Eurosystem Household Finance and Consumption Survey: Main Results on Assets, Debt, and Saving*

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The following three articles summarize the evidence on assets, liabilities, and saving of households from fifteen European countries from a new data set, the Eurosystem Household Finance and Consumption Survey (HFCS). Before the articles expose the more detailed analytical results, this introductory note gives an overview of the data set and describes how it expands our information about household balance sheets. In addition, we provide some key summary statistics on holdings of assets and liabilities that document heterogeneity along sociodemographic and country dimensions. Finally, we preview the main findings from the three papers.

1. The Data Set

The HFCS collects detailed information on the distribution of household assets and liabilities, income, and indicators of consumption and credit constraints. The survey is a joint project of the euro-area central banks and some national statistical institutes. The first wave was released in April 2013[1] and collects data on more than 62,000 households from fifteen countries.[2]

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[1]Additional information on various aspects of the survey can be found at http://www.ecb.europa.eu/pub/economic-research/research-networks/html/researcher_hfcn.en.html, where researchers can also apply for the complete micro data set.

[2]In the second wave, which is planned to be released in the second half of 2016, both the country coverage and the sample size will be substantially expanded.

The HFCS is the only European cross-country harmonized wealth survey for the whole population of households; it offers comprehensive information not usually found in administrative data. While survey data on household balance sheets had previously been collected in a few countries (including Italy and Spain), the HFCS covers a wide range of countries, with a completely or partly new survey in most countries. (In addition, the survey has an easy-to-use format so that users do not have to process each country data set separately, which would otherwise be quite time-consuming.)

When compared with other international initiatives on household wealth surveys (such as the Luxembourg Income/Wealth Study), a key distinguishing feature of the HFCS is that it collects country-representative data in an *ex ante harmonized* way. In particular, all HFCS country surveys provide survey variables according to a set of common definitions and descriptive features using an output-oriented approach: This means that the same list of "core" variables is collected in each country. At the same time, due to the substantial cross-country differences, obtaining comparable information sometimes requires different questions in each country, as well as a considerable amount of country-level expertise. In turn, questions in country surveys may be somewhat adapted to the specific circumstances, financial markets, and financial products in each country. Nonetheless, a common questionnaire is the starting point for country questionnaires.

The key value-added of the survey lies in that it allows cross-country comparative analysis for a large number of countries. Given the institutional variation in important features, such as mortgage market institutions (prevalence of fixation of mortgages—fixed- and adjustable-rate, loan-value ratios, tax deductibility of mortgage payments) and systems of pensions, taxes, and social benefits, cross-country data sets can substantially enhance our knowledge about how institutions and policies shape households' decision making and economic outcomes.[3]

Household-level data on wealth can provide insights beyond what we can learn from aggregate data into a number of areas relevant both for monetary and public policy, and for research. For instance,

[3]The three papers that follow provide examples on how various institutions are related to holdings of assets and debt and to saving.

they allow studying how various groups of households (e.g., the indebted, low wealth, credit constrained, or unemployed) respond to shocks depending on the structure of their balance sheets, as well as identifying the groups of households that may be subject to increased debt burden and financial vulnerability, to detect threats to households' financial soundness and to model the response of such households to interest rate shocks. In addition, comparable micro data are key to analyzing the substantial cross-country differences in net wealth and the structure of portfolios across individual households in various countries, and for quantifying alternative motives for the accumulation of wealth (such as saving for pensions, for precautionary reasons, or for inheritance).

Table 1 gives an overview of the key features of the country data sets (see Household Finance and Consumption Network 2013a) for detailed information). The data are collected at the country level. While there is some heterogeneity regarding the fieldwork period, fieldwork and reference periods for income and wealth in most countries are 2009 and 2010.[4] Countries (except for Italy) plan to collect data every three years. More than half of the countries have or plan to introduce the panel component (which enhances the analytical value of the data by allowing the users to analyze transitions and to account for unobserved household heterogeneity). Given the main focus of the survey on the balance sheets, to better capture the top tail of the wealth distribution, many countries oversample wealthy households. Arguably, the quality of oversampling varies depending on the method employed (the basis for oversampling is taxable wealth, net wealth, income, geographical areas, or electricity bills). The survey is typically conducted by computer-assisted personal interviews (CAPI), although web interviews are also used (in the Netherlands). The data set comes with survey weights, which allow the user to calculate statistics representative of the whole population (in each country and the euro area). Finally, the bulk of the variables (including the components of wealth and income) is multiply imputed (see HFCN 2013b, chapter 6); the results calculated in the three articles that follow account for this fact.

[4]The second wave of the survey aims to further harmonize the fieldwork periods and, eventually, to make data available to researchers faster.

Table 1. Main Features of the Household Finance and Consumption Survey

Country	Net Sample Size	Fieldwork (Year)	Frequency	Panel Component	Oversampling Wealthy Households	Survey Mode
Belgium	2,400	2010	Three	Planned	Yes	CAPI
Germany	3,600	2010/11	Three	Planned	Yes	CAPI
Greece	3,000	2009	Three	No	Yes	CAPI
Spain	6,200	2008/9	Three	Yes	Yes	CAPI
France	15,000	2009/10	Three	Planned	Yes	CAPI
Italy	8,000	2010	Two	Yes	No	CAPI
Cyprus	1,200	2010	Three	Planned	Yes	PAPI
Luxembourg	1,000	2010/11	Three	No	Yes	CAPI
Malta	800	2010/11	Three	Planned	No	CAPI
Netherlands	1,300	2010	Three	Yes	No	CAWI
Austria	2,400	2010/11	Three	No	No	CAPI
Portugal	4,400	2010	Three	Planned	Yes	CAPI
Slovenia	300	2010	Three	No	No	CAPI
Slovakia	2,100	2010	Three	Planned	No	CAPI
Finland	11,000	2010	Three	No	Yes	CATI
Euro Area	62,500					

Notes: CAPI: computer-assisted personal interviews; CATI: computer-assisted telephone interviews; CAWI: computer-assisted web interview; PAPI: paper-and-pencil interview.

2. Key Summary Statistics

The three articles aim to provide evidence on various aspects of the flow of funds of European households: on assets, liabilities, and saving. These three areas cover the core focus of the survey and are of interest to researchers working on household finance and to policymakers who need to take into account heterogeneities in the transmission mechanism of monetary or fiscal policy and in the response of household spending and households' financial pressure to shocks.

Before summarizing the key results from the articles, tables 2 and 3 illustrate the substantial heterogeneity in participation rates and values of various types of assets and liabilities along a number of dimensions: housing status, income, wealth, age, and country. The statistics are suggestive of a more extended set of stylized facts investigated in detail in the multivariate regression setup in the papers.

Following the articles, the tables break down assets and debt into the key components. The left-hand panels give an overview of the main real and financial asset types: the household main residence (HMR), other real estate, self-employment business, safe financial assets, and risky financial assets. The right-hand panels break down debt into secured (mortgages) and unsecured (e.g., credit lines, credit cards, and other non-mortgage loans).

Some key stylized facts are as follows:

- The household main residence makes up the bulk of total assets for most households. While the homeownership rate varies substantially across countries, the main residence is the key asset for most homeowners and represents a significant share of assets across all countries. In the euro area 60.1 percent of all households own their main residence, and its median value is EUR 180,300. In terms of share on total value, the HMR makes up about 61 percent of total real assets, which in turn are just above 83 percent of total assets.
- The second most substantial asset, in terms of the share on total value, is other real estate, which makes up about 23 percent of real assets. About 23 percent of households own other real estate, with the median value of EUR 103,400.

Table 2. Holdings of Assets and Liabilities—Participation Rates (percent)

	Assets					Debt	
	Real Assets			Financial Assets			
	Household Main Residence	Other Real Estate	Self-Employment Business Wealth	Safe Assets	Risky Assets	Secured Debt	Unsecured Debt
All Households	60.1	23.1	11.1	96.7	20.1	23.1	29.3
Housing Status							
Owner Outright	100.0	34.8	12.3	96.5	24.6	6.4	20.1
Owner with Mortgage	100.0	24.0	16.1	98.7	25.3	100.0	39.4
Renter or Other	0.0	10.7	7.3	95.9	13.0	3.0	33.9
Percentile of Income							
Less than 20	47.0	12.9	4.1	90.1	5.7	6.6	18.4
20–39	50.6	16.4	6.6	96.6	10.2	12.5	26.7
40–59	58.8	20.4	8.6	98.4	17.0	20.4	31.0
60–79	66.4	25.9	12.8	98.9	25.1	32.9	36.8
80–100	77.6	39.7	23.1	99.4	42.7	43.4	33.9
Percentile of Net Wealth							
Less than 20	4.8	1.9	2.3	92.8	3.1	5.6	41.9
20–39	28.7	8.3	7.3	96.5	13.0	15.0	29.9
40–59	78.9	19.1	8.5	96.3	16.9	32.4	27.2
60–79	93.4	26.9	10.3	98.4	23.6	31.0	24.4
80–100	94.8	59.1	26.9	99.4	44.2	31.7	23.3

(*continued*)

Table 2. (Continued)

	Assets					Debt	
	Real Assets			Financial Assets			
	Household Main Residence	Other Real Estate	Self-Employment Business Wealth	Safe Assets	Risky Assets	Secured Debt	Unsecured Debt
Age of Reference Person							
16–34	31.9	9.9	8.6	97.3	14.5	22.3	41.8
35–44	57.1	19.0	15.1	97.4	20.7	37.2	40.1
45–54	64.3	27.3	16.4	96.9	21.8	32.4	36.8
55–64	71.3	32.4	14.4	96.9	24.6	22.5	27.3
65–74	71.0	29.3	5.4	96.2	22.0	11.7	15.3
75+	65.2	19.5	1.8	94.7	15.7	2.7	5.5
Country							
Belgium (2010)	69.6	16.4	6.6	97.9	29.8	30.5	24.2
Germany (2010)	44.2	17.8	9.1	99.1	23.0	21.5	34.6
Greece (2009)	72.4	37.9	9.8	73.9	4.0	17.5	26.1
Spain (2009)	82.7	36.2	14.2	98.2	14.0	32.5	30.7
France (2010)	55.3	24.7	8.9	99.6	21.7	24.4	32.8
Italy (2010)	68.7	24.9	18.0	91.9	19.8	10.8	17.8
Cyprus (2010)	76.7	51.6	19.5	85.9	36.3	44.8	47.9
Luxembourg (2010)	67.1	28.2	5.2	98.4	25.8	38.8	36.9
Malta (2010)	77.7	31.4	11.5	96.9	33.7	15.6	25.2
Netherlands (2009)	57.1	6.1	4.8	97.3	23.9	44.7	37.3
Austria (2010)	47.7	13.4	9.4	99.4	14.6	18.4	21.4
Portugal (2010)	71.5	27.1	7.7	94.3	6.5	26.7	18.3
Slovenia (2010)	81.8	23.2	11.6	93.6	20.3	14.1	38.9
Slovakia (2010)	89.9	15.3	10.7	91.5	4.1	9.6	19.9
Finland (2009)	67.8	29.8	13.8	100.0	38.7	32.8	M

Notes: Table reports statistics on participation rates in assets and debt. M = missing value. Statistics calculated using survey weights (1,000 replicates). Safe financial assets consist of deposits (sight and savings accounts), life insurance contracts, and voluntary private pension plans. Risky financial assets consist of mutual funds, bonds, and shares. Secured debt consists of mortgages for the main residence and for other property. Unsecured debt includes credit lines or accounts with an overdraft facility, credit card debt, and other non-mortgage debt. Other non-mortgage debt includes car loans, consumer loans, installment loans, private loans from relatives, friends, etc., and other loans.

Table 3. Holdings of Assets and Liabilities—Median Values Conditional on Participation (thousands EUR)

	Assets					Debt	
	Real Assets			Financial Assets			
	Household Main Residence	Other Real Estate	Self-Employment Business Wealth	Safe Assets	Risky Assets	Secured Debt	Unsecured Debt
All Households	180.3	103.4	30.0	10.0	12.2	68.4	5.0
Housing Status							
Owner Outright	175.2	104.0	43.1	14.5	20.0	41.9	6.4
Owner with Mortgage	200.0	119.9	32.7	14.8	7.8	70.0	5.4
Renter or Other	M	91.6	10.7	5.2	8.5	72.4	3.8
Percentile of Income							
Less than 20	102.1	46.4	7.0	2.7	12.4	42.6	2.9
20–39	150.0	69.2	18.0	5.0	8.8	46.5	3.0
40–59	170.0	90.0	25.1	9.3	9.4	54.9	4.6
60–79	199.3	109.3	23.3	15.0	10.0	66.8	6.0
80–100	250.0	178.1	52.0	36.4	20.0	92.8	7.0
Percentile of Net Wealth							
Less than 20	131.3	54.8	1.7	1.4	1.7	149.2	4.2
20–39	50.0	17.6	2.9	9.0	5.0	78.2	3.7
40–59	112.5	44.4	13.4	10.0	8.2	69.0	5.0
60–79	200.0	75.7	30.0	15.6	11.2	50.2	5.9
80–100	300.3	200.0	100.0	38.6	28.3	66.0	7.0

(*continued*)

Table 3. (Continued)

	Assets					Debt	
	Real Assets			Financial Assets			
	Household Main Residence	Other Real Estate	Self-Employment Business Wealth	Safe Assets	Risky Assets	Secured Debt	Unsecured Debt
Age of Reference Person							
16–34	167.5	99.4	14.8	5.0	4.0	99.4	5.0
35–44	193.8	106.4	30.1	9.4	7.9	75.7	4.5
45–54	200.0	111.2	32.9	12.5	12.4	60.0	5.9
55–64	199.0	119.7	33.2	15.0	20.0	45.8	5.0
65–74	168.0	101.3	15.3	10.8	20.8	37.3	3.1
75+	150.1	86.6	9.6	10.0	25.2	40.0	1.7
Country							
Belgium (2010)	250.0	174.0	50.0	21.1	22.6	69.3	5.2
Germany (2010)	168.0	115.0	19.4	14.5	12.1	80.0	3.2
Greece (2009)	100.0	61.9	36.2	3.9	7.3	41.0	4.3
Spain (2009)	180.3	120.2	50.8	6.0	12.0	60.0	7.2
France (2010)	193.8	115.9	53.1	9.1	8.1	55.9	5.2
Italy (2010)	200.0	100.0	15.0	9.0	22.4	60.0	5.7
Cyprus (2010)	240.3	202.2	98.8	19.7	2.2	86.6	10.1
Luxembourg (2010)	500.0	300.0	97.6	23.1	28.5	127.3	10.0
Malta (2010)	186.6	120.1	136.5	17.9	21.6	35.0	4.0
Netherlands (2009)	240.0	165.5	51.7	31.6	8.2	131.0	13.7
Austria (2010)	200.0	94.0	180.6	12.6	12.3	37.5	3.0
Portugal (2010)	90.0	53.5	47.1	3.8	8.9	48.8	3.3
Slovenia (2010)	110.9	52.4	25.5	1.8	3.4	6.6	3.1
Slovakia (2010)	55.9	16.4	4.6	2.4	1.1	25.0	1.0
Finland (2009)	129.7	107.6	0.9	5.7	3.7	64.4	6.8

Notes: See notes to table 2.

- Household self-employment business wealth amounts to 11.5 percent of real assets and is held by 11.1 percent of households. Its median value for those households is EUR 30,000.
- Almost all households (more than 96 percent) hold some kind of safe financial assets, although their total value is typically quite low; the median is just EUR 10,000. Risky financial assets are held by 20 percent of households and have the median value of EUR 12,200.
- The two debt components, secured and unsecured debt, are held by roughly one-quarter of households. Secured debt (mortgages) is substantially higher, with a median value of EUR 68,400 and making up almost 83 percent of total debt. Unsecured debt has a median value of EUR 5,000.
- In terms of heterogeneity of various classes of assets and debt across households, participation and median values typically rise with income and net wealth. Participation and median values of assets and debt tend to have a hump-shaped profile over age, rising from a low level early in life, peaking around the age of fifty to sixty, and then slowly declining. A different pattern arises with the participation in unsecured debt, which tends to be quite high for most of the productive age and declines after retirement.
- A key feature of the data is the substantial heterogeneity in holding of components of assets and debt across countries. One of the goals of the three papers is to provide additional insights into this heterogeneity and to suggest what factors could contribute to explaining it.

3. Main Results of the Papers

This section summarizes some key results of the three papers. In general, the papers have a similar structure. Each paper first investigates in detail the key summary statistics in its area. Second, the papers estimate country-by-country regressions (such as probits or tobits) to investigate household-specific determinants of assets, debt, and saving and document their differences across countries. Finally, the papers attempt to find which institutions at the country level are responsible for key differences in the distributions of assets, debt, and saving.

The first paper focuses on the liability side of the balance sheet, specifically on the probability of holding debt, its amount, and the interest rate paid. This paper also makes the case for the methodological framework followed in the three papers. Key findings beyond the stylized facts reported so far based on the descriptive statistics and regressions are as follows:

- Among the numerous mortgage market and other institutions considered, the length of asset repossession periods best accounts for the features of the distribution of secured debt. In countries with longer repossession periods, fewer people tend to borrow, young households borrow less (conditional on borrowing), and the mortgage interest rates paid by low-income households are higher.
- The correlations between the statistics on secured debt and other institutions, such as loan-to-value ratios, the taxation of mortgage payment, and the prevalence of fixed-rate mortgages, are less robust.

The second paper covers the asset side of the balance sheet and finds the following:

- The probability of ownership of the household main residence, other real estate, risky assets, and business ownership increases with net wealth and for risky assets also with income. The portfolio shares of other real estate, risky assets, and business ownership rise with net wealth, whereas that of the household main residence is hump shaped, first increasing with wealth, then decreasing.
- The probability of owning the main residence and other real estate are positively linked to previously having received inheritances. The portfolio share of other real estate is higher for households having received an inheritance in the past.
- The probability of owning risky assets and the portfolio share is positively related to the educational attainment of the household (head). The probability of owning and the portfolio share of risky assets are higher for single households.

The third paper investigates the determinants of saving behavior and the motives for saving. The key findings are as follows:

- Precautionary saving is the most commonly reported motive in all countries, followed by saving for old-age provision. Preferences for other motives are then rather heterogeneous across countries.
- Saving for home purchase and precautionary saving are monotonically decreasingly important with age. Retired respondents consider saving to purchase a home less important than younger households. Variables related to the structure of the tax system and to the financing/generosity of the social security and welfare systems are important determinants of household saving.
- A cross-country view on the most important saving motives reveals that households in all countries are more likely to save for unexpected events than German households (with the exception of Slovenian households), even after controlling for sociodemographic and economic variables. Compared with households in Germany, saving for home purchase is more likely in the Netherlands, Portugal, and Malta. The saving motive old-age provision is more prevalent in the Netherlands, Malta, and Portugal than in Germany, while it is less prevalent in Cyprus and Spain.
- Most households in the euro area perceived their expenses over the last twelve months to be about the same as expenses in a "normal" year in the past and about the same as income over the last twelve months. Households whose head is female, young, or divorced are significantly more likely to have expenses exceeding income; in contrast, wealthier households are less likely to incur expenses higher than income. The data provide evidence of households being rather confident in the possibility to get funded through informal lending channels, such as family and/or friends.
- From a cross-country perspective, financing negative saving out of informal loans plays a bigger role in Greece and Portugal than in Germany, while in all countries the probability of using formal loans to finance negative saving is significantly lower than in Germany. Distressed households in Greece and

Cyprus have a higher tendency to leave bills unpaid than distressed households in Germany and are less likely to finance negative savings out of wealth. Only Dutch and Maltese households have a higher probability to cover negative savings out of their wealth.

4. Conclusion

The three papers are meant to make the reader aware of the new data set and its key features, and to stimulate more detailed cross-country comparative work on household finance and consumption. In parallel to the ongoing additional research work both at central banks and in the wider research community, the processing of data from the second wave of the HFCS is under way; the data set is planned to be released in the second half of 2016.

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