Economy and finance

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Statistics in focus
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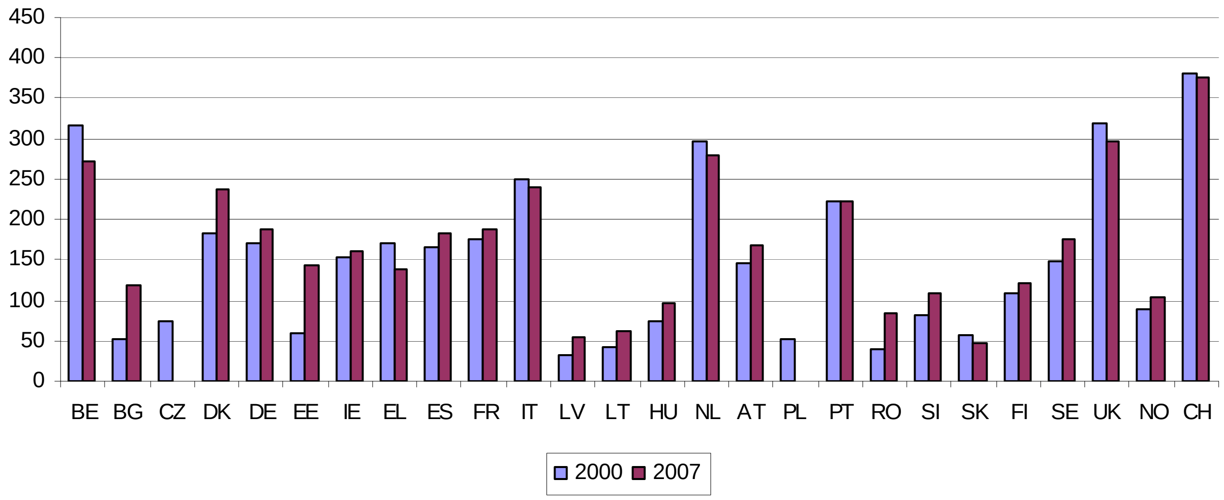
Financial Assets and Liabilities of Households in the European Union

This Statistics in Focus analyses the financial behaviour of the household sector (together with non-profit institutions serving households) in the European Union. However, the data presented only go up to 2007 — the latest annual data available — and therefore do not reflect the most recent changes in financial markets.

Households' stocks of assets

Figure 1 shows the total stock of financial assets held by the household sector and non-profit institutions serving households as a percentage of GDP for all EU countries which send data to Eurostat plus Norway and Switzerland. It is worth noting that all data presented in this publication are non-consolidated (the relevant methodology is described on the last page).

Figure 1: Households' stock of financial assets as a percentage of GDP



Data for Ireland and Slovenia refer to 2001 instead of 2000.

As Figure 1 shows, the stocks of financial assets held by the household sector as a percentage of GDP varied, in 2007, from 48% for Slovakia to 375% in Switzerland. The UK, Netherlands, Belgium and Italy also rank high. In general, it can be said that in the new Member States (in this chart Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovenia and Slovakia) the stocks of financial assets as a percentage of GDP are smaller than in the other countries. That is, the size of the stocks seems to be correlated to *per capita* GDP, although other variables such as development of financial markets can be important. For better understanding, Table 1 shows the development of the stocks of financial assets for 2000–2007.

Table 1: Households' stock of financial assets as a percentage of GDP, 2000–2007

	2000	2001	2002	2003	2004	2005	2006	2007
BE	316.7	303.9	256.5	254.5	259.0	267.7	275.4	271.0
BG	51.4	57.5	57.4	61.8	65.7	72.2	85.9	117.6
CZ	75.3	75.8	77.9	78.9	78.2	77.6	77.2	:
DK	184.0	178.5	174.3	185.8	203.0	230.8	240.7	237.1
DE	170.2	170.5	166.6	175.8	179.8	187.6	190.0	188.4
EE	59.7	61.3	70.0	75.8	86.4	104.0	134.1	143.0
IE	:	154.2	141.5	152.2	157.3	165.9	173.6	161.7
EL	171.6	154.0	133.8	131.4	132.9	146.1	145.0	138.9
ES	166.4	162.4	153.2	162.6	164.9	172.8	185.5	182.3
FR	174.6	166.7	163.8	169.8	176.1	183.1	190.3	188.8
IT	250.9	237.4	232.9	233.4	238.6	247.0	248.4	240.8
CY	260.8	227.2	245.4	234.9	232.2	227.7	:	:
LV	31.8	41.1	44.8	43.8	49.6	52.5	58.7	58.3
LT	42.3	41.5	48.2	48.4	54.4	57.6	62.4	62.8
LU	:	:	:	:	:	:	:	:
HU	73.2	75.4	76.9	78.0	81.2	88.4	93.4	97.6
MT	:	:	:	:	:	:	:	:
NL	297.9	268.1	247.0	257.8	268.9	285.0	286.6	280.3
AT	146.3	146.3	145.6	150.8	154.8	159.3	168.6	167.8
PL	50.8	53.0	56.5	54.8	53.0	56.8	62.1	:
PT	222.4	215.6	207.2	214.3	216.5	219.9	223.2	223.5
RO	40.5	35.6	37.5	39.0	45.8	58.2	63.3	85.4
SI	:	82.8	88.9	92.4	97.4	100.3	105.2	111.7
SK	57.4	56.5	54.9	51.9	50.9	52.6	46.1	48.0
FI	109.7	102.5	98.5	107.3	111.5	122.8	126.3	121.5
SE	147.2	145.2	126.4	137.9	155.9	175.6	180.9	174.5
UK	319.2	290.6	252.9	261.0	265.4	289.0	296.4	295.9
NO	88.2	89.3	93.5	100.2	102.0	103.8	103.7	105.1
CH	380.4	357.2	334.6	354.4	355.1	377.6	385.6	375.0

: not available

The ratio of total financial assets held by the household sector to GDP showed a moderate increasing trend in many countries until 2007. The pattern is rather more significant for countries such as Denmark, Sweden and Finland. Moreover, it is interesting to note that this upward trend is especially strong in the new Member States, e.g. Bulgaria, Estonia and Slovenia.

There are some countries, such as Greece, Belgium and the Netherlands, which do not show this pattern and the stocks as a percentage of GDP actually decreased during the period studied.

It is also interesting to study which instruments households prefer to use to hold their financial wealth. This is shown in the next table.

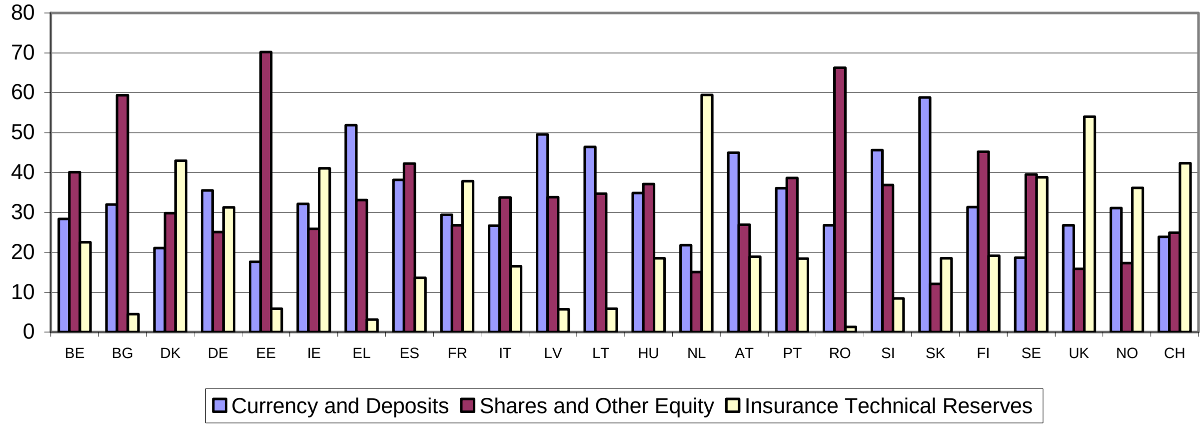
Table 2: Households' stock of financial assets by instrument (% of total financial assets)

	Currency and Deposits		Securities Other that Shares		Loans		Shares and Other Equity		Insurance Technical Reserves		Other Accounts Receivable/Payable	
	2000	**2007**	**2000**	**2007**	**2000**	**2007**	**2000**	**2007**	**2000**	**2007**	**2000**	**2007**
BE	21.5	28.3	19.3	7.9	0.0	0.0	43.8	40.1	13.0	22.5	2.5	1.2
BG	55.3	32.0	0.0	0.3	0.0	0.0	37.0	59.3	1.1	4.5	6.6	3.9
CZ	59.6	:	0.8	:	0.0	:	23.3	:	8.4	:	7.9	:
DK	21.2	21.1	8.2	5.0	0.0	0.0	22.5	29.8	46.3	43.0	1.8	1.1
DE	35.2	35.5	6.5	7.3	0.0	0.0	28.2	25.1	28.9	31.3	1.3	0.9
EE	34.2	17.6	0.3	2.1	0.7	0.1	53.8	70.2	1.3	5.9	9.7	4.2
IE	30.7	32.1	0.3	0.0	0.0	0.0	32.8	25.9	35.7	41.1	0.5	0.9
EL	43.8	51.9	7.9	9.3	0.0	0.0	42.7	33.1	2.3	3.1	3.3	2.6
ES	39.8	38.1	2.5	2.7	0.0	0.0	40.4	42.3	13.9	13.6	3.4	3.4
FR	33.4	29.4	2.9	1.6	0.8	0.7	29.6	26.7	29.9	37.8	3.5	3.8
IT	22.9	26.7	17.1	20.0	0.3	0.4	45.8	33.7	11.0	16.5	2.9	2.8
LV	59.1	49.6	1.3	0.1	0.0	3.6	37.1	33.8	1.2	5.7	1.4	7.2
LT	32.8	46.4	0.3	2.8	0.2	0.0	39.9	34.7	1.2	5.9	25.5	10.2
LU	:	:	:	:	:	:	:	:	:	:	:	:
HU	42.5	34.9	9.0	4.8	1.0	0.8	33.3	37.1	9.5	18.5	4.7	3.9
MT	:	:	:	:	:	:	:	:	:	:	:	:
NL	17.6	21.8	3.2	3.6	0.2	0.1	26.1	15.1	52.8	59.4	0.0	0.0
AT	51.1	45.0	6.9	8.2	0.0	0.1	23.8	26.9	17.6	18.9	0.5	1.0
PL	60.3	:	0.9	:	0.0	:	22.0	:	6.5	:	10.3	:
PT	38.3	36.1	4.5	5.7	0.0	0.0	42.0	38.7	13.0	18.4	2.2	1.2
RO	35.7	26.7	2.5	0.3	1.2	0.7	42.6	66.3	0.9	1.3	17.2	4.7
SL	52.1	45.6	2.0	1.3	2.6	2.3	29.2	36.9	5.7	8.4	8.3	5.4
SK	83.6	58.8	2.3	1.7	0.0	0.0	1.7	12.1	7.8	18.5	4.6	8.9
FI	30.2	31.3	1.6	2.0	0.3	0.1	47.1	45.2	18.7	19.1	2.2	2.3
SE	15.1	18.6	2.7	2.7	0.5	0.2	41.8	39.5	39.6	38.8	0.3	0.2
UK	20.8	26.6	1.8	0.5	0.2	0.1	23.3	15.7	51.2	53.7	2.7	3.4
NO	33.2	31.1	1.6	1.3	1.3	2.8	17.6	17.3	36.5	36.1	9.8	11.4
CH	22.0	23.9	9.3	9.0	0.0	0.0	27.5	24.9	41.3	42.3	0.0	0.0

Data for Ireland and Slovenia refer to 2001.

Table 2 shows the percentage of total financial stocks by instrument for 2000 and 2007. The instruments households prefer for their financial assets are currency and deposits (AF.2), shares and other equity (AF.5) and insurance technical reserves (AF.6). Securities other than shares (AF.3) and other accounts receivable / payable (AF.7) have some importance, while the stock of loans (AF.4) has only a symbolic presence in households' portfolios. The table also shows the changes in the portfolio in the last 7 years as a percentage of total financial assets. It is notable that in many new Member States the proportion of assets held in currency and deposits has decreased, while others instruments, particularly shares and other equity, are more used. Figure 2 below shows the situation in 2007 for each of the three main instruments held by households in each country.

Figure 2: Households' stock of financial assets by instrument (% of total financial assets) in 2007



There is no common pattern regarding the preferred instrument by households in the different countries. In some of them — such as Belgium, Bulgaria, Estonia, Romania and Finland — shares and other equity is the instrument more used in households' portfolios. In others — such as Denmark, Ireland, France, the Netherlands and the United Kingdom — insurance technical reserves (which correspond to households' assets in life insurance and funded pension schemes) is the preferred instrument. In some countries, the households' portfolio is tilted towards currency and deposits, such as in Greece, Latvia, Lithuania, Slovenia and Slovakia.

So far we have focused on households' holdings of assets. Now, we turn our attention to the liabilities side.

Figure 3: Households' stock of liabilities as a percentage of Household Disposable Income

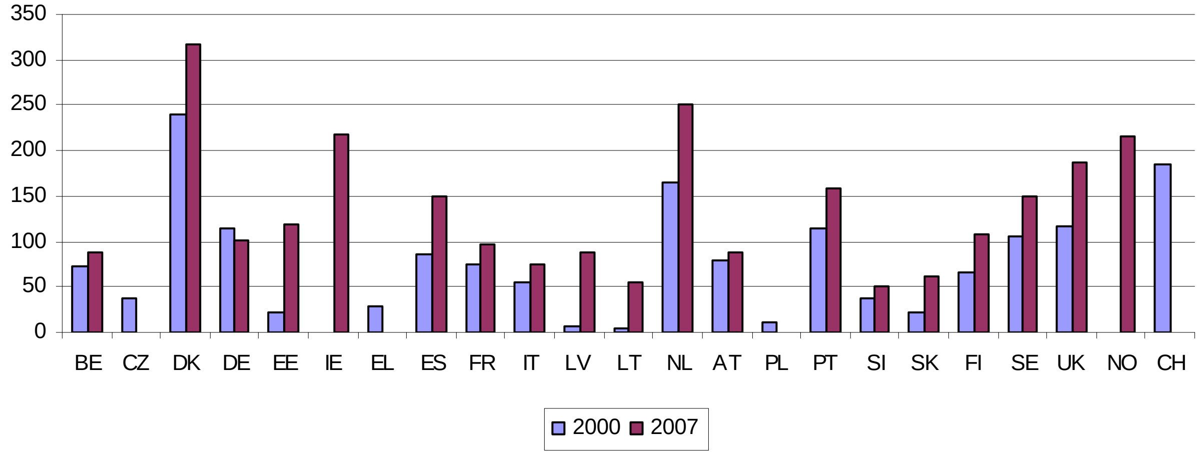


Figure 3 shows the total liabilities of households and non-profit institutions serving households as a percentage of their disposable income. This is a very important ratio since it shows how many years it would take for households to pay off their debt if they used all of their income. As can be seen, this ratio has increased in most countries between 2000 and 2007, and it is over 100%, in 2007, for Germany, Estonia, Spain, Portugal, Finland, Sweden and the United Kingdom. It is over 200% for Denmark, Ireland, the Netherlands, Norway and Switzerland. To analyse the preferred instruments by which households become indebted, Table 3 shows the total liabilities by instrument.

Table 3: Households' stock of financial liabilities by instrument (% of total financial assets)

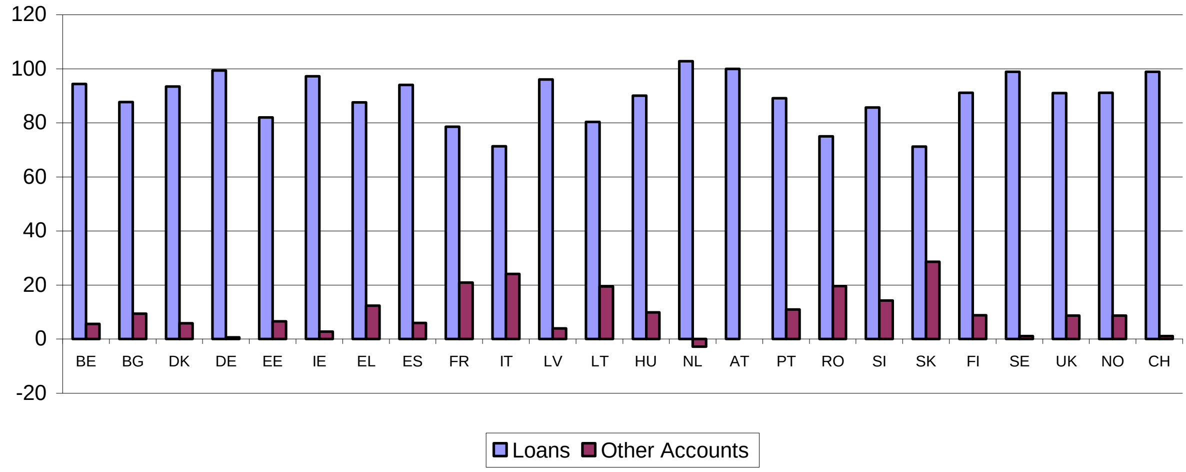
	Currency and Deposits		Securities Other that Shares		Loans		Shares and Other Equity		Insurance Technical Reserves		Other Accounts Receivable/Payable	
	2000	2007	2000	2007	2000	2007	2000	2007	2000	2007	2000	2007
BE	0.0	0.0	0.0	0.0	92.7	94.3	0.0	0.0	0.0	0.0	7.3	5.7
BG	0.0	0.0	0.0	0.0	54.4	87.8	11.8	2.9	0.0	0.0	33.9	9.4
CZ	0.0	:	0.0	:	36.2	:	0.0	:	0.0	:	63.8	:
DK	0.0	0.0	1.4	0.7	88.6	93.4	0.0	0.0	0.0	0.0	10.1	5.9
DE	0.0	0.0	0.0	0.0	99.2	99.4	0.0	0.0	0.0	0.0	0.8	0.6
EE	0.0	0.0	0.0	0.1	71.4	82.0	3.9	11.3	0.0	0.0	24.7	6.6
IE	0.0	0.0	0.0	0.0	97.1	97.3	0.0	0.0	0.0	0.0	2.9	2.7
EL	0.0	0.0	0.0	0.0	65.4	87.6	0.0	0.0	0.0	0.0	34.6	12.4
ES	0.0	0.0	0.0	0.0	85.2	94.1	0.0	0.0	0.0	0.0	14.8	5.9
FR	0.0	0.0	0.0	0.1	76.3	78.5	0.5	0.5	0.0	0.0	23.1	20.9
IT	0.0	0.0	0.0	0.0	63.2	71.3	0.0	0.0	5.3	4.6	31.5	24.1
LV	0.0	0.0	0.0	0.0	99.8	96.0	0.0	0.0	0.0	0.0	0.2	4.0
LT	0.0	0.0	0.0	0.1	62.6	80.4	0.0	0.0	0.0	0.0	37.4	19.6
LU	:	:	:	:	:	:	:	:	:	:	:	:
HU	0.0	0.0	0.0	0.0	65.3	90.1	0.0	0.0	0.0	0.0	34.7	9.9
MT	:	:	:	:	:	:	:	:	:	:	:	:
NL	0.0	0.0	0.0	0.0	106.3	102.8	0.0	0.0	0.0	0.0	-6.3	-2.8
AT	0.0	0.0	0.0	0.0	99.8	100.0	0.0	0.0	0.0	0.0	0.2	0.0
PL	0.0	:	0.2	:	86.3	:	0.0	:	0.0	:	13.5	:
PT	0.0	0.0	0.0	-0.1	79.9	89.1	0.0	0.0	0.0	0.0	20.1	11.0
RO	0.0	0.0	0.0	0.0	32.2	75.0	14.0	5.4	0.0	0.0	53.9	19.6
SL	0.0	0.0	0.0	0.0	76.0	85.7	0.0	0.0	0.0	0.0	24.0	14.3
SK	0.0	0.0	0.0	0.1	47.3	71.3	0.0	0.0	0.0	0.0	52.7	28.6
FI	0.0	0.0	0.0	0.0	94.4	91.2	0.0	0.0	0.0	0.0	5.6	8.8
SE	0.0	0.0	0.0	0.0	98.5	98.9	0.0	0.0	0.0	0.0	1.5	1.1
UK	0.0	0.0	0.4	0.3	91.8	91.1	0.0	0.0	0.0	0.0	7.8	8.7
NO	0.0	0.0	0.0	0.0	88.6	91.2	0.0	0.0	0.0	0.0	11.4	8.7
CH	0.0	0.0	0.0	0.0	98.5	98.9	0.0	0.0	0.0	0.0	1.5	1.1

Data for Ireland and Slovenia refer to 2001.

Table 3 shows that loans and other accounts payable (AF.4 and AF.7) are the instruments most used by households in all countries to get into debt. Loans represent above 90% of liabilities in most countries, which is to be expected. There are no significant changes compared to the situation in 2000. Figure 4 shows the proportion of these two instruments in 2007 with a view to analysing the differences by countries.

It should also be noted that some countries show significant household liabilities in other financial instruments (for example shares and other equity). This is usually due to inclusion of unincorporated enterprises within the household sector, or perhaps the inclusion of some non-profit institutions in the analysis. There are small changes in the liabilities structure of the households, but the general pattern of these changes is an increase of loans as preferred instrument by households to obtain finance.

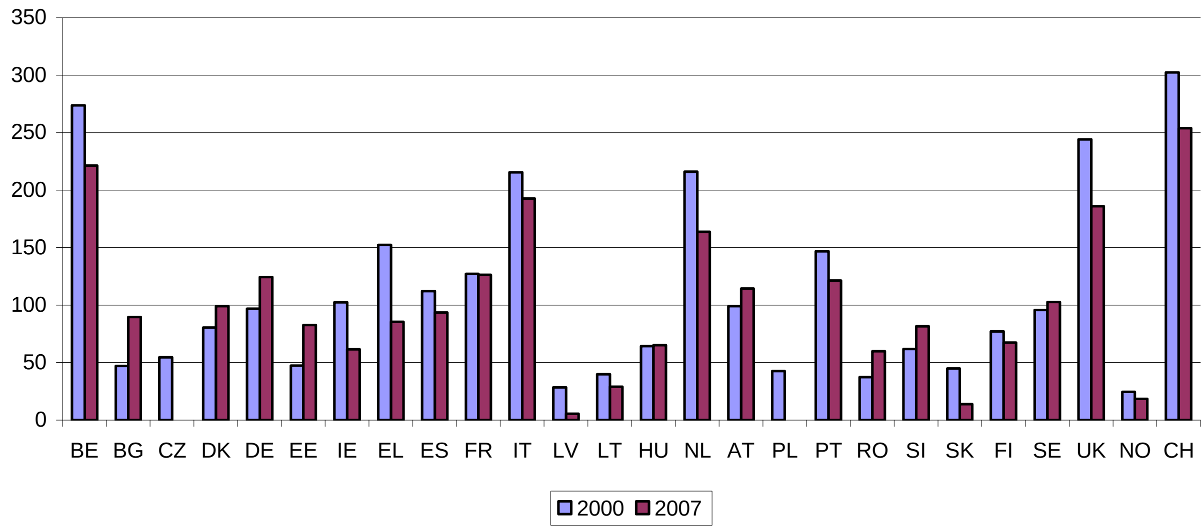
Figure 4: Households' stock of liabilities by instrument (% of total financial liabilities) in 2007



Only in France, Italy, Lithuania, Romania and Slovakia are other accounts payable of any significance (around 20% of total liabilities), which shows the importance of trade credit as a way for households to acquire products in those countries.

Finally, Figure 5 shows net financial assets (BF.90), what we could call the net financial wealth of households, by country for 2000 and 2007.

Figure 5: Net Financial Wealth of Households as a percentage of GDP



Data for Ireland and Slovenia refer to 2001.

Some countries — Belgium, Italy, the Netherlands, the United Kingdom and Switzerland — stand out due to the high level of the net financial wealth of their households as a percentage of GDP (over 200%). And there are other two features in Figure 5 that deserve mentioning. On the one hand, net financial wealth decreased between 2000 and 2007 for almost all countries, as the start of the economic difficulties led to falls in asset prices in 2007.

On the other hand, the new Member States show lower levels of household net financial wealth as a percentage of GDP in general (except for Bulgaria, Estonia and Slovenia).

METHODOLOGICAL NOTES

This box gives some background explanations. More exhaustive information and data can be found on [Eurostat's homepage] in the section dedicated to [Government finance statistics].

European System of Accounts (ESA 95): The European System of Accounts constitutes a coherent, consistent and integrated system of national accounts designed to show economic processes and which distinguishes between the headings production, distribution/use of income and capital formation. The accounts also include balance sheets to describe the stocks of assets and liabilities at the beginning and at the end of the accounting period. The financial accounts form part of the national accounts system. They deal with financial flows and stock positions between institutional sectors.

Households (S.14): This sector covers individuals or groups of individuals as consumers and as entrepreneurs (market producers) provided that, in the latter case, the activities are not those of separate entities treated as quasi-corporations. It also includes individuals or groups of individuals as producers for exclusively own final use. The financial accounts data presented here are non-consolidated and include sector S.15 (non-profit institutions serving households).

Non-Profit Institutions Serving Households (S.15): The sector non-profit institutions serving households (NPISHs) (S.15) consists of non-profit institutions which are separate legal entities, which serve households and which are private other non-market producers.

A balance sheet is a statement, drawn up at a particular point in time, of the values of assets owned and of liabilities outstanding. The balancing item is called net worth (BF.90). Balance Sheets items are classified as AF.1 to AF.7. The stock of the assets and liabilities recorded in the balance sheet is valued at the market prices prevailing on the date to which the balance sheet relates.

Currency and Deposits (AF.2) consists of all stocks in notes and coins in circulation, transferable deposits and other deposits.

Securities Other than Shares (AF.3) are financial assets and liabilities which are bearer instruments and usually negotiable and traded on secondary markets or can be offset in the market, and do not grant the holder any ownership rights in the institutional unit issuing them.

Loans (AF.4) are financial assets and liabilities created when creditors lend funds to debtors either directly or through brokers which are evidenced by non-negotiable instruments or not evidenced by documents.

Shares and Other Equity (AF.5) are financial assets and liabilities which represent property rights on corporations. They generally entitle the holders to a share in the profits of the corporations and to a share in their net assets in the event of liquidation.

Insurance Technical Reserves (AF.6) consists of assets and liabilities in the technical provisions of insurance corporation and pension funds against policy holders or beneficiaries.

Other Accounts Receivable/Payable (AF.7) consists of financial claims created as the counterpart of a transaction in cases where there is a timing difference between such transaction and the corresponding payment.

The financial balance sheet (of a sector or the rest of the world) shows on its left side financial assets and on its right side liabilities. The balancing item of the financial balance sheet is net financial assets (BF.90).

Consolidation: Consolidation refers to the elimination, from both uses and resources, of transactions which occur between units when the latter are grouped, and to the elimination of reciprocal financial assets and liabilities.

Country Codes

BE (Belgium), BG (Bulgaria), CZ (Czech Republic), DE (Germany), DK (Denmark), EE (Estonia), EL (Greece), ES (Spain), FR (France), IE (Ireland), IT (Italy), LV (Latvia), LT (Lithuania), HU (Hungary), NL (the Netherlands), AT (Austria), PL (Poland), PT (Portugal), RO (Romania), SI (Slovenia), SK (Slovakia), SE (Sweden), FI (Finland), UK (the United Kingdom), NO (Norway), CH (Switzerland).

Symbols

: not available

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