

## VII. FINANCE, CREDIT AND INSURANCE

Data in section „Finance, credit and insurance“ is systematized in three subchapters: Government Finance, Finance of Nonfinancial Enterprises and Credit and Insurance.

Subchapter „Government Finance“ is worked out on the ground of data, received from Ministry of Finance. Resources, involved to finance budget deficit, are included in the total sum of revenues of General Budget, as well as the own revenues.

Subchapter „Finance of Nonfinancial Enterprises“ is worked out on the ground of data, collected by National Statistical Institute, based on the book-keeping reports.

Data for the country as a whole and by branch is collected from nonfinancial state, municipal and co-operative enterprises. Grouping of the enterprises by branch is based on their prevailing activity. Profit distribution of enterprises, concluded 1992 with a positive financial result, is presented in table 9. Some of the totals are not equal to the sum of the constituent components because of rounding on higher level.

Subchapter „Credit and Insurance“ is worked out on the ground of data from book-keeping and statistical reports of banking institutions, State Savings Bank, State Insurance Institute, BULSTRAD, Motor Insurance Company, Insurance and Reinsurance Co Ltd „Bulgaria“, Insurance Co Ltd „Bulgaria-Life“, Insurance company „Garant“, Sofia-Ins, Insurance and Reinsurance PLC „Vitosha“.

Nominal and real interest rates on time deposits with one-month maturity and short-term credits are calculated by Bulgarian National Bank (tables 18, 19, 20 and 21). Real interest rates are calculated according to the formula:

$$R(r) = \frac{R(n) - \text{CPI}}{1 + \text{CPI}}$$

where

$R(r)$  - real interest rate

$R(n)$  - nominal interest rate

CPI - consumer price index

Money supply (table 23) - monetary aggregate M2, is a summary indicator, which characterizes the status of monetary circulation and of financial system. It is a sum of high-powered money, which influence directly monetary circulation, the so called „narrow money“ (monetary aggregate M1), and potential (quasi) money.

Narrow money - money aggregate M1, includes money outside banks (money in circulation) and demand deposits.

The indicator „money outside banks“ is set up as a difference between money, issued by BNB during the year, and commercial banks' cash.

Demand deposits are all deposits, payable on demand, transferable by check, or otherwise usable in making payments without any restrictions or penalties.

Potential (quasi) money are liabilities of the monetary system, not directly usable as means of payment at a given moment, but are monetary potential, that in the future under certain circumstances may be found in the sphere of monetary circulation. Savings and time deposits, as well as foreign currency deposits are included in this group.

Savings deposits are interest-earning, nontransferable deposits. They are protected by law from eventual bankruptcy.

Time deposits are deposits with financial institutions for a fixed term. Time deposits are also deposits that can be withdrawn after a specified period of notice. The period of notice is defined in the deposit contract.

Foreign currency deposits are all deposits of residents, denominated and payable in foreign currency, regardless of their kind and maturity.

Notes and coin issue (table 24) includes BNB's, commercial banks', post offices' and insurance companies' cash, nonfinancial enterprises' and other organisations' cash and money in households.