

# Study: Contribution of financial corporations to aggregate corporate income, 2000 to 2011

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Between 2000 and 2011, financial corporations accounted for an average of about 10% of the net operating surplus generated by Canada's corporate sector.

This income share exhibited some year-to-year volatility, but no obvious trend.

The net operating surplus generated by financial corporations represented between 1% and 2% of annual gross domestic product (GDP).

In contrast, the net operating surplus generated by all corporations amounted to about 15% of total GDP.

The magnitude of gross receipts and gross payments of property income that flows through financial corporations underscores the specialized function that these companies play in reallocating funds across the economy.

In 2011, the gross property income that financial corporations received from other sectors amounted to \$165 billion, about six times the net revenues of about \$28 billion associated with explicit fees and financial intermediation.

Financial corporations receive the main share of corporate interest and dividend receipts. From 2000 to 2011, financial companies took in, on average, 78% of the total annual value of these receipts.

During this period, their annual share of interest income fluctuated between 80% and 86% of corporate interest receipts, while their share of dividend income was between two-thirds and three-quarters of corporate dividend receipts.

On the other side of the ledger, the interest and dividend payments that financial companies make to businesses, households and governments represent a smaller share of the property income payments made by the corporate sector.

Between 2000 and 2011, financial companies accounted for between 44% and 50% of these property income payments, about 60% of interest payments, on average, and about 40% of dividend payments.

In addition, the primary income generated by financial corporations accounted for between 20% and 30% of corporate primary income. Primary corporate income refers to the sum of net operating surplus and net property income.

## **Note to readers**

*This article in the Economic Insights series presents new income data on financial corporations derived from the historical revisions to the Canadian System of National Accounts.*

*It is one of a series of Economic Insights articles designed to emphasize key aspects of the new National Accounts data and their utility for analysis of the Canadian economy.*



The study "The Contribution of Financial Corporations to Aggregate Corporate Income", part of the *Economic Insights* series (11-626-X2012017, free), is now available from the *Key resource* module of our website under *Publications*.

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For more information, or to enquire about the concepts, methods or data quality of this release, contact Guy Gellatly (613-951-3758), Analysis Branch.