

Financial wealth of households in the euro-zone

Currency more important in some countries

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Statistics in focus

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Contents

Huge amounts of financial
assets have been converted 1

Liquid assets show differences
..... 2

Other main financial assets 3

Since January 2002 euro area citizens have become fully aware of the euro, with the introduction of euro notes and coins. The novelties for households have not been limited to cash payments. All personal bank accounts have been redenominated in euro, and chequebooks have been replaced. Also the other financial assets and liabilities have been converted to the euro, or the underlying contracts will be read as if they had been written in euros.

Huge amounts of financial assets have been converted

The amounts involved in the conversion of financial assets are huge. The financial portfolio of households in Monetary Union Member States corresponds to more than 13,000 billion euros, about twice the Gross Domestic Product of the area.¹

The exposure to the euro changeover of households in EMU Member States is different because their financial wealth varies considerably. This comes out clearly comparing households' financial assets and Gross Domestic Product at national level. The values are scattered over a very large range: from a somewhat low level in Austria (135%) to a very high level in Belgium (314%).

Households' financial assets in 2000

Country	Financial assets (billion euros)	Proportion of GDP (%)
Germany	3,642	180
France	3,320	236
Italy	2,649	227
Spain	1,157	190
Netherlands	1,191	297
Belgium	781	314
Austria	277	135
Portugal	229	199
Finland	197	150



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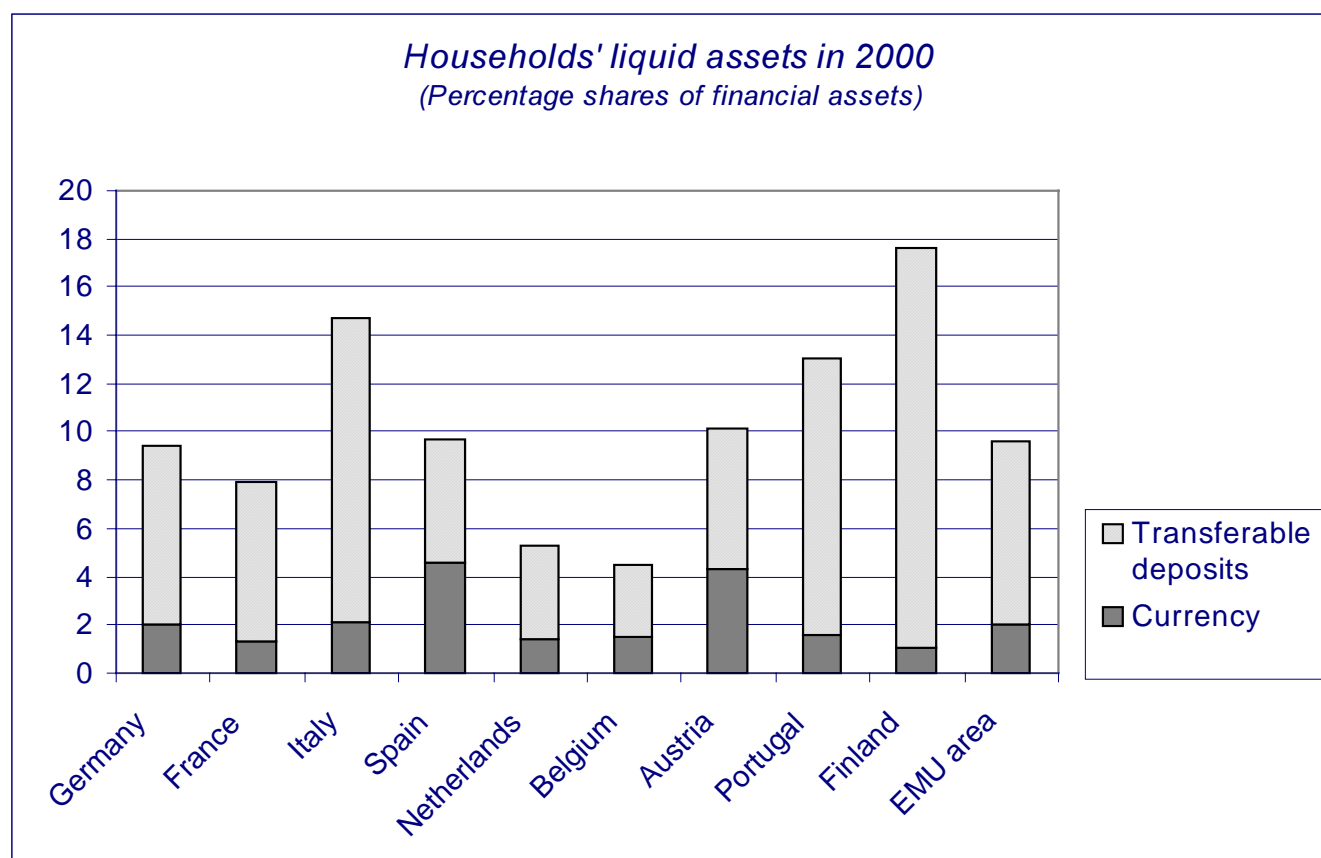
¹ Within the provisions of the Council Regulation (EC) of 1996 on the European System of National and Regional Accounts (ESA 95), Eurostat maintains a data set on Financial Accounts. This data set contains financial information on the full set of institutional sectors and financial instruments. Nine EMU countries have provided data for the year 2000. Ireland, Luxembourg and Greece are under derogation until 2005. The households sector includes non-profit institutions serving households.

Liquid assets show differences

Since January 1999 some financial assets had already been redenominated in euros. However, the conversion was widespread only for bonds and quoted shares. In the second half of 2001 a large number of banks converted customer accounts to the euro.

The immediate impact for households of the completion of the changeover to the euro has been on their liquid assets, in so far as currency and transferable deposits are interchangeably used in payments. Personal bank accounts moreover now show all incoming receipts and expenditures in euros.

The importance of currency, that is notes and coins, for households varies considerably.² In the EMU area currency represents 2.0 per cent of households' financial assets.³ However this value is considerably higher in Spain (4.6 per cent) and Austria (4.3 per cent). Low values appear in Finland, France, the Netherlands, Belgium and Portugal. Transferable deposits, which in the whole area represent 7.6 per cent of households' financial assets, are very important in Portugal (11.4 per cent), Italy (12.6 per cent) and Finland (16.5 per cent), but are insignificant in Belgium (3.0 per cent) and the Netherlands (3.9 per cent). All in all, Germany is the only country that has both the share of currency and that of transferable deposits close to EMU area averages.



² In the Financial Accounts data regularly transmitted to Eurostat, for the time being it is not mandatory to provide the split of 'currency and deposits' into 'currency', 'transferable deposits' and 'other deposits'. However most countries do send this information. Italy has kindly provided the information on request.

³ As we have data for most countries, including all the larger ones, we can presume that our estimate of the EMU area is fairly good. Using GDP, our coverage is 96 per cent.

Other main financial assets

Upon completing our description of households' portfolio with the remaining financial assets, we are led to the conclusion that households' financial wealth does not only differ considerably in aggregate, as shown above, but also in its allocation to the various financial instruments.

We can see that other deposits, such as savings deposits and savings certificates, are extremely important in Portugal (32.2 per cent) and Austria (44.5 per cent), and important in Germany (24.6 per cent) and Spain (26.5 per cent). They are instead very low in Finland (5.2 per cent).

Securities other than shares, made up of bills and bonds, are very important in Italy (17.0 per cent) and Belgium (20.4 per cent). They play a modest role in Finland (0.9 per cent), Spain (1.9), France (2.3 per cent) and the Netherlands (2.3 per cent).

Shares and other equity, which include mutual funds shares, constitute the financial instrument whose high importance is more widespread. In fact, their diffusion reaches high values in Italy (42.9 per cent), Belgium (43.8 per cent), France (45.8 per cent), Spain (45.9 per cent) and Finland (65.2 per cent). Modest values appear only in Austria (17.2 per cent) and the Netherlands (23.3 per cent).

Financial assets linked to insurance activities are extremely high in the Netherlands (55.6 per cent), due to the importance of life insurance and funded pension schemes. Values below the EMU area average appear in Finland (10.2 per cent), Belgium (12.1 per cent), Italy (12.5 per cent) and Spain (13.1 per cent).

Households of the EMU area are now experiencing prices in the same unit of account and common means of payments. In the future we will discover whether their financial wealth is becoming more similar as regards size and allocation.

Households' other main financial assets in 2000 (Percentage shares of financial assets)

Country	Other deposits	Securities other than shares	Shares and other equity	Insurance technical reserves
<i>Germany</i>	24.6	10.2	26.9	27.8
<i>France</i>	17.6	2.3	45.8	23.0
<i>Italy</i>	9.9	17.0	42.9	12.5
<i>Spain</i>	26.5	1.9	45.9	13.1
<i>Netherlands</i>	13.2	2.3	23.3	55.6
<i>Belgium</i>	18.4	20.4	43.8	12.1
<i>Austria</i>	44.5	7.4	17.2	20.7
<i>Portugal</i>	32.2	4.3	32.4	16.5
<i>Finland</i>	5.2	0.9	65.2	10.2
<i>EMU area</i>	18.8	8.5	37.5	23.4

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