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PRESS RELEASE

Asset formation by households during the financial crisis

This article presents a microeconomic analysis of asset formation by households and the impact which the financial crisis has had on that. Here, data from a survey of households' financial behaviour are used for the first time. The partial, provisional results of that survey constitute plausible findings. An – albeit limited – comparison with the aggregate figures from the financial accounts and macroeconomic estimates does not reveal any discrepancy. The survey data are a useful addition to the existing macroeconomic information, both statistically and from the point of view of economics and policy. They shed light on the breakdown of assets and liabilities between households, and they permit examination of the determinants of that breakdown and of the financial behaviour of households.

The willingness of households to take risks has an impact on their financial decisions. The survey offers direct information on households' attitudes to financial risk, and the impact of that on their financial behaviour. The household's demographic and socio-economic characteristics are also a factor. Thus, the survey tells us something about the age at which households invest in the various asset components and the impact on that of such factors as the household's composition and the labour market position of its members.

The overall picture of the asset position of households provided by the financial accounts and the macroeconomic estimates masks wide variations between individual households and groups of households. This may have major economic implications and be very relevant for both social and financial/economic policy.

The known macroeconomic picture that households invested relatively more in assets regarded as safer during the crisis can be refined on the basis of the survey data. During the crisis, many households deserted equities in favour of bank accounts, and bank accounts in favour of real estate. On the other hand, there were some households which actually invested more in equities during this period. Many households also transferred funds between various bank accounts, and some households avoided particular assets altogether. Risk willingness and other household characteristics play a role in these movements

Communication
National Bank of Belgium Ltd.
boulevard de Berlaimont 14
1000 Brussels
phone + 32 2 221 46 28
www.nbb.be
Company's number:
0203.201.340 – RLP Brussels