

The Eurosystem Household Finance and Consumption Survey (HFCS)

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What is the Eurosystem HFCS?

- **Collects micro-level data on household finances and consumption**
- **Covering a broad range of issues including real and financial assets, liabilities, consumption and saving, as well as income, employment, pension entitlements, etc.**
- **Conducted in all 17 euro area countries**
- **Data representative at country level, and comparable across countries**
- **First wave close to finish**
- **Anonymised micro data to be made available within the Eurosystem and to the research community**

Outline of the presentation

- (1) Motivation and policy uses**
- (2) Characteristics / areas covered**
- (3) Data release plans**

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Why a Eurosystem survey on household finances and consumption?

- Sub-population developments may **cancel out** / hide behind macro aggregates
- Micro data → **analysis of specific groups of HHs:**
 - Lowest/highest income/wealth deciles / Over-indebted / Credit-constrained, etc.
- Survey data may complement NAs with **distributional (not level) information**

Why a Eurosystem survey on household finances and consumption?

- **Support policy analysis in all major functions of the Eurosystem**
 - Monetary policy / Financial stability / Payment systems, etc.
- **HFC surveys existed in 8 euro area countries:**
 - Euro area analysis impossible / partial coverage of survey variables / Different concepts: no comparability

Specific issues micro data may help understand

- **Do household debt levels** raise sustainability concerns?
- **Portfolio choice** / (lack of) demand for certain assets (e.g. stocks)
- **Effect of real estate prices** on consumption (marginal propensity to consume out of wealth)
- **Credit constraints:** effects on consumption
- **Aging / pension reforms** impact on household saving/consumption
- **Effects of wealth distribution/inequality** on households' wellbeing

Example of research potential: household heterogeneity

- **Household heterogeneity in IT [Similar in most other EU countries]:**
 - **Wealth distributed more unequally than income**
 - **Few wealthy households exert substantial effects on aggregate statistics**

Wealth distribution in Italy

	1998	2000	2002	2004	2006	2008
Share of net wealth of wealthiest 10 per cent of households	46.5	47.5	44.9	42.9	44.7	44.5
Share of net wealth of poorest 50 per cent of households	9.3	9.6	9.6	10.1	9.7	9.8
Share of households with negative net wealth	2.3	1.8	2.1	2.6	2.7	3.2
Gini inequality index						
net wealth	0.628	0.631	0.618	0.603	0.616	0.614
real assets	0.638	0.627	0.619	0.607	0.615	0.607
financial assets	0.743	0.809	0.767	0.733	0.769	0.763
financial liabilities	0.937	0.925	0.924	0.922	0.926	0.907
Memorandum item:						
<i>Household income Gini inequality index</i>	<i>0.375</i>	<i>0.362</i>	<i>0.357</i>	<i>0.353</i>	<i>0.348</i>	<i>0.353</i>

Source: SHIW

Examples of research potential: household heterogeneity (cont'd)

- **Household heterogeneity: participation decision**
 - **Households with low wealth very unlikely to participate in (risky) financial markets**
 - **Even among wealthy households, participation in stock markets not that usual**

Italy: share of households holding financial assets, by income class

Income class	Deposits	Italian govt. securities	Bonds and mutual funds	Shares	Foreign securities
1st quintile	64.6	1.5	0.6	0.3	0.3
2nd quintile	87.1	4.7	4.0	1.2	0.1
3rd quintile	95.3	7.6	6.8	3.9	0.4
4th quintile	98.6	13.6	13.3	6.9	1.0
5th quintile	99.5	18.6	30.6	17.8	1.8

Source: SHIW 2008

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(1) Motivation and policy uses

(2) Characteristics / areas covered

(3) Data release plans

General characteristics

- **Country coverage:** whole euro area
- **Fieldwork first wave:** 2010/2011 (most countries)
- **Decentralized effort.** Each NCB (NSI) finances and conducts its own wealth survey
- **The ECB coordinates** and ensures methodological consistency
- **Sample size:** c.a. 54,000 households (euro area + country representativeness)

General characteristics (cont'd)

- **Survey frequency:** every 2 / 3 years
- **Survey mode:** CAPI (computer- assisted personal interviews)
- **Wealthy HHs oversampled** in several countries according to different methods
- **Panel component:** IT, DE, ES, NL, BE, LU
- **(Multiple) imputation** → complete datasets for income, consumption and wealth

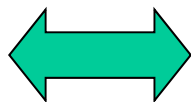
General characteristics (cont'd)

- **ECB** coordinates / ensures **common methodology**:
 - **Probability sampling**
 - **Multiple imputation**
 - **Re-weighting / calibration to external sources**
 - **Variance estimation/replicate weights**
- **Ex-ante commitment on output harmonisation**
(common definitions / output variables / blueprint questionnaire) → **no precedent for wealth surveys!**

HFCS unique case: joint data collection on euro area household income, consumption and wealth via a single survey tool

Areas covered by the HFCS

**Household
wealth**



- **Real and financial assets**
- **Liabilities**

**Pension
wealth**



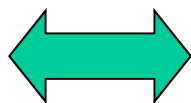
- **Future pension entitlements**

**Household
Saving /
Wealth
accumulation**



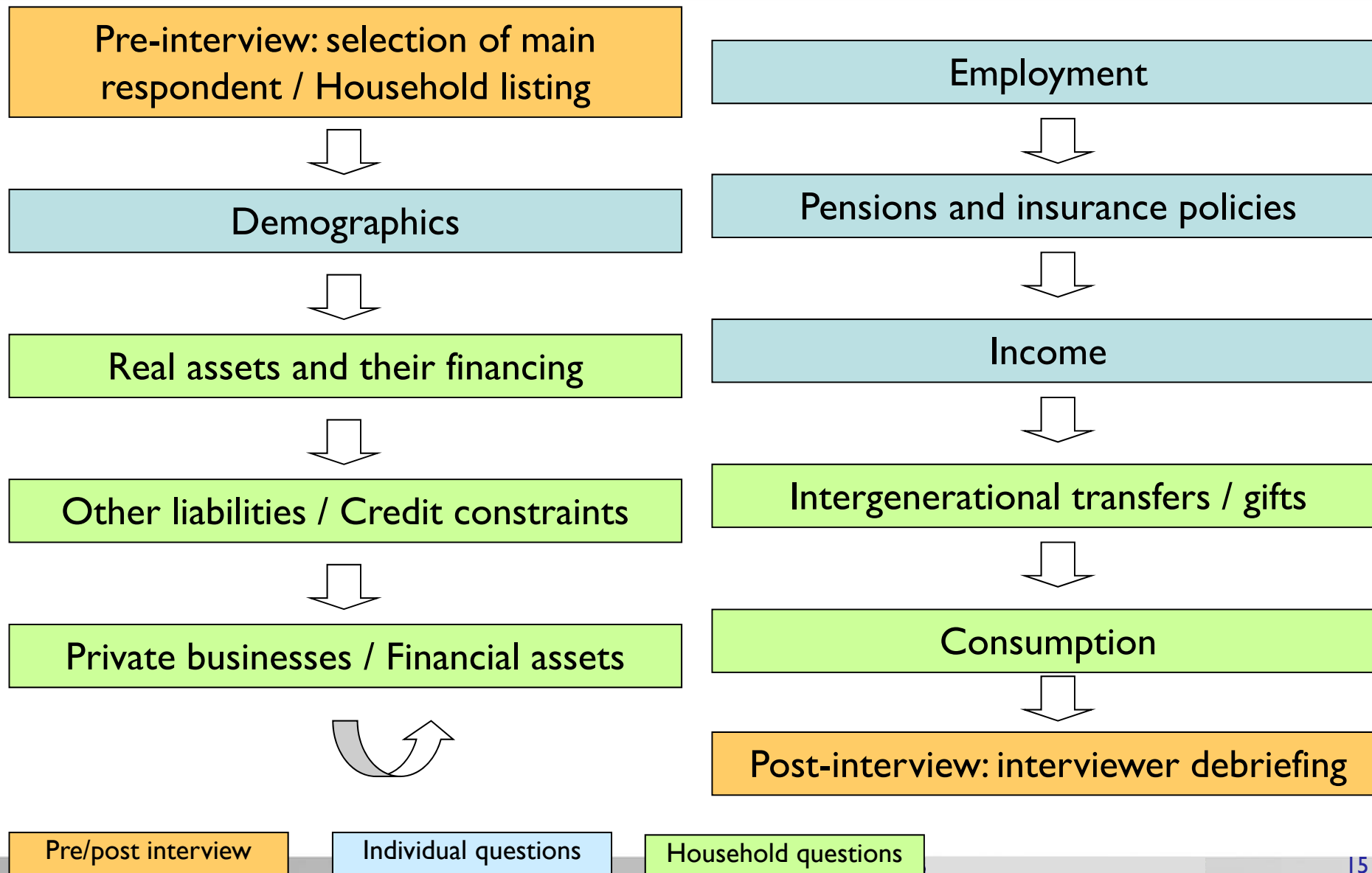
- **Income**
- **Consumption**
- **Inheritances and gifts**

**Other
covariates**



- **Demographics**
- **Employment**

HFCS contents: blueprint questionnaire



HFCS contents: blueprint questionnaire (II)

Pre-interview: selection of main respondent / Household listing



Demographics



Real assets and their financing



Other liabilities / Credit constraints



Private businesses / Financial assets



Employment



Income



Pensions and insurance policies



Intergenerational transfers / gifts

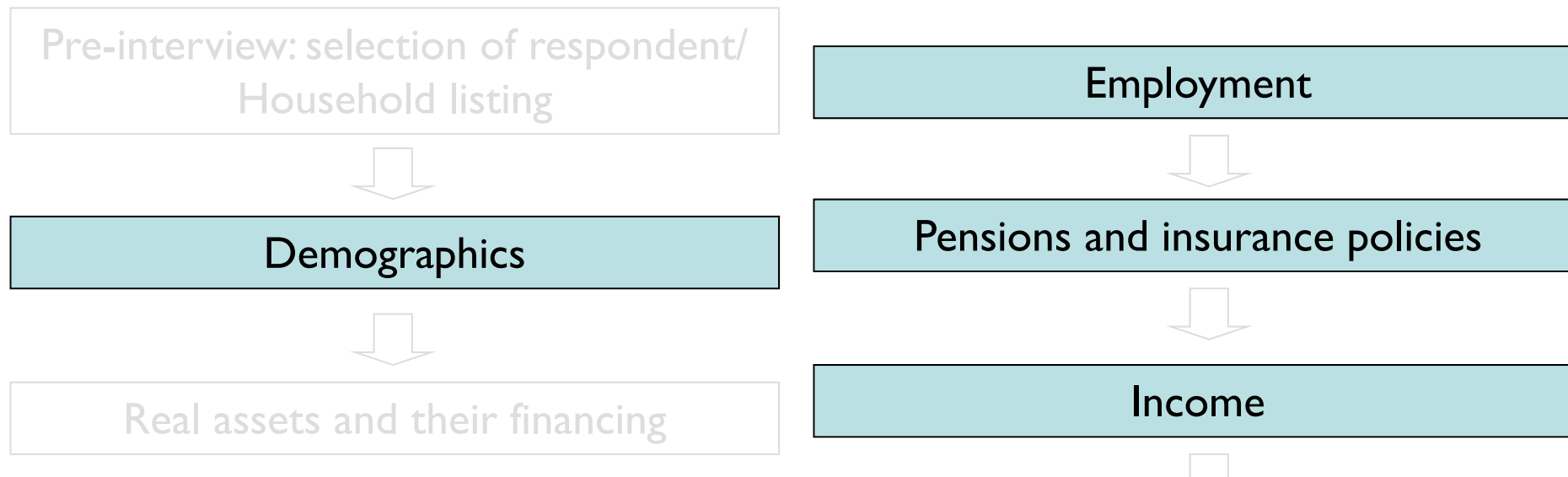


Consumption



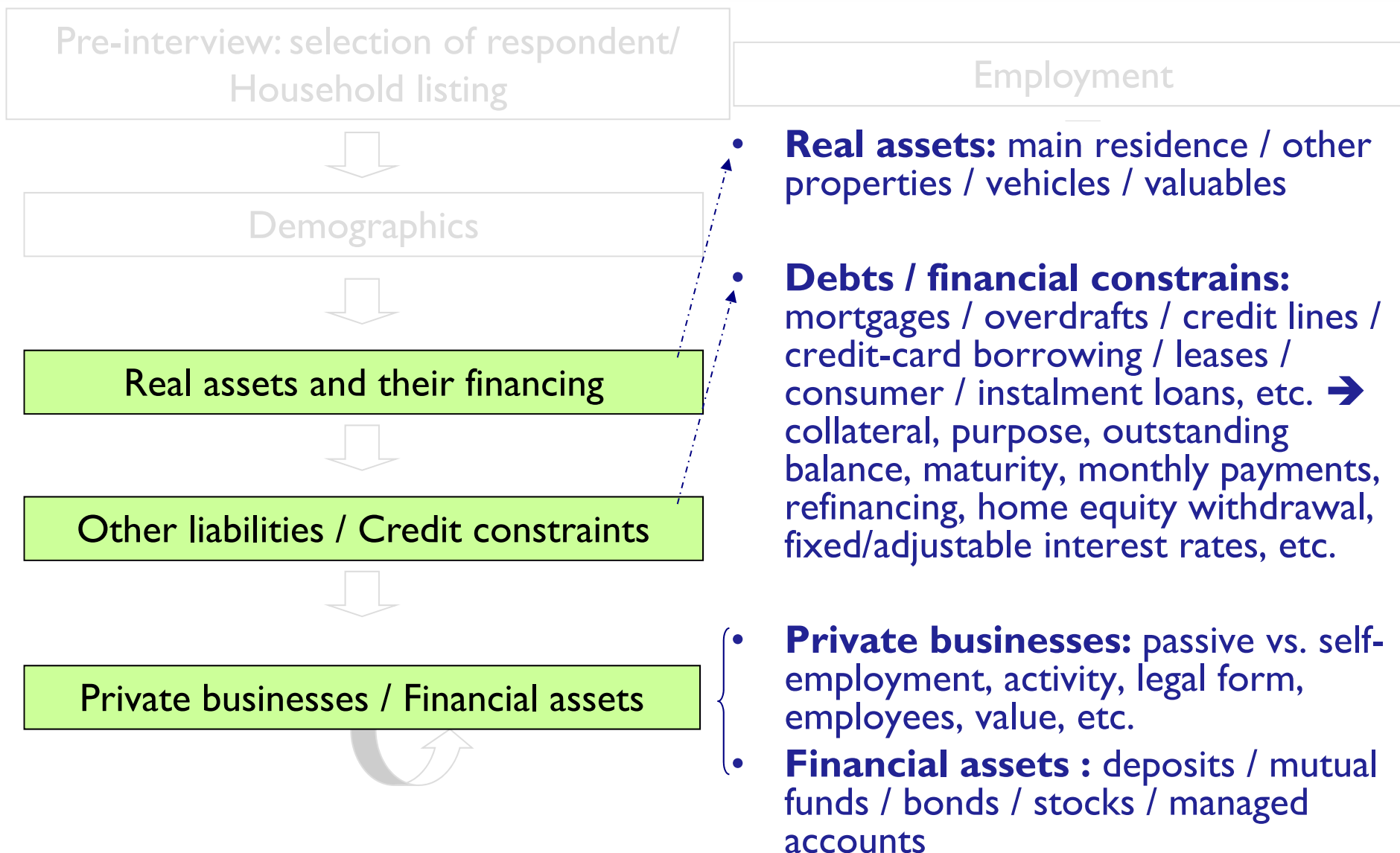
**Post-interview: interviewer debriefing /
paradata**

Individual questions (HH members 16+)

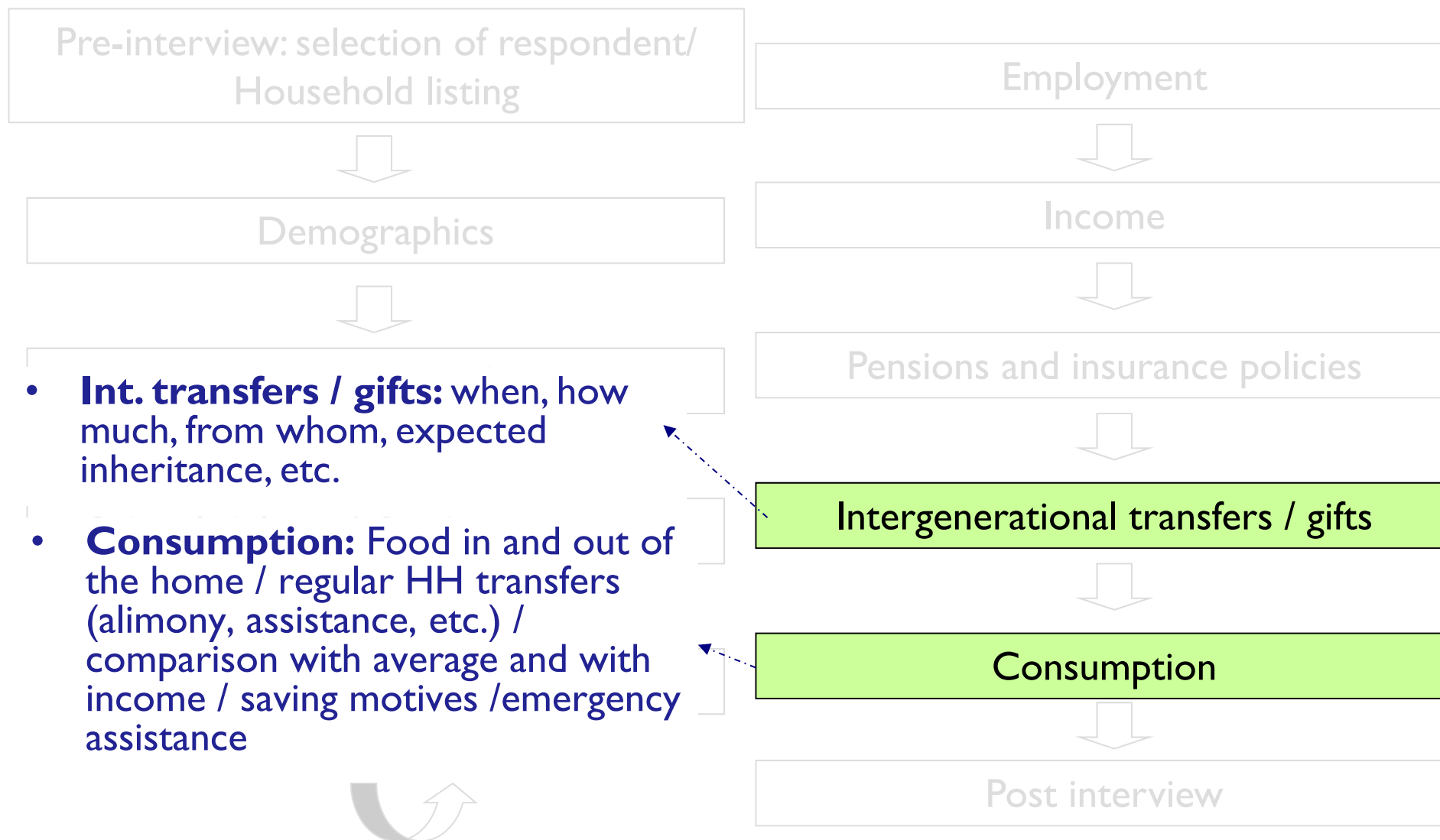


- **Demographics** (age, gender, education, country of birth, marital status, relationship in household)
- **Employment** (status, main employment, employment history, expected age of retirement, etc.)
- **Future pension entitlements / life insurance** (public, employment-related and private pension plans)
- **Income** (12-month gross income by individual sources / comparison with average / next-year expectations)

Household-level questions (I)



Household-level questions (II)



Main Features of Country Surveys

Country	Responsible institution	Reference year	Frequency (years)	Panel component	Oversampling wealthy HHs / criterion
Austria	Oesterreichische Nationalbank	2010/2011	Three	No	No
Belgium	Banque Nationale de Belgique	2010	Three	Yes	Yes / income
Cyprus	Central Bank of Cyprus	2010	Three	No	Yes / electricity bills
Estonia	Bank of Estonia	2013	Three	Tbd	Tbd
Finland	Statistics Finland	2010	Three	No	Yes
France	Insee	2009/2010	Tbd	No	Yes / taxable wealth
Germany	Deutsche Bundesbank	2010/2011	Two	Yes	Yes / certain areas
Greece	Bank of Greece	2009	Three	No	Yes / certain areas
Ireland	Central Bank of Ireland	2011	Three	Tbd	Tbd
Italy	Banca d'Italia	2010	Two	Yes	Yes / banking wealth
Luxembourg	Banque centrale du Luxembourg	2010/2011	Three	Yes	Yes / income
Malta	Central Bank of Malta	2010/2011	Three	No	No
Netherlands	De Nederlandsche Bank	2010	Three	Yes	No
Portugal	INE Portugal / Banco de Portugal	2010	Three	No	Yes / certain areas
Slovenia	Banka Slovenije	2010	Three	No	No
Slovakia	Národná banka Slovenska	2010	Three	No	Yes / certain areas
Spain	Banco de España	2008/2009	Three	Yes	Yes / taxable wealth

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Experimental dissemination within Eurosystem

- **Internal dissemination of the first three country datasets fully validated (IT, NL and SK)
→ end 2011**
- **Research dataset updated as new country data arrive**
- **Access granted only to Eurosystem users (and possible external co-contributors)**

IMPORTANT: Papers can be presented at conferences but cannot be published until first euro area release (February 2013)

External dissemination (to non-Eurosystem users)

When? Beginning of 2013

Two modalities:

1. Micro data
2. HFCS indicators

1. Anonymised micro data for researchers → simplified access procedure, centralised at ECB

2. HFCS indicators/tables

- **Distributional (not levels)**
 - portfolio composition, indebtedness, saving and access to finance, wealth distribution, possibly consumption
- **Disaggregated by household characteristics**
 - E.g. age, employment status, education of RP; HH size, position in income or wealth distribution

Data dissemination: envisaged timeline

	Fieldwork	Transmission to ECB	Cumulative euro area population share	
IT	Jan 09 - Jul 09	Nov-10	18%	18%
FR	Sep 09 - Feb 10	end-Apr 11	37%	19%
NL	Jan 10 - Sep 10	end-Apr 11	42%	5%
SK	Sep 10 - Nov 10	Jun-11	44%	2%
FI	Feb 10 - Jun 10	Q3 11	46%	2%
GR	Jun 09 - Sep 09	Q4 11	50%	4%
MT	Q4 10 - Q1 11	Q4 11	50%	0%
PT	Apr - end Jul 10	Dec 11	53%	3%
BE	Apr 10 - Sep 10	Dec 11	56%	3%
CY	Apr 10 - Dec 10	Dec 11	56%	0%
ES	Nov 08- May 09	Dec 11	70%	14%
LU	Sept 10- Apr 11	Dec-11	70%	0%
SI	Aut. 10 - End 10	Dec-11	71%	1%
AT	Sep 10 - May 11	Jan-12	73%	2%
IT ₍₂₀₁₁₎	Jan 11 - July 11	Jun-12	73%	-
DE	Aug 10 - Jun 11	Oct 12	98%	25%
IE	Q2 11 - Q4 11	Q3 12	100%	2%
EE	Jan 13 - Jun 13	?	100%	0%

**Thank you very much for your
attention!**

Any questions?

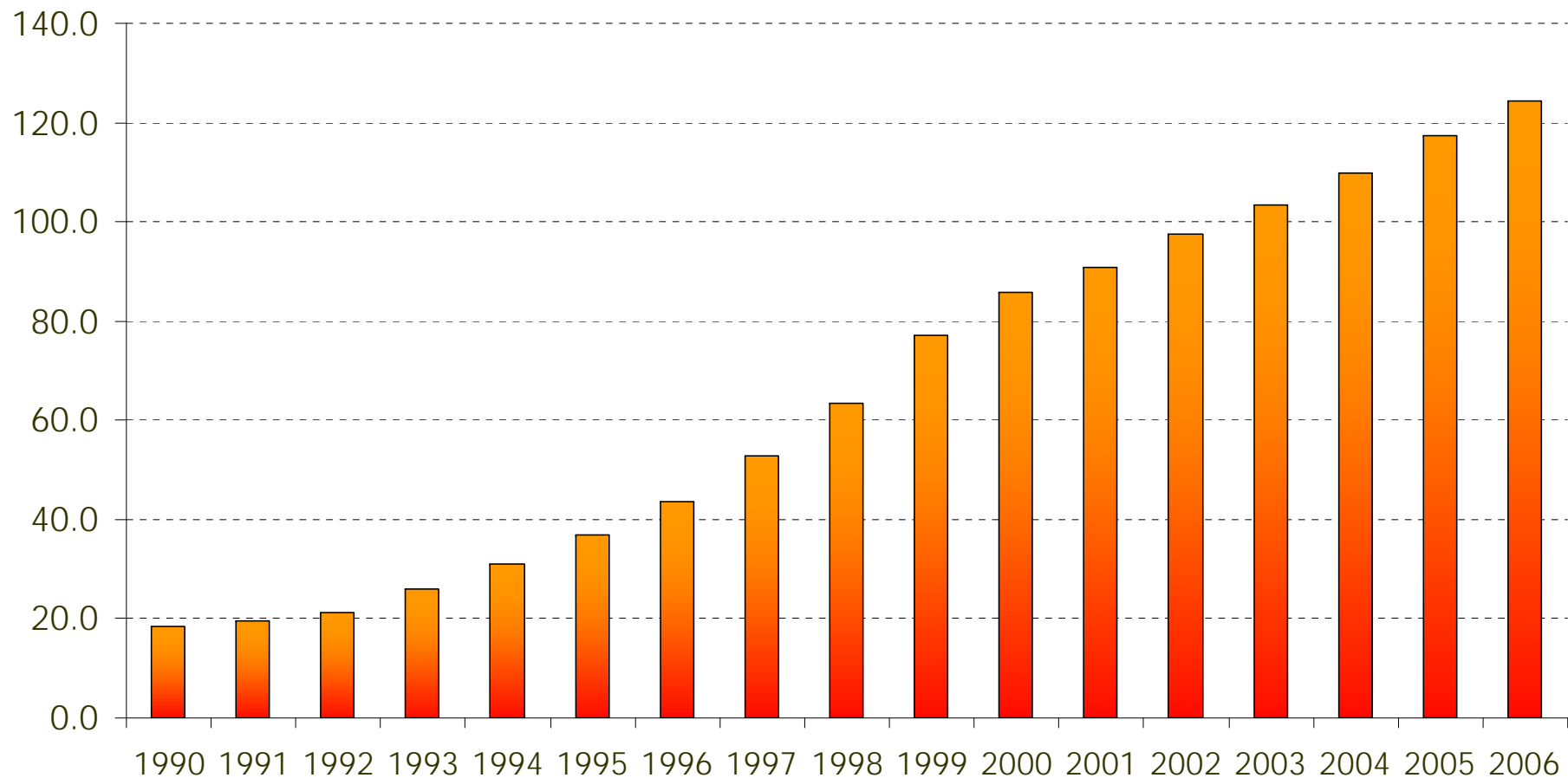
For further information and survey materials, see
http://www.ecb.europa.eu/home/html/researcher_hfcn.en.html

Annex

Examples of research potential: Household indebtedness

What do macro statistics show?

– Household indebtedness, % of disposable income in Portugal



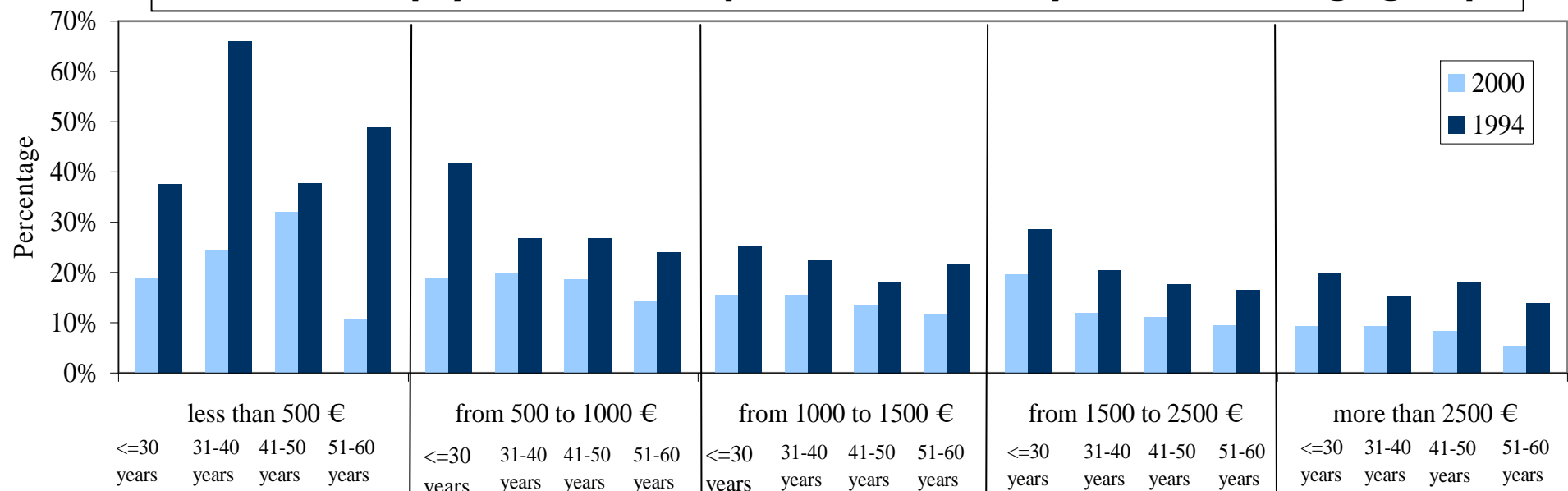
Examples of research potential : Household indebtedness (cont'd)

What do micro data reveal?

➤ Between 1994 and 2000, debt burden fell in all age and income groups, as

1. Interest rates fell down
2. Increase in aggregate household indebtedness (between 1994 and 2000) mainly driven by previously unindebted households

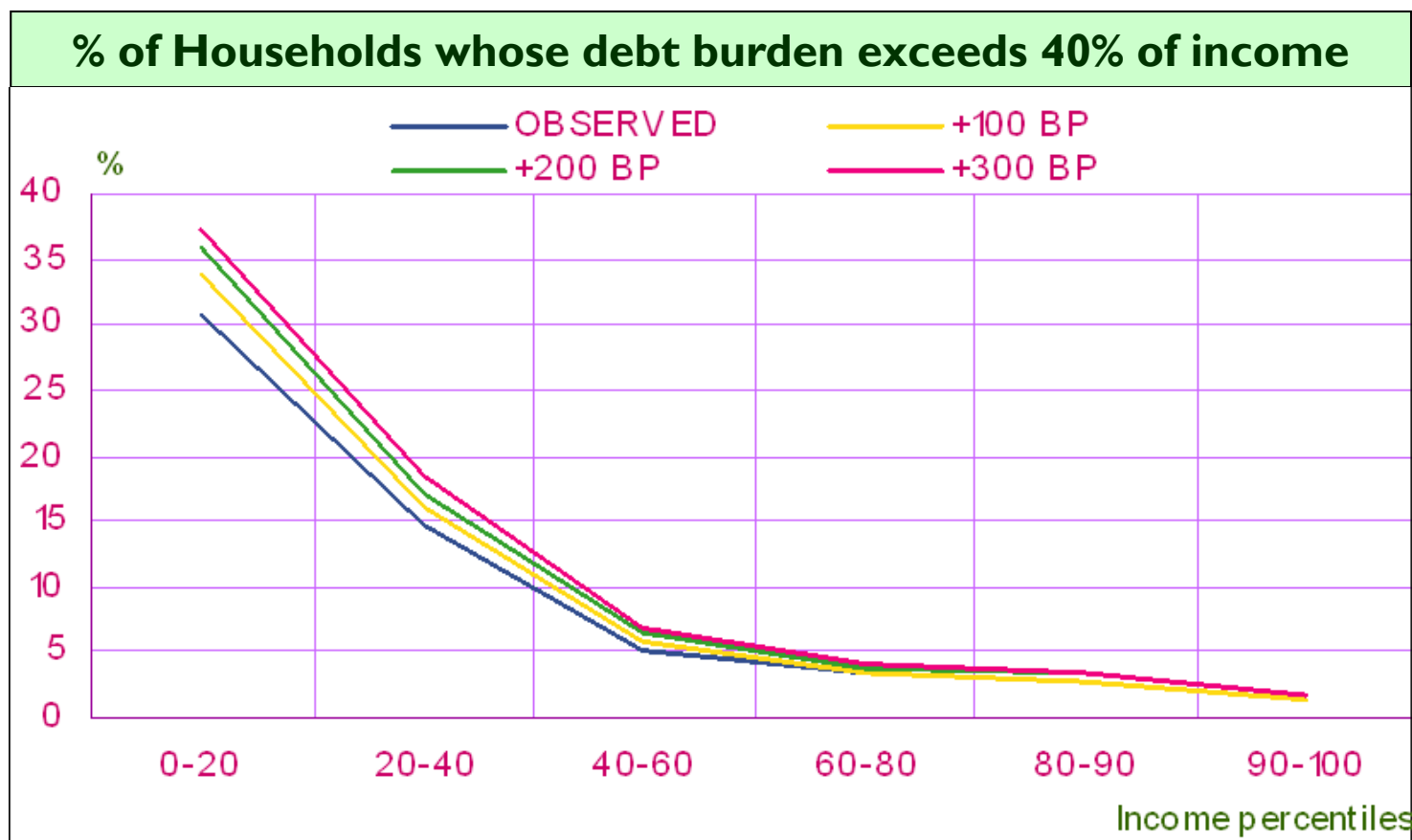
Debt service payment over disposable income, by income and age group



Examples of research potential: effects of monetary policy decisions

300 bp increase in interest rates on Spanish HHs → Overall limited effect, but:

- Top of income distribution: negligible effects
- Bottom of income distribution: (a) 7.3% drop in disposable income; (b) Fraction of households with high debt burden (>40% of disposable income) increases by 6.5 pp



Envisaged HFCS indicators (tentative)

Dimension	Core Indicators
A. Portfolio composition: Structure and value of assets	Share of households with financial assets, % of all households Homeownership rate, % of all households Share of households with the value of HMR \geq 99 % of total assets
B1. Indebtedness: Structure and value of liabilities	Share of indebted households, % of all households Share of mortgage indebted households, % of all households Share of households with variable rate loans, % of all households
B2. Indebtedness: Debt burden of indebted households	Share of indebted households with debt to assets ratio exceeding 75 % Share of indebted households with total debt service to income ratio exceeding 40 %. Share of households with debt to income ratio exceeding 3 Share of mortgage indebted households with loan to value ratio exceeding 75 % Share of mortgage indebted households with mortgage debt service ratio exceeding 40 %.

Envisaged HFCS indicators (tentative)

Dimension	Core Indicators
C. Saving, consumption and access to finance	<p>Share of households being able to save, % of all households</p> <p>Share of credit constrained households, % of all households</p> <p>Share of households withdrawing home equity, % of all households</p>
D. Distribution of wealth	<p>Median net wealth of households</p> <p>Mean net wealth of households</p> <p>Gini coefficient of net wealth</p> <p>Wealth quintile share ratio (gross wealth or net wealth)</p> <p>Share of total net wealth held by the top 1%, top 5 % and top 10 % of households</p>
E. Other topics (pension and insurance policies, intergenerational transfers)	<p>Share of households who have received inheritance or a substantial gift (other than their main residence) within the last 3 years, % of all households</p> <p>Share of households expecting to receive inheritance in the future, % of all households</p>