<b>Sept.</b>	321	1 748	14 334	6 490	20 824	- 4 758	- 11 166	13 203	2 037
<b>Oct.</b>	314	1 705	16 987	555	17 541	- 7 073	- 7 400	4 430	- 2 969
<b>Nov.</b>	344	1 060	13 785	587	14 372	- 3 517	- 3 129	5 473	2 344
<b>Dec.</b>	625	1 718	17 528	2 155	19 683	- 4 449	- 6 120	5 236	- 884

# Notes and explanations to the statistical section

## General

### Source

Unless otherwise stated, the source or compiler of figures is the Bank of Finland.

### Symbols used

- \* Preliminary
- r Revised
- 0 Less than half the final digit shown
- . Logically impossible
- .. Data not available
- Nil
- S Affected by strike
- Break in series

Owing to rounding of figures, the sum of the individual items in the tables may differ from the total shown.

## Notes and explanations to tables

### 1 The balance sheet of the Bank of Finland

**Table 1.2 Domestic financial sector.** Term claims on deposit banks, net (Column 12) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments + term credits - term deposits. Liquidity position of deposit banks (Column 13): see explanation to Table 2.1. Other claims on financial institutions, net (Column 15) = till-money credits to deposit banks (until May 1993) + bonds + other claims on financial institutions - other liabilities to financial institutions.

### 2 The Bank of Finland's operations in the money and foreign exchange markets and the banks' forward exchange position

**Table 2.1** Banks with access to central bank financing can make call money deposits with the Bank of Finland without limit. They can also obtain liquidity credit with a maturity of 1 day, 7 days, 14 days, 21 days or 28 days. The maturity is determined by the Bank of Finland.

**Table 2.2** The minimum reserve requirement is reported for the month by the end of which the deposit must be made with the Bank of Finland. The requirement is determined on the basis of the reserve base for the previous month. No interest is paid on minimum reserve deposits. The cash reserve figures for 1989 include the additional deposit requirement of 1.1 per cent under the supplementary cash reserve agreement in force at the time, together with the corresponding non-interest-bearing deposits of FIM 3 159 million.

**Table 2.3** Money market instruments are the instruments used by the Bank of Finland in its money market operations. Matured money market instruments, net, comprise both instruments purchased and sold. Money market transactions are recorded according to trade dates.

**Table 2.4** Foreign exchange transactions are recorded according to trade dates. In addition to spot transactions (Columns 1, 2, 4 and 5) the Bank of Finland's foreign ex-

change reserves are affected by interest payment and by changes in both the prices of securities and exchange rates. Spot transactions related to forward contracts (Column 4) refer to the combined effects on the foreign exchange reserves of forward transactions in the form of swaps and maturing forward transactions. The central government's foreign exchange transactions (Column 5) comprise transactions related to drawings and redemptions of government loans and associated interest payments.

**Table 2.5** The markka value of forward contracts is given.

### 3 Rates of interest

**Table 3.1** The interbank overnight rate (Column 1) is weighted using amounts of interbank deposits as weights. HELIBOR (Helsinki Interbank Offered Rate) (Columns 2-5): The HELIBOR rate for each maturity is calculated by the Bank of Finland as the average of the offered rates for certificates of deposit quoted daily at 1 p.m. by the five largest banks.

**Table 3.2** The Bank of Finland's tender rate (Column 1) is determined in tenders held by the Bank of Finland, in which the banks are asked to make bids or offers for money market instruments with a maturity of one month. The tender rate is the weighted average of accepted bids or offers, expressed as a simple annual interest rate. If, when requesting bids or offers, the Bank of Finland announces an acceptable interest rate (fixed-rate tender), the tender rate is the same as the rate announced by the Bank. The monthly and annual values for the tender rate are the arithmetic means of calendar day figures.

Banks with access to central bank financing can make call money deposits with the Bank of Finland without limit. In addition, they can obtain liquidity credit from the Bank of Finland with a maturity of 1 day, 7 days, 14 days, 21 days or 28 days. The maturity of liquidity credit is determined by the Bank of Finland. The rate of interest on liquidity credit is obtained by adding together the Bank of Finland's tender rate and the interest rate margin for liquidity credit. The call money deposit rate is obtained by subtracting the interest rate margin for call money deposits from the Bank of Finland's tender rate. The monthly and annual values for maturity and interest rate margins are the last values recorded in each month or year.

**Table 3.3** The rates shown are based on the lending rates quoted for the respective currencies in the Euro-market. ECU (Column 1): the weights of the ECU basket. 3 currencies (Column 2): DEM 60, USD 30 and GBP 10 per cent.

**Table 3.4 Lending.** New credits (Columns 1-4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic average of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. *Deposits.* 24-month and 36-month tax-exempt deposits (Columns 7 and 8): from May (September) 1992, 24-month (36-month) deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less two percentage points (one percentage point). In the period from January 1989 to April 1992, 24-month de-

posits (Column 7) were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less one percentage point. Other tax-exempt deposits (Column 9): in the period from January 1989 to April 1992, deposits other than 24-month deposits were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less 4 percentage points. From May 1992, deposits other than 24-month or 36-month deposits are tax-exempt if they carry a maximum rate of interest as prescribed by law. The maximum rate was first set at 4.5 per cent. From 6 May 1993 it has been 2.5 per cent. All markka deposits (Column 10): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 11): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 12); markka deposits by the public + banks' other markka funding. The rate of interest is weighted by amounts.

**Table 3.5** Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. Yields on taxable government bonds (Columns 3 and 4) are calculated by the Bank of Finland in a similar fashion. Until January 1992, the yield on 5-year taxable government bonds (Column 3) was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. Until June 1993, the yield on 10-year taxable government bonds (Column 4) is calculated on a housing bond (bullet) due on 15 March 2002 with a coupon rate of 10.75 per cent. From July 1993 onwards the yield is calculated on a bullet bond due on 15 March 2004 with a coupon rate of 9.50 per cent. The share yield (Column 5) is the weighted effective yield on shares quoted on the Helsinki Stock Exchange. Source: Statistics Finland.

#### 4 Rates of exchange

**Table 4.2** FIM/ECU (Column 1): The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates, for which daily quotations at noon Finnish time are used. Since 8 September 1992 the markka has been floating. Trade-weighted currency index (Column 2): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 3): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 4): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; 14 currencies are included in this index.

#### 5 Other domestic financing

**Table 5.1** Source: Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and the local government sector. The table is based on new classifications of Statistics Finland applied since March 1991. Series before March 1991 have been reclassified by the Bank of Finland to conform with the present table, except for columns 3 and 4 where disaggregation was not possible and combined figures are shown. Time deposits (Column 3) consist of all fixed-term deposits. Other deposits (Column 4) include mainly investment accounts with no specific time-period. Other funding (Column 8) comprises CDs, promissory notes and bonds. The figures for banks' holdings of CDs issued by other banks, as well as the CD holdings of the Bank of Finland and the central government have been netted out; netting out is done by the Bank of Finland. Hence, this column includes some

liabilities held by entities not covered by the above definition of the public.

**Table 5.2** Source: Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Foreign currency credits (Column 5) are mainly granted by commercial banks and Postipankki.

**Table 5.3** Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. foreign claims of banks' foreign branches) – the Bank of Finland's foreign liabilities – banks' foreign liabilities (incl. foreign liabilities of banks' foreign branches). *Domestic credit*. Claims on the central government, net (Column 2) = the Bank of Finland's claims on the central government + banks' claims on the central government – the central government's deposits with the Bank of Finland and Postipankki – loans granted from state funds through banks. Claims on the public (incl. local government), (Column 3) = the Bank of Finland's claims on the private sector + banks' claims on the private sector (loans to the public, bonds and debentures (excl. government bonds and bank debentures), claims on other financial institutions, shares held by banks). Other items, net (Column 5) = capital accounts and other items of the Bank of Finland (incl. private sector time deposits with the Bank of Finland) + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CDs held by the public, other market funding and foreign currency deposits by the public).  $M_1$  (Column 6) = currency in circulation – banks' till money + markka cheque and postal giro account deposits and transactions account deposits held by the public.  $M_2$  (Column 7) =  $M_1$  + quasi-money (markka time deposits held by the public, excl. deposits with the Bank of Finland).  $M_3$  (Column 8) =  $M_2$  + bank CDs held by the public.

**Table 5.4** Source: State Treasury Office. Other foreign currency-denominated debt (Column 2) consists of other bonds and debentures and long-term promissory notes. Other bonds and debentures are so-called private placings; long-term promissory notes are bank loans. Miscellaneous items (Column 7) include, inter alia, the liability for coinage (total coinage), promissory notes given to international financial organizations and, as a minus item, the liability to the State Pension Fund. Outstanding lending (Column 10) comprises the stock of loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

**Table 5.5** Source: Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by the banks entitled to central bank financing. As from 10 October 1994 the following act as primary dealers: Alfred Berg Pankkiiriliike, Evli Fixed Income Securities, Goldman Sachs International, Handelsbanken Finland, Kansallis-Osake-Pankki, Okobank, Postipankki, Skopbank, Union Bank of Finland and Unibors Securities. The primary dealers' quotes are published daily (page JVKD on Reuters). Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between

primary dealers and other parties. Other parties refer to all parties that are not primary dealers.

**Table 5.6** Source: The Helsinki Stock Exchange.

## **6 Balance of payments, foreign liabilities and assets**

**Table 6.1** The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts. The trade figures for 1995 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU. The figures for investment income and expenditure (Columns 7 and 16) include reinvested earnings on direct investment. Preliminary data on reinvested earnings in the previous year have been included in the current account figures. (The annual figure is divided evenly between quarterly figures.)

**Tables 6.2–6.4** Since the beginning of 1994, the former capital account of Finland's balance of payments has been compiled according to the IMF's new recommendations (IMF Balance of Payments Manual, Fifth Edition, 1993). As a result of the new classification, the contents of many of the items in the capital and financial account have been revised to some extent. In the same context, a number of other revisions and clarifications have been made. The main changes are listed below.

**Table 6.2** Short-term foreign exchange transfers related to cash management flows between direct investors and their direct investment enterprises are classified as direct investment (Columns 1 and 14). Loans received by resident direct investors from group 'in-house' finance companies located abroad (intra-group loans) are also classified as direct investment (Column 14). Money market instruments are classified as portfolio investment (Columns 5 and 17). Premiums and margin payments arising from transactions in financial derivatives are included as a new item under portfolio investment (Columns 6 and 18). Financial derivatives also include payments arising from currency and interest rate swaps related to loans, ie outstanding loans are recorded according to the original loan contract. Medium-term notes (MTNs) are included under bonds (Columns 3 and 16). The category other investment (Columns 8–12 and 20–24) covers transactions related to trade credits, loans, currency and deposits and other assets and liabilities. Transactions in assets and liabilities related to short- and long-term supplier credits and advance payments related to imports and exports are recorded under trade credits (Columns 8 and 20). The item 'Other' (Columns 11 and 23) includes transactions in short- and long-term assets and liabilities of different sectors not covered by any of the items above. In addition, this category includes changes in the central government's subscriptions to and quotas in international organizations as well as transactions in the Bank of Finland's short- and long-term assets and liabilities (excl. reserve items). The most important sub-item under the item 'other' comprises banks' other short-term assets and liabilities (in practice interbank deposits).

The central bank's reserve assets (Column 27) comprise gold, special drawings rights (SDRs), the reserve position in the IMF and convertible currency claims. A negative figure implies an increase in reserves.

**Table 6.3** The data are classified as in Table 6.2. The items have been translated into markkaa using the spot rates for each date; thus the figures include the impact of changes in exchange rates.

**Table 6.4** This contains data on Finland's net international investment position (liabilities less assets) classified by sector.

## **7 Foreign trade**

Source: The National Board of Customs. All tables refer to foreign trade in goods.

**Table 7.1** The exceptionally large foreign trade figures for December 1994 are largely due to a one-off timing change in the compilation of foreign trade statistics caused by Finland's entry into the EU. This increased the value of imports by some FIM 3 billion and the value of exports by just under FIM 1 billion.

The trade figures for 1995 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU.

**Table 7.2** The volume indices (Columns 1 and 2) are calculated according to the Paasche formula and the unit value indices (Columns 3 and 4) according to the Laspeyres formula. The terms of trade (Column 5) is the ratio of the export unit value index to the import unit value index multiplied by one hundred.

**Table 7.4** The regional and country grouping is based on the classification according to Finnish Official Statistics I A.

## **8 Domestic economic developments**

**Tables 8.1–8.5** Source: Statistics Finland. Seasonal adjustment is carried out by the Bank of Finland.

**Table 8.2** The indices of industrial production are adjusted for the number of working days in each month. This causes in small differences the annual averages from the corresponding unadjusted figures. For this reason the indices for 1990 also differ marginally from conventional base-year figures, ie 100.0.

**Table 8.3** The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

**Table 8.4** The indicator of underlying inflation (Column 6) is the consumer price index from which the effect of indirect taxes, subsidies and housing-related capital costs (house prices and mortgage interest payments) has been removed (see the article by Pentti Pikkarainen and Timo Tyrväinen in the June–July 1993 issue of the Bulletin). Statistics Finland calculates the indicator and publishes it together with the consumer price index on the 15th of every month (or the next business day). It is lagged by one month in comparison with the consumer price index.

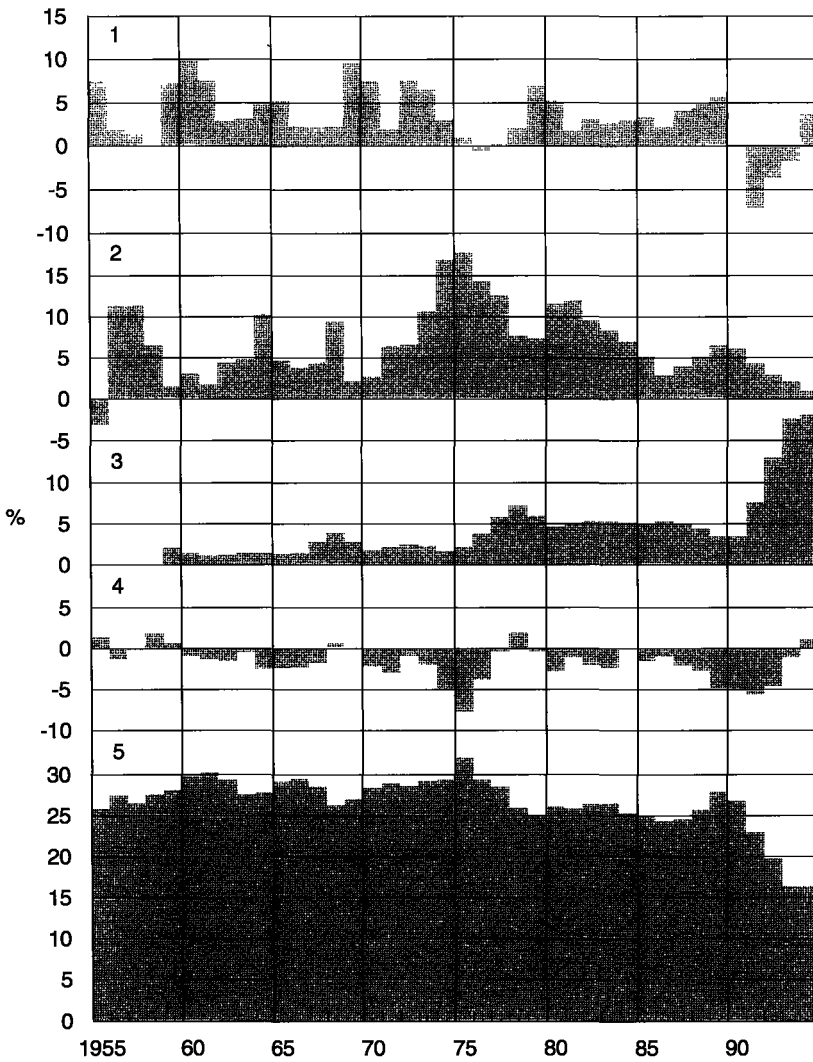
**Table 8.6** Source: Ministry of Finance.





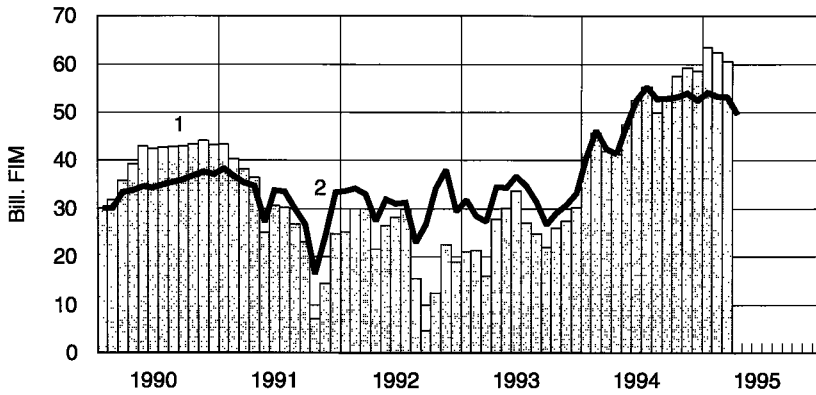
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1. LONG-TERM INDICATORS



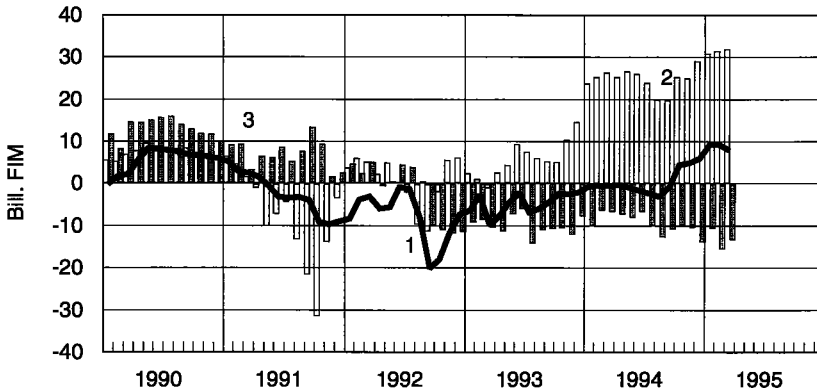
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



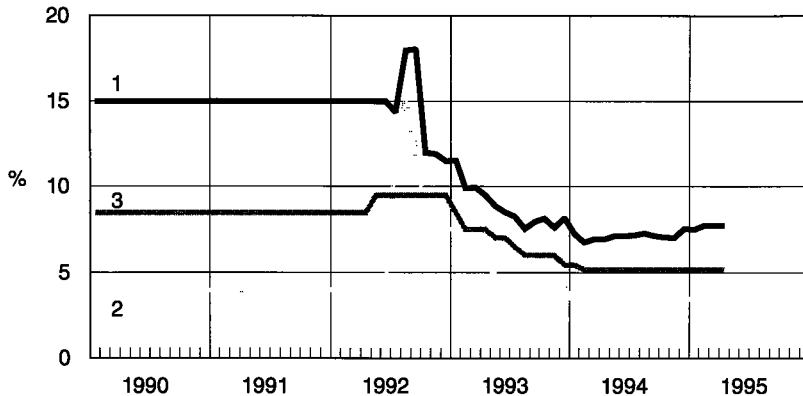
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

3. FORWARD MARKET



1. Forward exchange purchased by the Bank of Finland
2. Forward exchange sold to banks by domestic customers
3. Forward exchange sold to banks by foreign customers

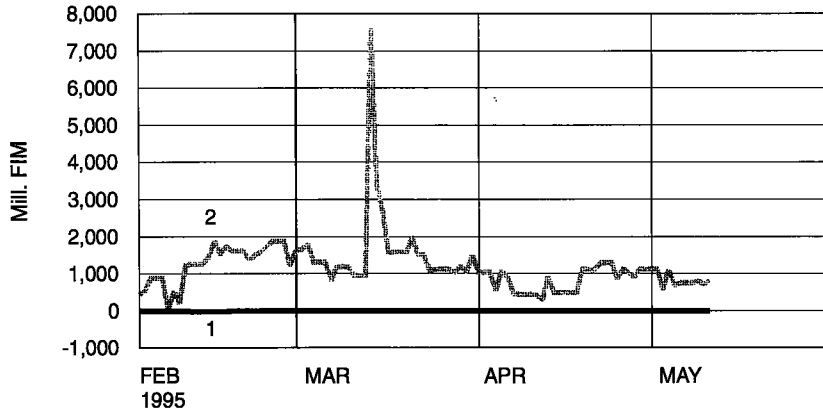
4. RATES OF INTEREST SET BY THE BANK OF FINLAND



1. Liquidity credit rate (up to 2 July 1992 call money credit rate)
2. Call money deposit rate
3. Base rate

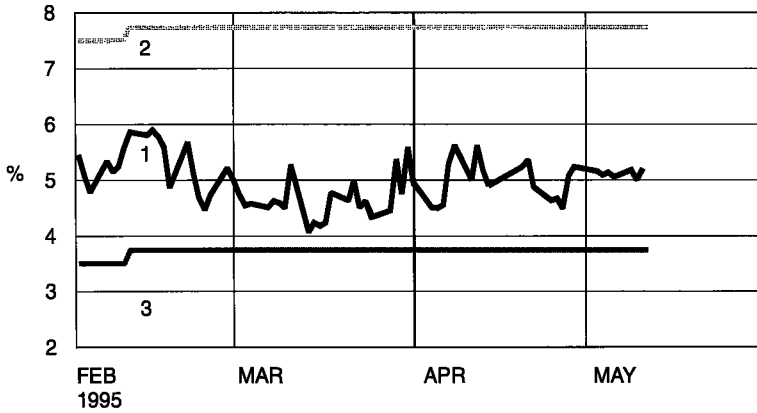
End-of-month observations

5. BANKS' LIQUIDITY POSITION WITH THE BANK OF FINLAND



- 1. Liquidity credits (-)
- 2. Call money deposits

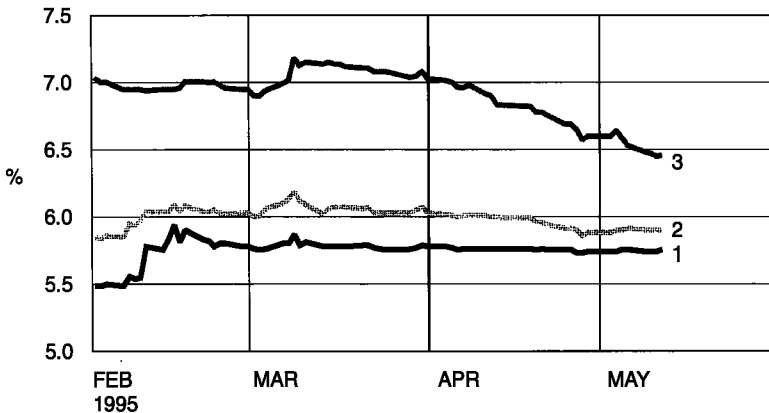
6. LIQUIDITY MANAGEMENT INTEREST RATES



- 1. Inter-bank overnight rate
- 2. Liquidity credit rate
- 3. Call money deposit rate

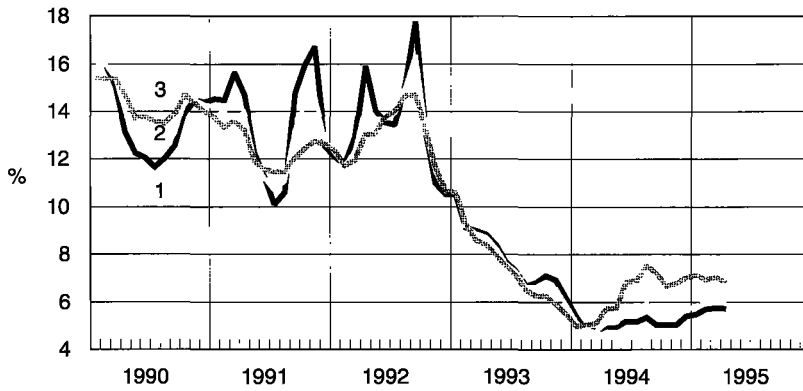
Daily observations

7. HELIBOR RATES OF INTEREST, DAILY



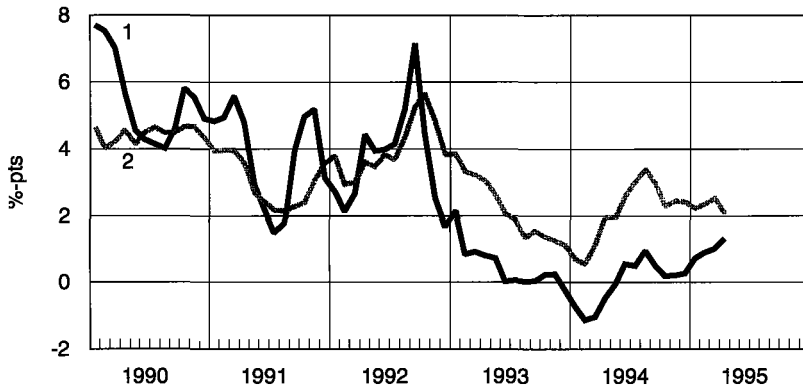
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

8. HELIBOR RATES OF INTEREST, MONTHLY



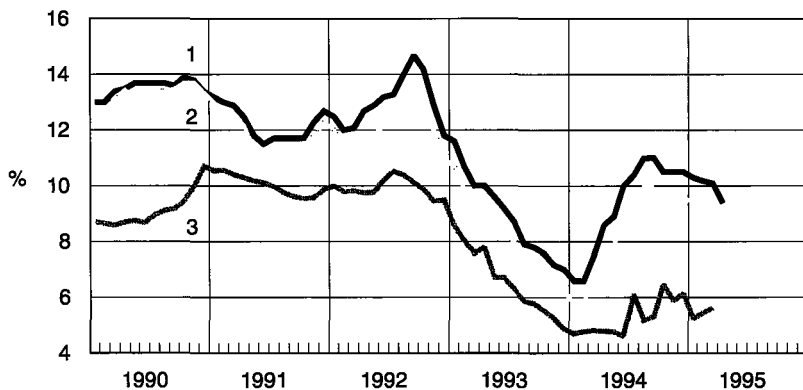
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

9. DIFFERENTIAL BETWEEN FINNISH AND GERMAN INTEREST RATES



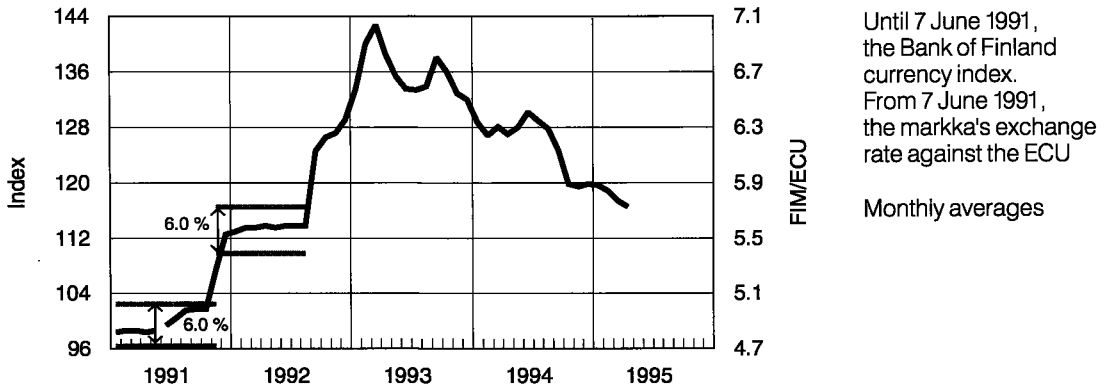
- 1. 3-month HELIBOR *minus* 3-month DEM eurorate
- 2. 5-year Finnish government bond yield *minus* 5-year German government bond yield

10. YIELDS ON BONDS

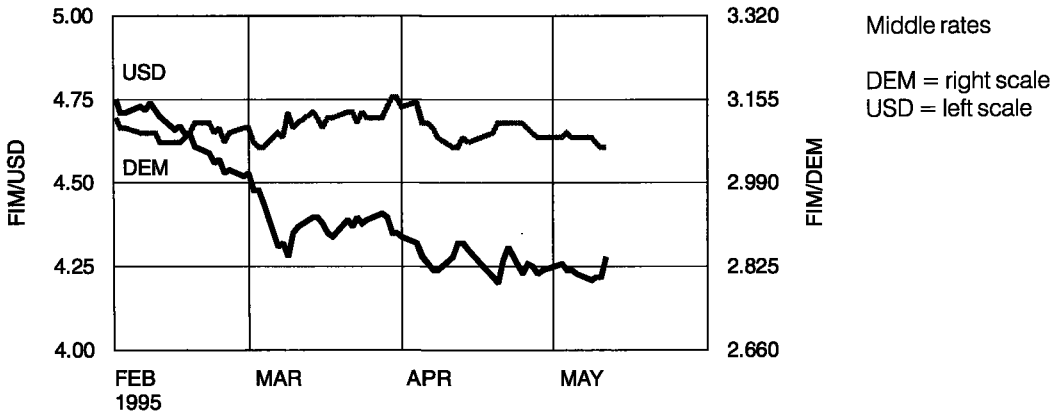


- 1. Bank of Finland's 5-year reference rate
- 2. Yield on (4-5 year) taxable government bonds
- 3. Yield on (4-5 year) taxfree government bonds

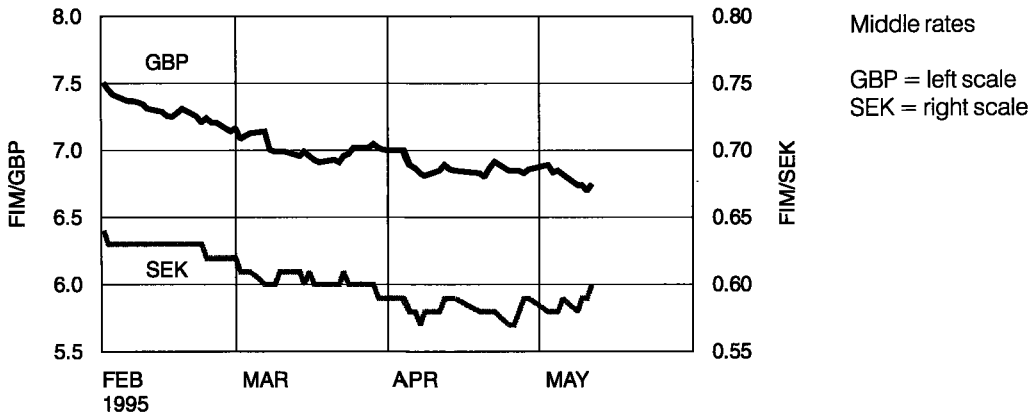
11. BANK OF FINLAND CURRENCY INDEX AND THE MARKKA VALUE OF THE ECU



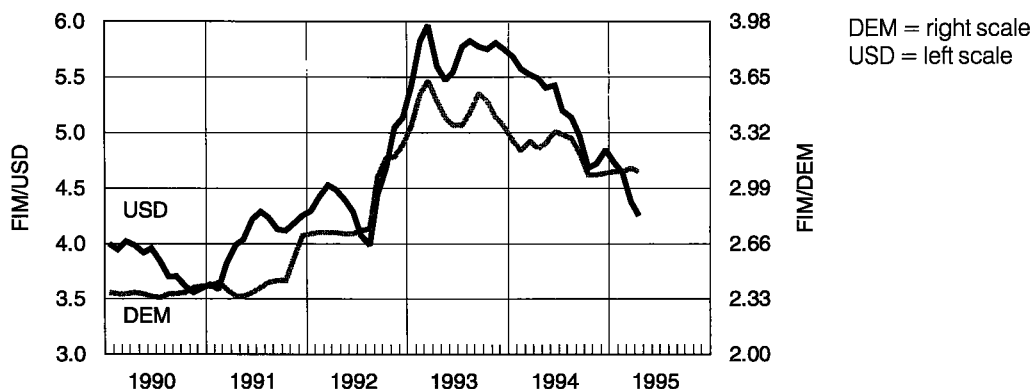
12. DAILY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



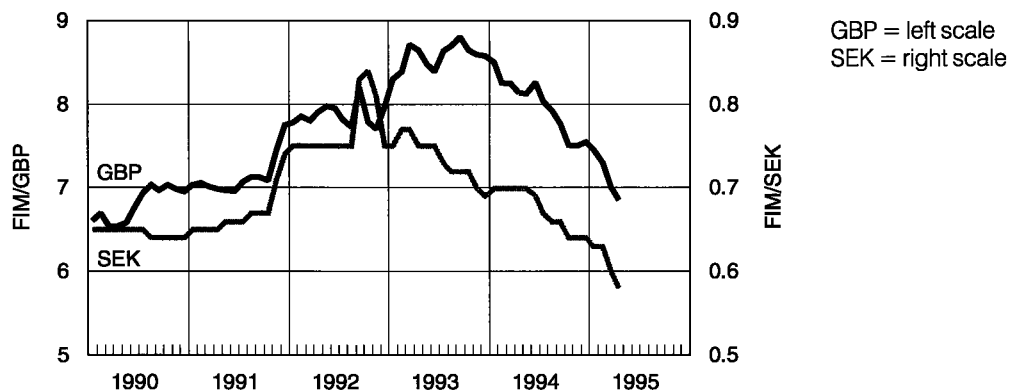
13. DAILY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



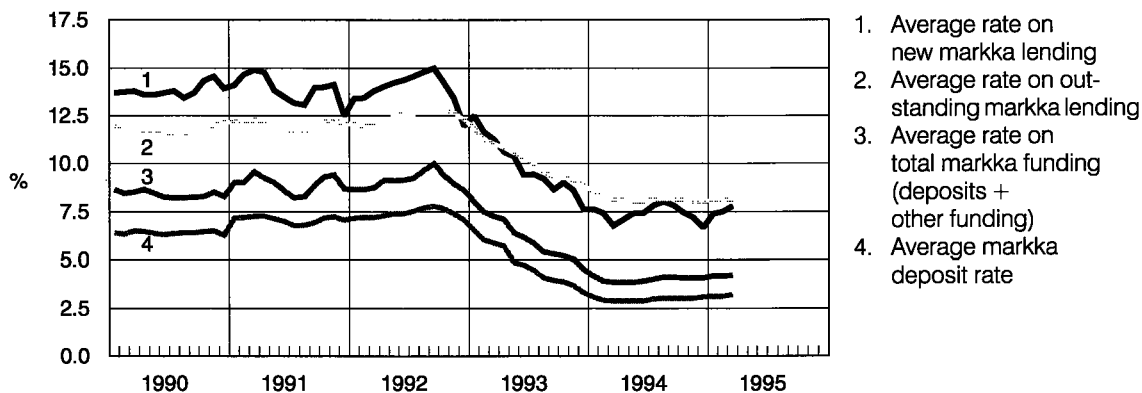
14. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



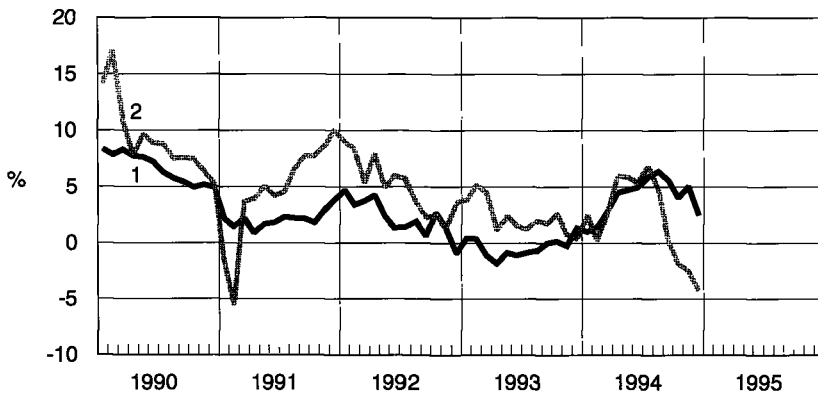
15. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



16. BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES



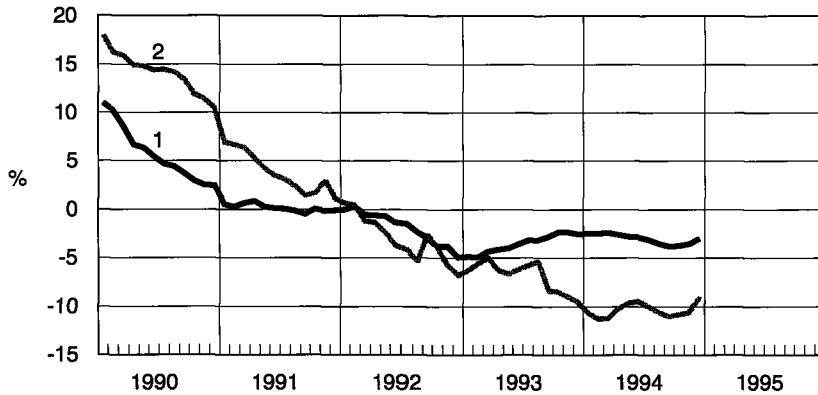
17. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

Change from the corresponding month of the previous year, per cent

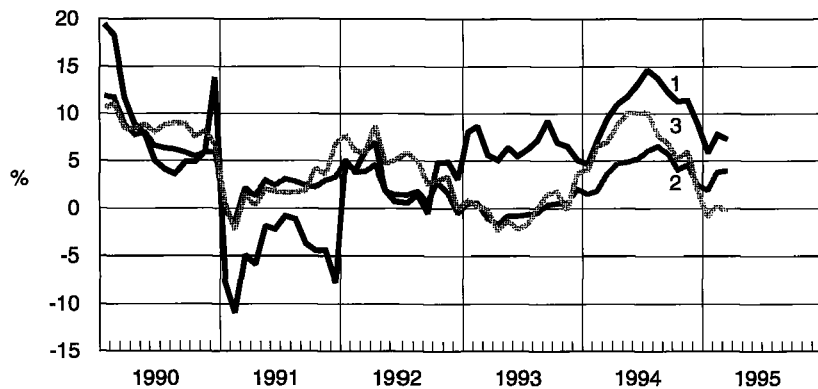
18. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

Change from the corresponding month of the previous year, per cent

19. MONEY SUPPLY

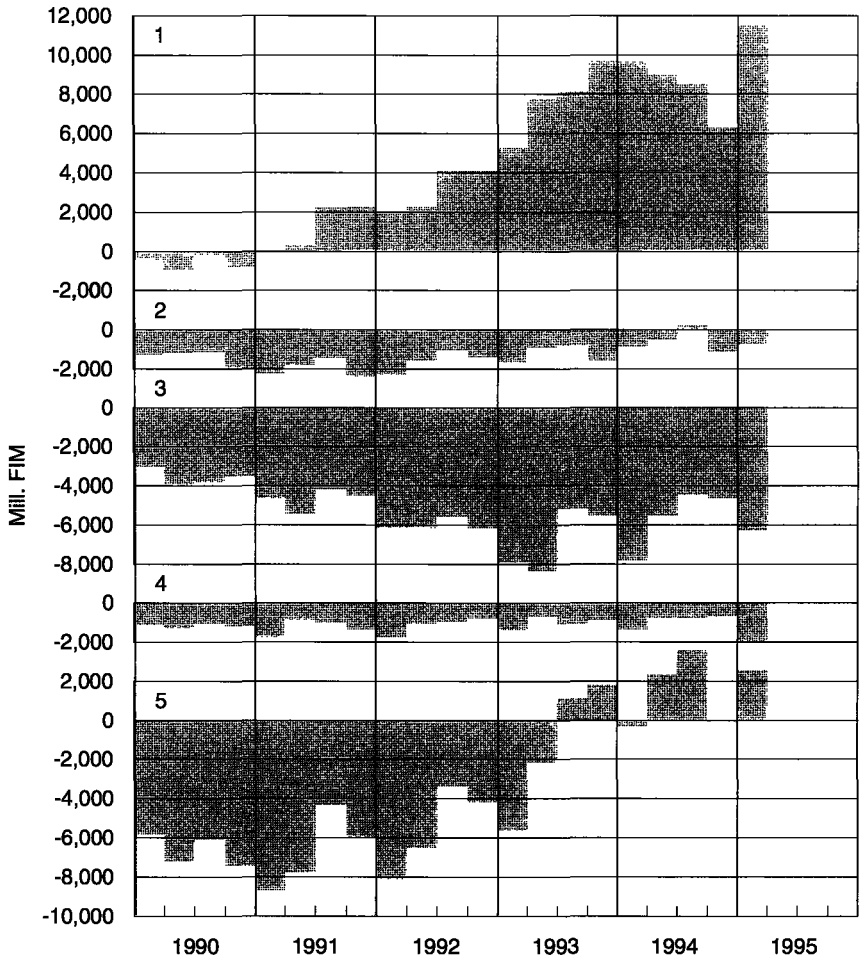


- 1. Narrow money (M1)
- 2. Broad money (M2)
- 3. M2 + bank CDs held by the public (M3)

Change from the corresponding month of the previous year, per cent

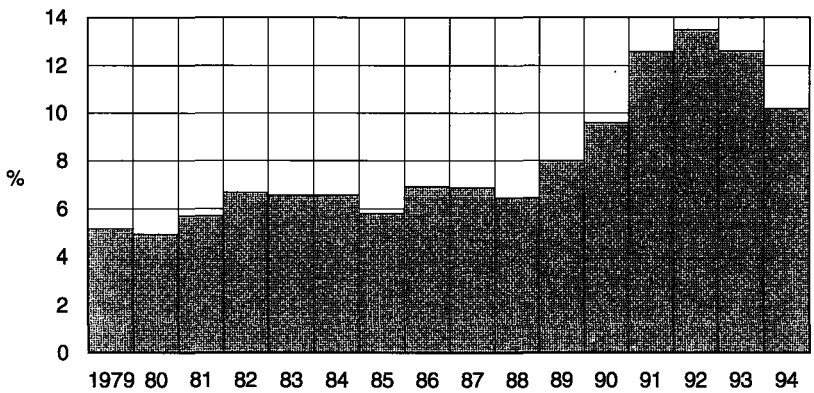


20. CURRENT ACCOUNT



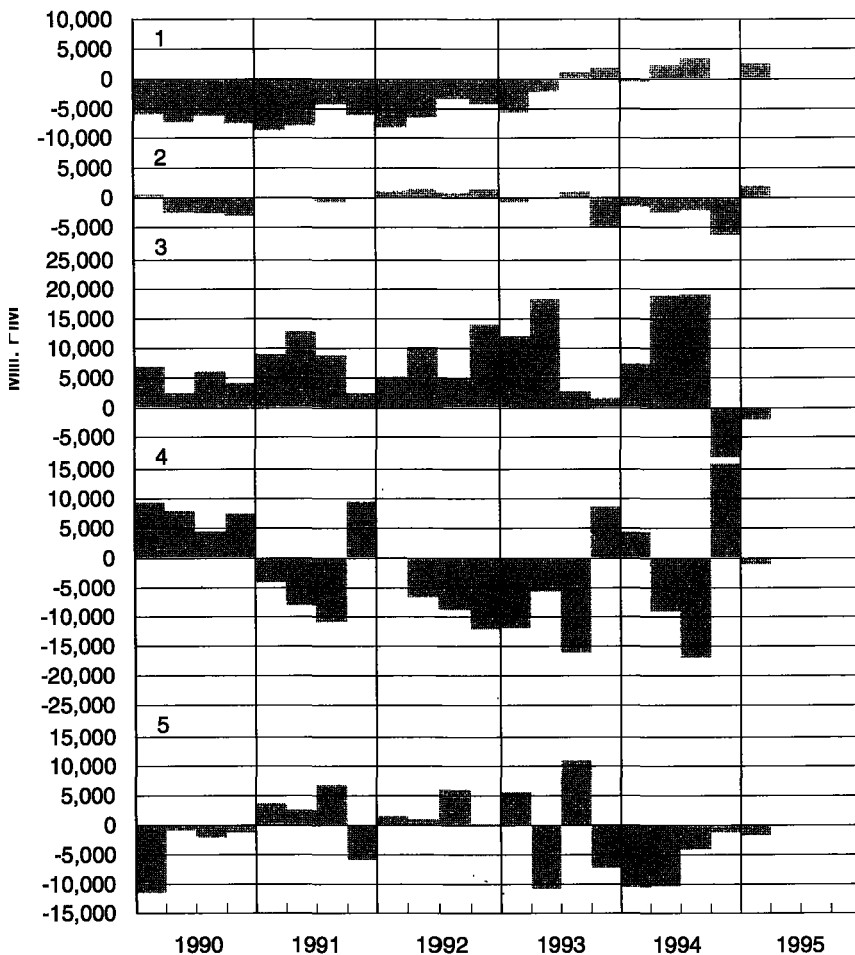
- 1. Trade account
- 2. Services account
- 3. Investment income account
- 4. Unrequited transfers account and other items, net
- 5. Current account

21. NET INTEREST AND DIVIDEND EXPENDITURE



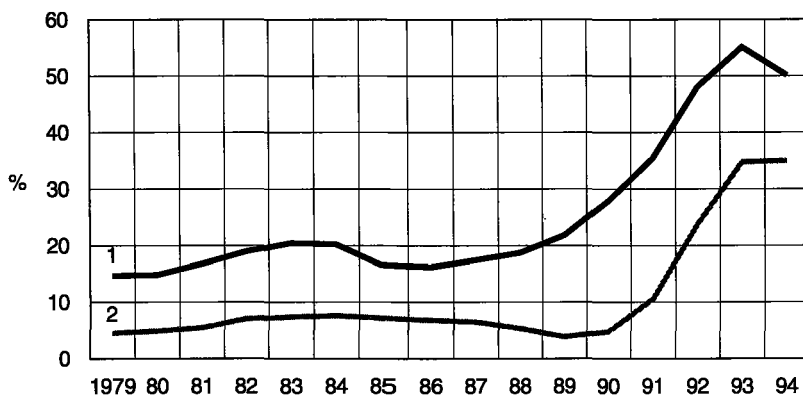
As a percentage of current account receipts

22. BALANCE OF PAYMENTS



1. Current account
2. Direct investment
3. Portfolio investment
4. Other investment
5. Change in central bank's reserve assets  
(increase = -)

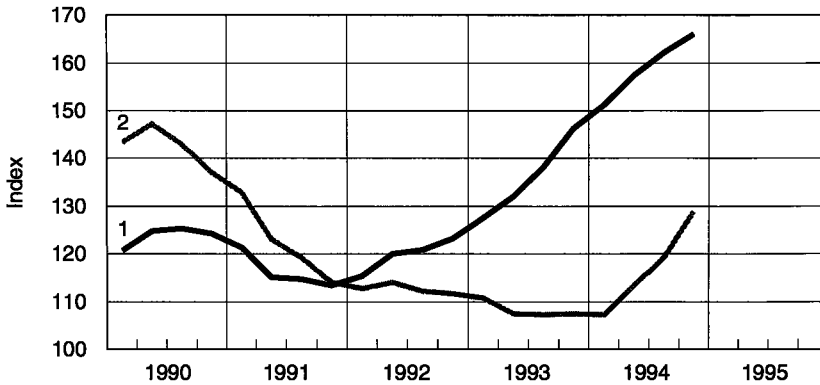
23. FINLAND'S NET INTERNATIONAL INVESTMENT POSITION



1. Total
2. Of which:  
central government

The stock of external liabilities minus the stock of external assets, as a percentage of GDP

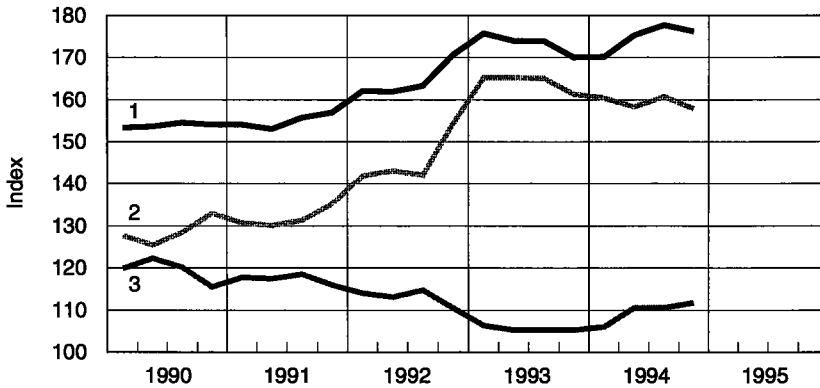
24. FOREIGN TRADE



- 1. Total exports
- 2. Total imports

Volume index, 1980 = 100, four-quarter moving average plotted at the last quarter

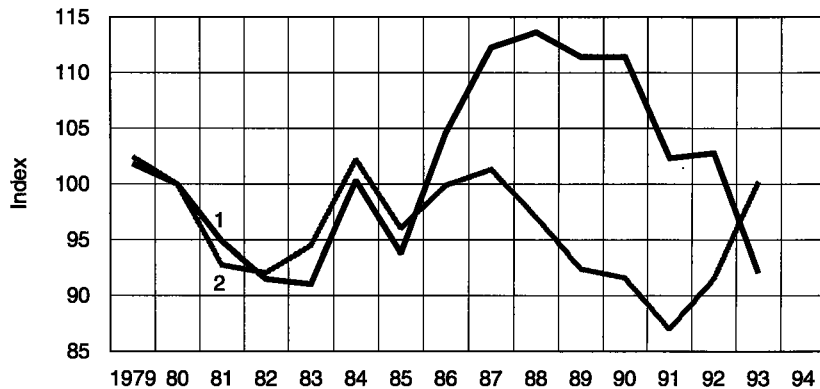
25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



- 1. Unit value index of exports
- 2. Unit value index of imports
- 3. Terms of trade

1980 = 100

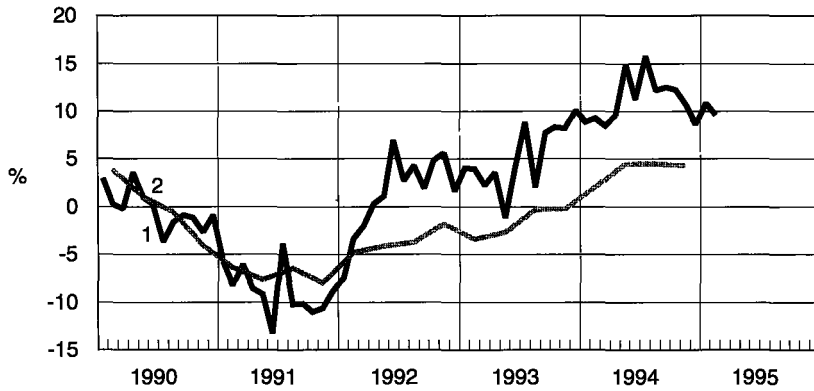
26. FINLAND'S EXPORT PERFORMANCE



- 1. Value of exports to OECD countries in relation to imports of OECD countries
- 2. Volume of exports to OECD countries in relation to imports of OECD countries

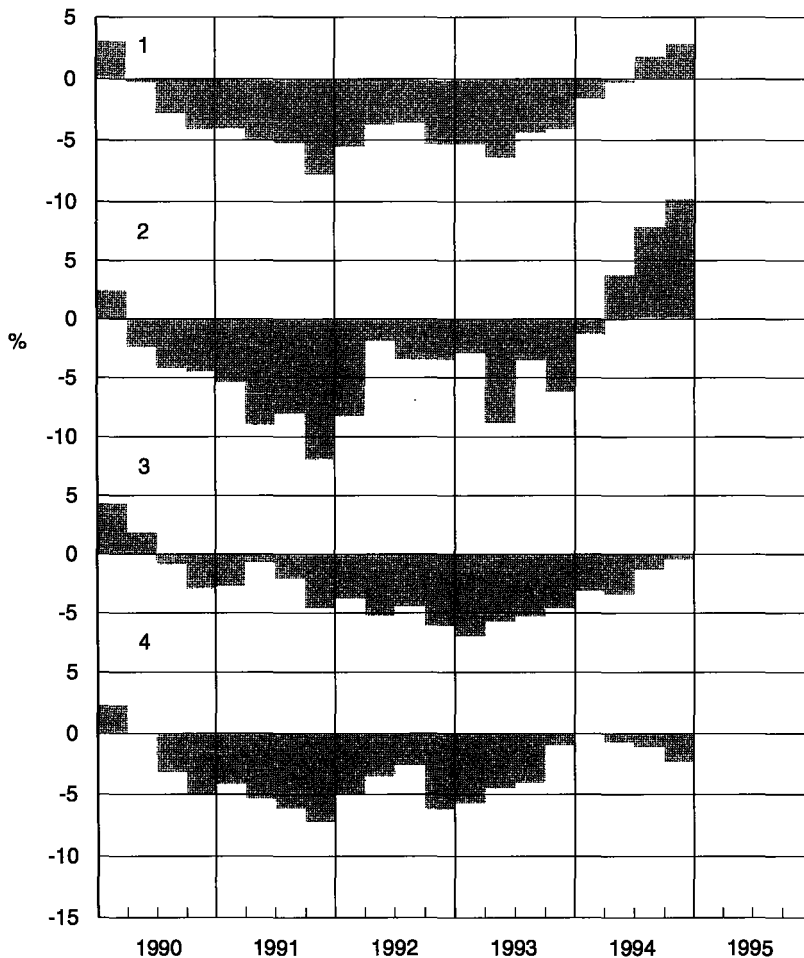
1980 = 100

### 27. PRODUCTION



1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

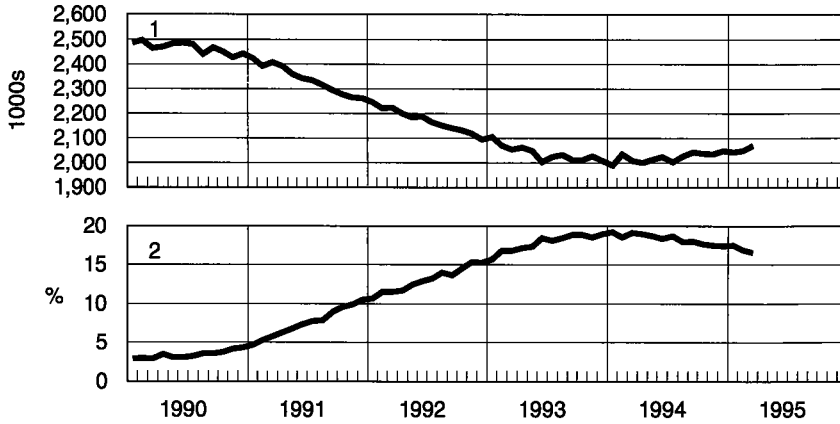
### 28. FIXED INVESTMENT



1. Total fixed investment
2. Investment in machinery and equipment
3. Building investment, excl. residential buildings
4. Residential buildings

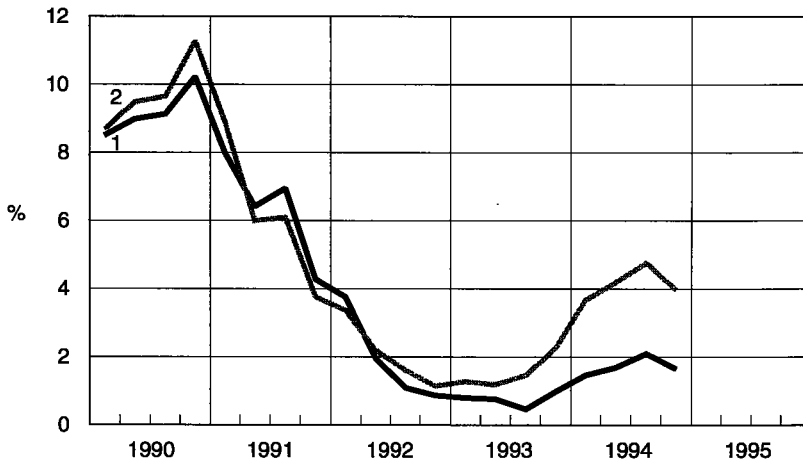
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



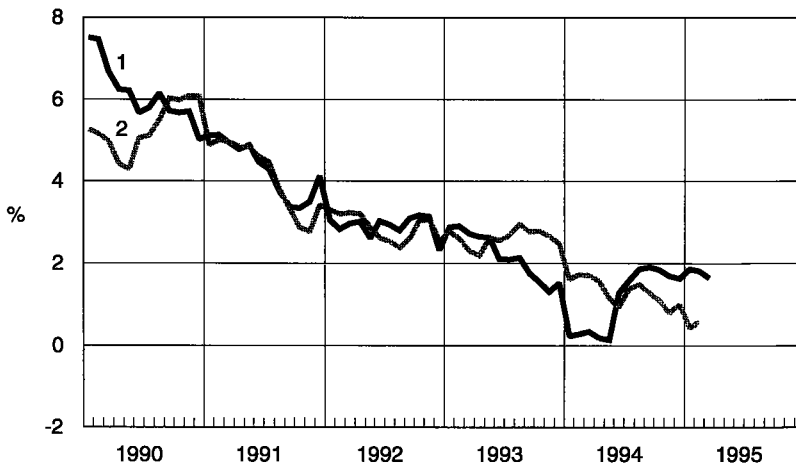
- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES



- 1. Index of wage and salary earnings, all wage and salary earners
- 2. Index of wage and salary earnings, manufacturing workers

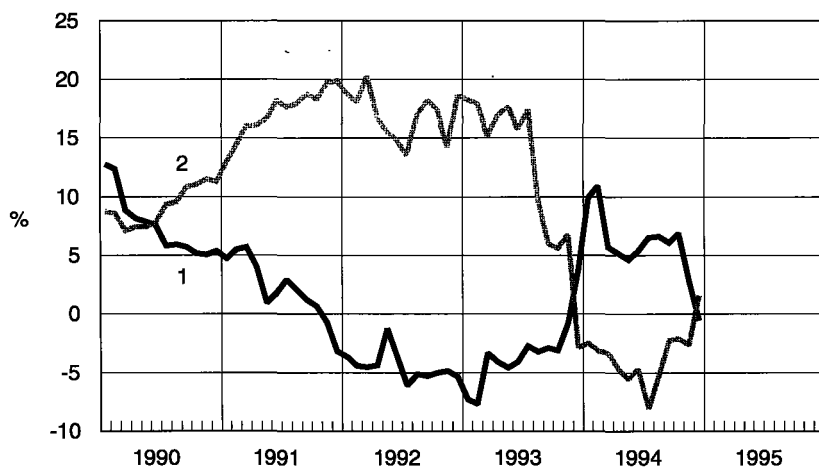
Change from the corresponding quarter of the previous year, per cent



- 1. Consumer price index
- 2. Indicator of underlying inflation

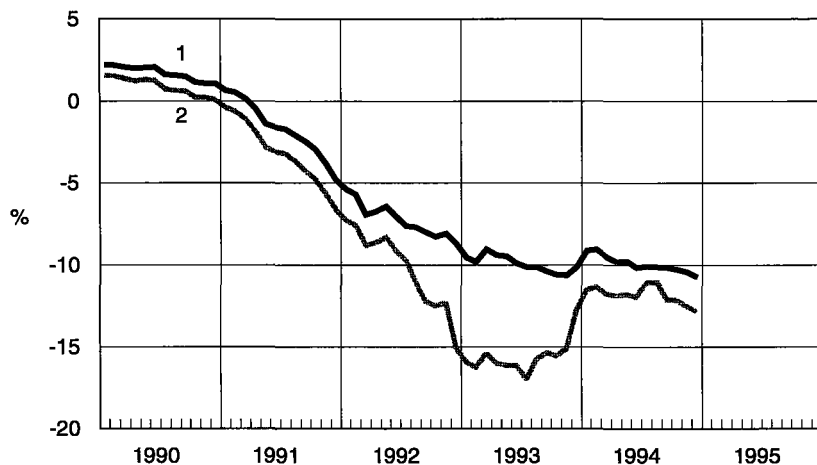
Change from the corresponding month of the previous year, per cent

### 31. CENTRAL GOVERNMENT FINANCES



1. Revenue excl. borrowing
2. Expenditure excl. redemptions of central government debt

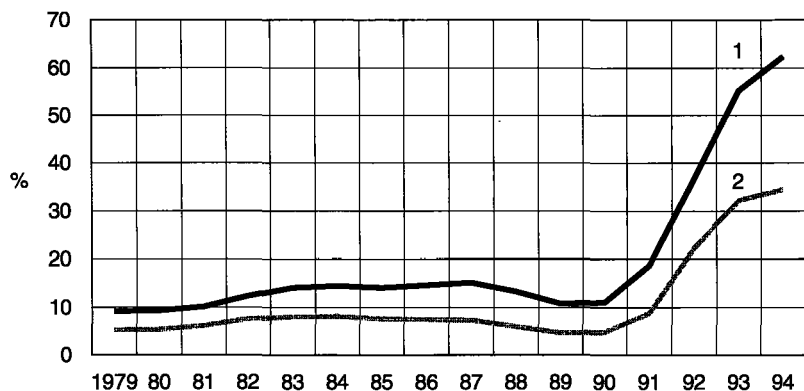
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



1. Revenue surplus (revenue less expenditure excl. financial transactions) (surplus = +)
2. Net borrowing requirement (net borrowing = -)

12-month moving total as a percentage of GDP, plotted at the last month

### 32. CENTRAL GOVERNMENT DEBT



1. Total debt
2. Of which: foreign currency-denominated debt

As a percentage of GDP

# BANK OF FINLAND

28 April 1995

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KIMMO SASI  
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PENTTI KOIVIKKO

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Data Processing PERTTI SIMOLA

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Financial Markets KAARLO JÄNNÄRI,  
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