

HFCS 2021: main results in Italy

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- Some caveats (new sample design and timespan)
- Income
- Income support measures
- Wealth
- Liabilities and financial fragility

The Survey on Household Income and Wealth...

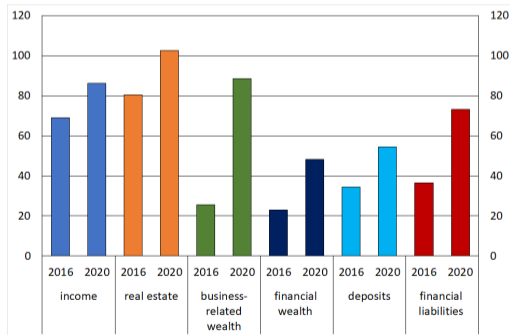
- ...has been collecting information on income and wealth of Italian households **since 1965**.
- Yearly up to 1986, every two years from 1987 to 2016
- Approximately 8,000 households, Panel component (about 50 %) since 1989, Face to face interview (CAPI methodology).
- Micro data freely available on the Internet (data from 1977).
- **In 2021 due to the pandemic**: mixed data collection mode CAPI & CATI, 6,239 interviewed hhs (52% panel, participation rate halved).
- Income and wealth reference year 2020.

The design of the SHIW was revised in 2020 to improve data quality and coverage

- use of (previously unavailable) administrative data on hhs' tax records and liabilities
- improved the survey's ability to observe small but economically relevant segments of the population
- resulting in a more accurate picture of the aggregate values and their distribution across the population
- yet, this change caused breaks in the time series to be dealt with

Degree of coverage of the main macroeconomic aggregates

(ratio of sample estimates to macroeconomic data; per cent)

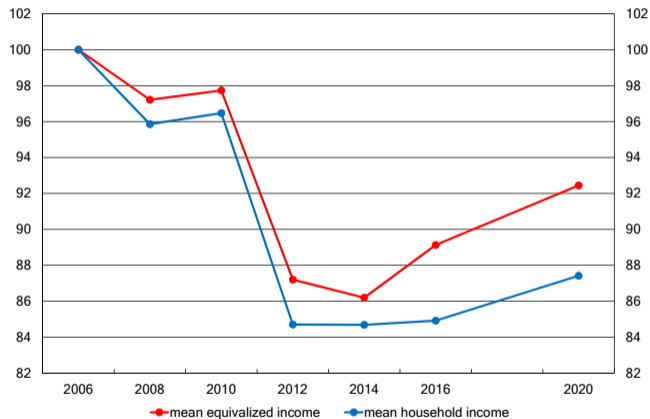


Two weighting schemes

- **Weights for historical comparison** obtained by applying statistical methods that completely neutralize the effects of the changes introduced in 2020 (i.e. approximating the composition of the sample that would have been obtained without the changes made to the sampling methodology). Used for trends description.
- **New design weights** which allow to take full advantage of the greater accuracy of the new sample design. Used for 2020 cross-sectional values.
- **Alert:** the timespan between the last two waves is longer than usual (2016-2020). Please bear this in mind when trends will be presented in the following slides.

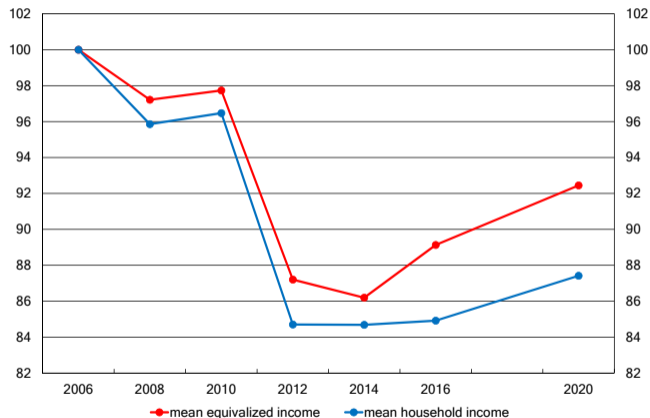
Household income was higher than four years earlier...

Mean household income and equivalized income
(constant prices, 2006=100)



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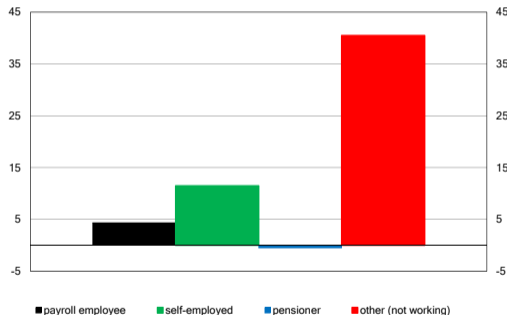
...but still significantly lower compared with the peak recorded in 2006.

The increase in real equivalized income was not uniform across groups

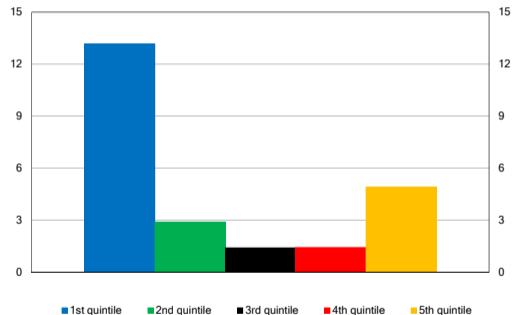
Change in mean equivalized income by household type from 2016 (1)

(percentage points; changes at constant prices)

Work status



Quintiles of equivalized income



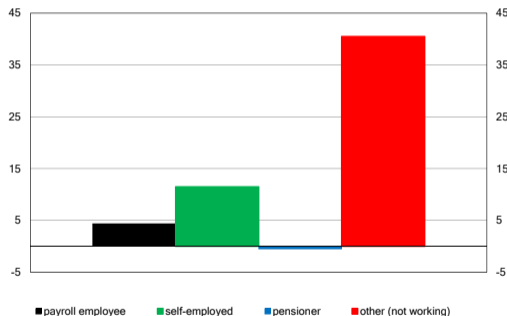
(1) Work status refers to the household's primary income earner.

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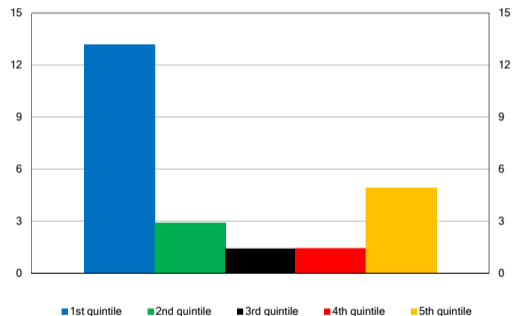
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Differences mainly attributable to social transfers.

Income distribution was influenced by the income support measures

- A) Those introduced between 2016 and 2019 (esp. the minimum income/pension schemes)
- B) Those temporary adopted in 2020 to cope with the pandemic (XO wage supplementation, emergency income, and COVID payments)

Some key facts:

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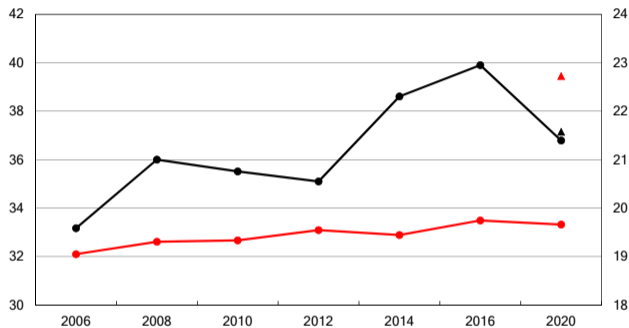
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- Total transfers in 2020 amounted to 2.3% of the respondent households' monetary income (doubled w.r.t. 2016),
- Received by nearly one in four households (average amount €3,133),
- **Greatest impact on household income from A) (received by 4% of households only; average amount €6,135; 65% recipients' income).**

Transfers limited the pandemic impact on inequalities

Distribution of equivalent income
(per cent)

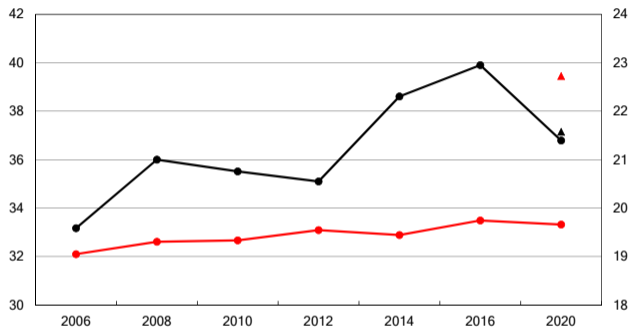


● Gini index ▲ Gini index (1) ● Low-income individuals (2) ▲ Low-income individuals (1) (2)

(1) New design weights. (2) 60% of median equivalized income. RHS scale.

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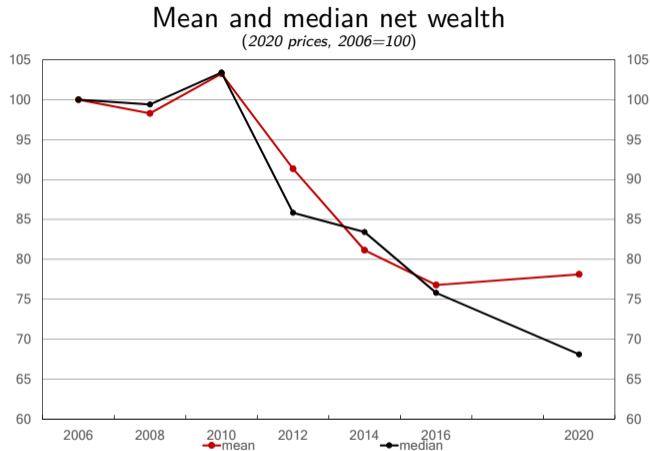


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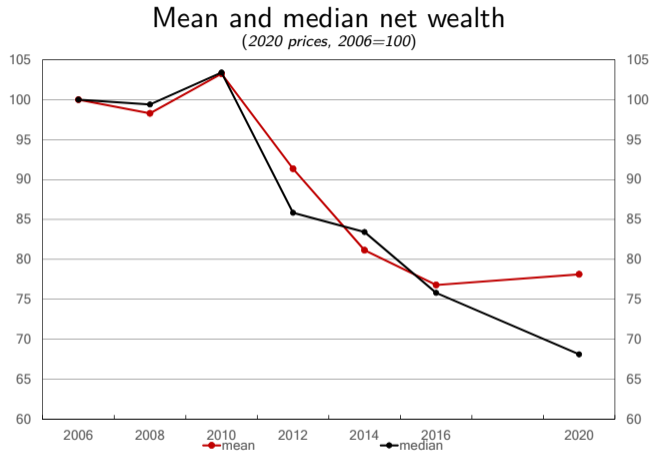
Gini index remained broadly stable and the share of low-income individuals decreased.

Average net wealth rose by 1.7%



- Growth driven by financial assets while real assets value was slightly lower than in 2016.

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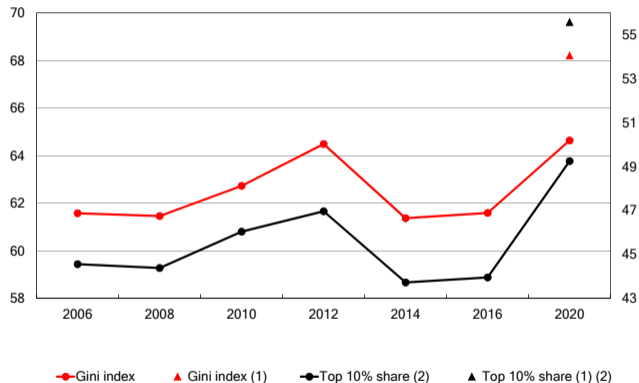


- Growth driven by financial assets while real assets value was slightly lower than in 2016.
- The gap widened further between mean and median net wealth

Slide

Therefore, net wealth inequality has increased

Distribution of net wealth
(per cent)



(1) New design weights. (2) RHS scale.

Net wealth decreased for the middle-class

Average value of household net wealth across distribution (thousands of euros; 2020 prices)

Figure: Bottom 30%

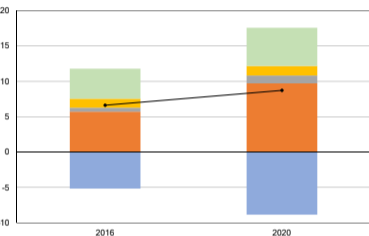


Figure: Central classes

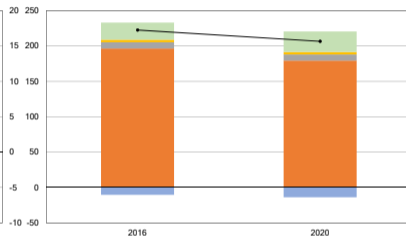
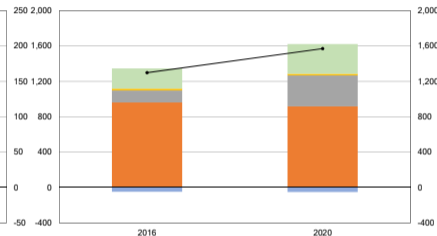


Figure: Top 5%



real estate business-related assets valuables financial assets financial liabilities net wealth

- Increase for the top 5 % driven by higher value of financial assets, savings growth, business-related assets.

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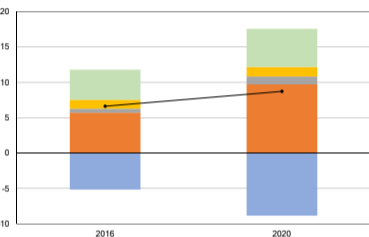


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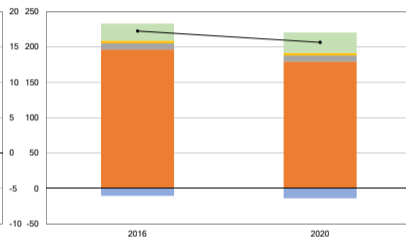
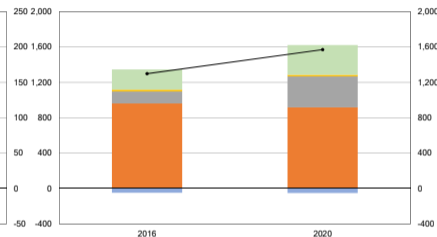


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- Increase for the top 5 % driven by higher value of financial assets, savings growth, business-related assets.
- Poorest 30 % still accounting for less than 2 % of total assets.

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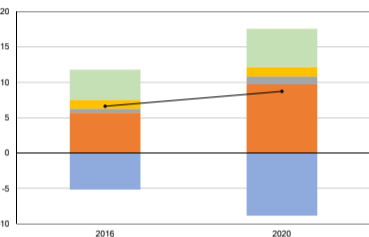


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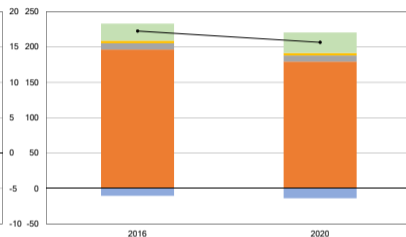
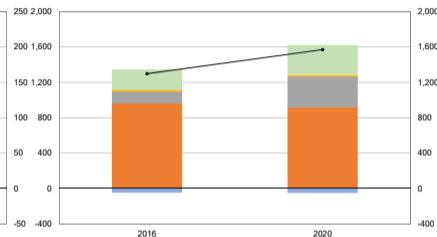


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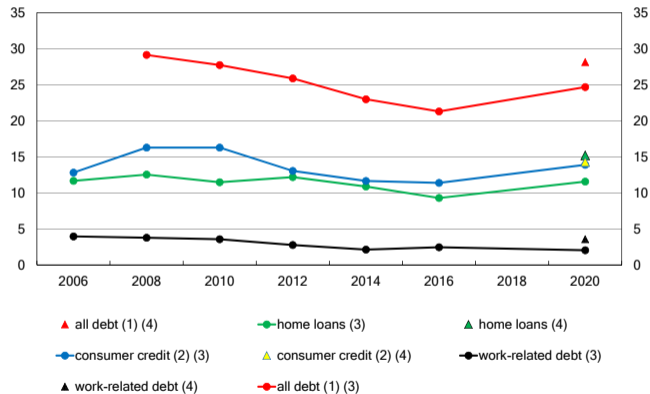
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- Increase for the top 5 % driven by higher value of financial assets, savings growth, business-related assets.
- Poorest 30 % still accounting for less than 2 % of total assets.
- **Decrease for distribution's central classes due to lower house prices.**

▶ Slide

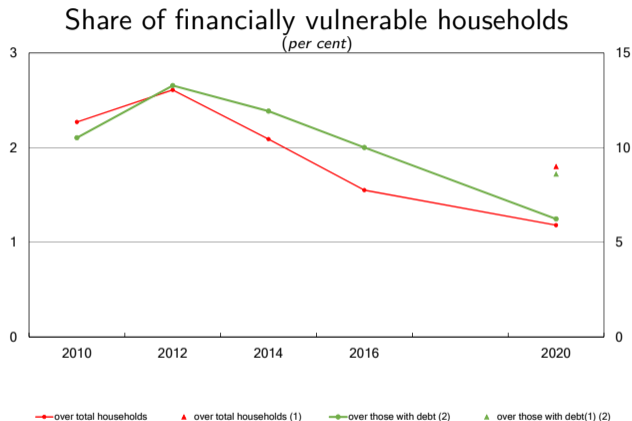
The share of indebted households increased

Share of indebted households by reason for borrowing (per cent)



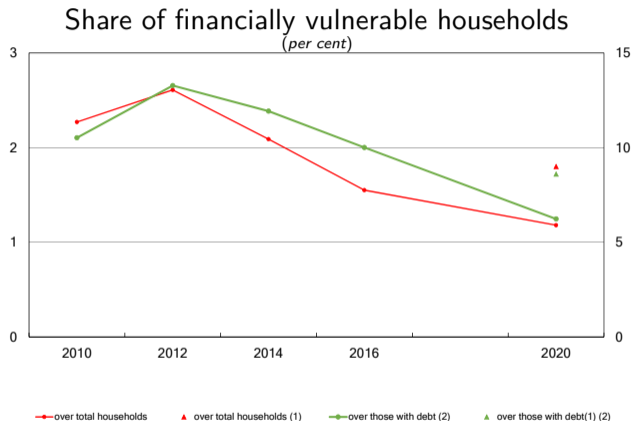
(1) Includes consumer credit, home purchase or renovation loans, work-related debts, loans from friends or relatives, current account overdrafts and debt on revolving credit cards (the latter two items have only been included in the survey since 2008). – (2) Includes loans for the purchase of means of transport, other durable goods and non-durable goods. – (3) Values obtained using historical comparison weights. – (4) Values obtained using the new design's weights.

Yet, there was a decrease in the share of financially vulnerable households



Households with an equivalized income below the median and annual debt service payments equal to more than 30 per cent of their income. (1) New design weights. (2) RHS.

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Reduction due to lower interest rates and debt moratoriums (obtained by 7% of indebted HH)

Income

Income growth stronger at the bottom of the distribution

Income inequality stable

Both results largely hinge on new income support measures

Wealth

Mild growth driven by financial wealth

Increase in inequality due to the different portfolio composition across the distribution

Liabilities

Higher share of indebted households...

...but less vulnerables (thanks also to moratoriums)

According to the new design a country more unequal than it was previously thought

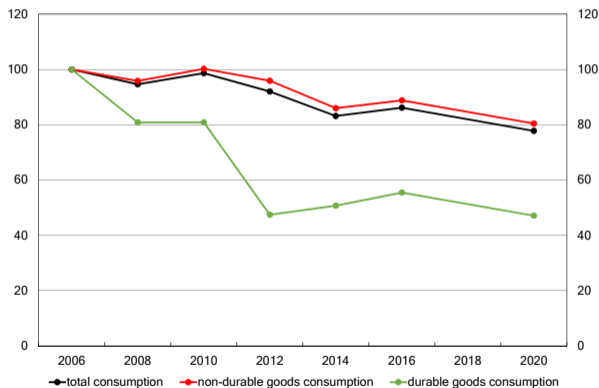
Thank you!

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Household expenditure reached a historical low since 1980

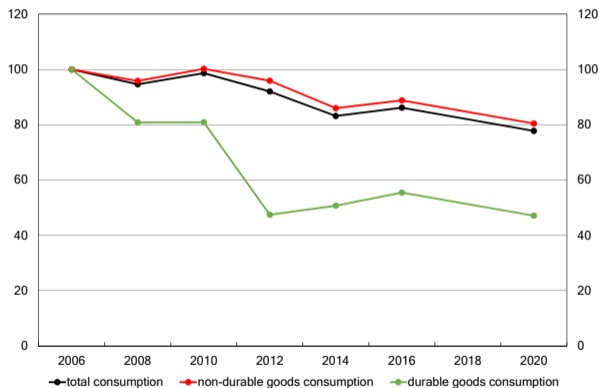
Mean household consumption expenditure

(2020 prices; 2006=100)



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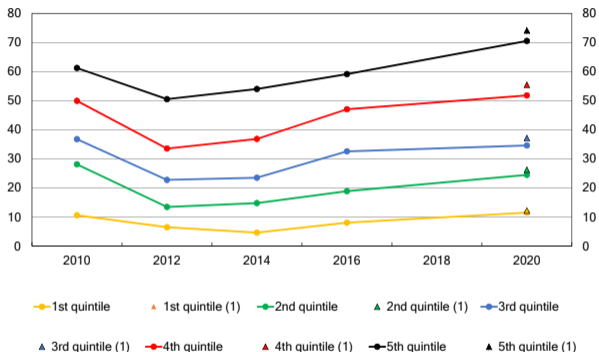
Mean household consumption expenditure
(2020 prices; 2006=100)



The higher the income the greater the reduction.

As a result there was a sharp rise in saving rates

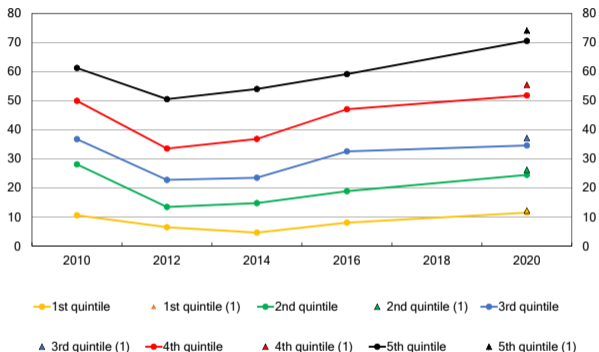
Share of households that saved part of their earnings by quintiles of equivalized income
(per cent)



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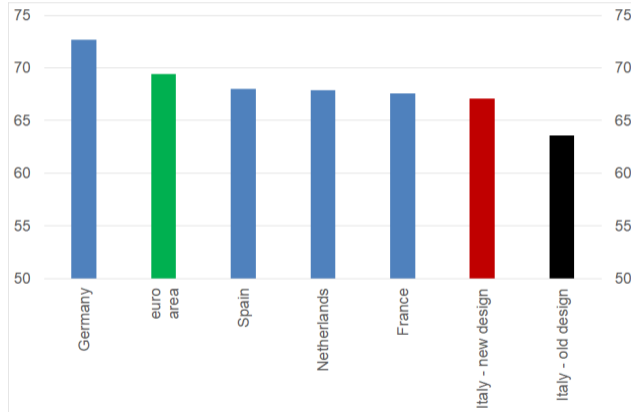


(1) New design weights.

Savings surge common among income classes but, in terms of absolute value, highest for the top quintile of income. [▶ Back](#)

Gini index of net wealth: cross country comparison

▶ Back



The effect of the new survey design on inequality and financial fragility measures (2020)

	New design weights	Weights for historical comparison
Gini index		
Household income	42.8	35.8
Equivalentized income	39.5	33.3
Household net wealth	68.2	64.7
Low-income individuals (1)	21.6	21.4
Indebted households (2)		
Share of total households	21.3	18.9
<i>Share of households in the 1st quartile of equivalentized income</i>	12.4	11.1
Share of financially vulnerable households (3)	1.8	1.2

(1) Low-income individuals are defined as those who live on an equivalentized income that is less than 60 per cent of the median. (2) Only includes debt for property purchases or renovations and for purchases of consumer goods. (3) Share of indebted households over total households with an equivalentized income below the median and annual debt service payments equal to more than 30 per cent of their income.