

# Household Finance and Consumption Survey

Results of the 4th wave in Slovakia



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# Household Finance and Consumption (HFCS)

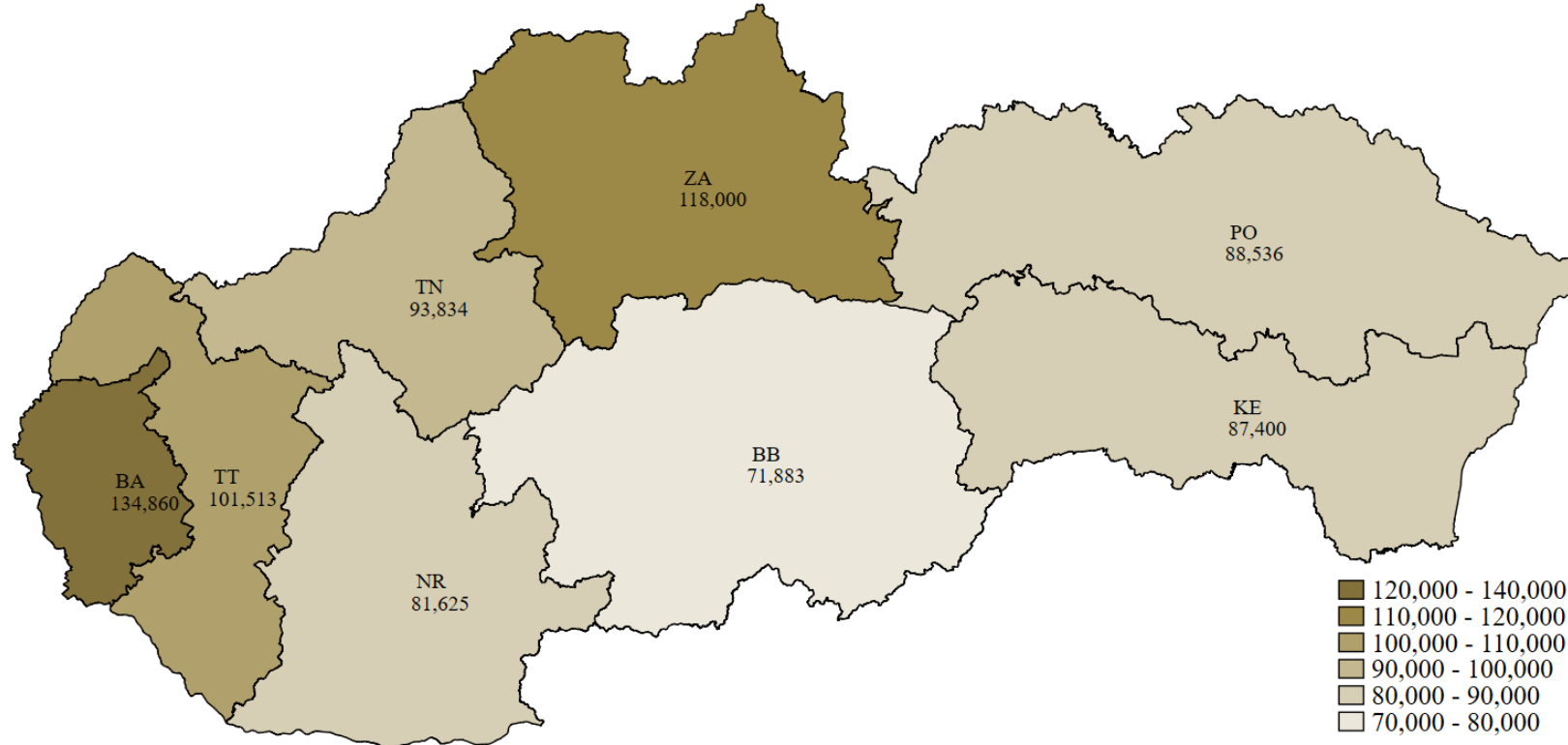
- HFCS is undertaken by the National Bank of Slovakia and the Slovak Statistical Office
- It has been conducted since 2010 to obtain direct information on household (HH) assets, liabilities, income, consumption, and socio-demographic characteristics
- Slovak 2021 HFCS wave:
  - Random probability sample design; some attempts to oversample the wealthy
  - Fieldwork from July to October 2021; survey conducted via CAPI mode
  - Net sample size 2,174 HHs and 4,322 individuals (response rate 55%)
  - Panel sub-sample for almost 900 HHs
  - Special questions on Covid effects, financial literacy, well-being and economic expectations
- HFCS data has been actively used for:
  - Policy analyses (Financial Stability Report)
  - Academic research (WPs, journals)
  - Educational purposes (HFCS data workshop)

# Key findings

- Households became wealthier between 2017 and 2021, mainly due to increased house prices
- Wealth inequality declined – with younger and low-income households benefitting the most
- Household asset portfolios are strongly skewed towards real estate assets
- Financial assets are strongly concentrated in low-risk deposits
- Mortgage indebtedness continued to increase, especially among young households
- Overall debt burden of households stabilised – likely impacted by Macroprudential Policy measures
- Financial literacy levels rather low, only moderate improvement between 2017-2021

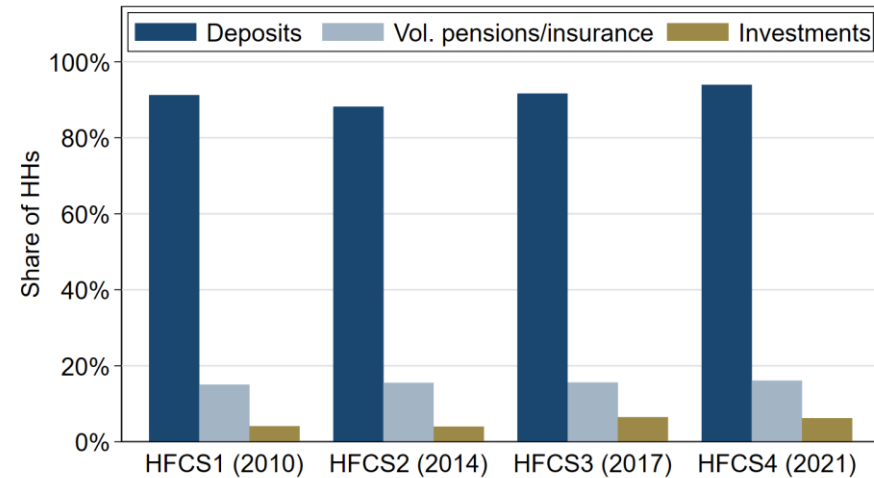
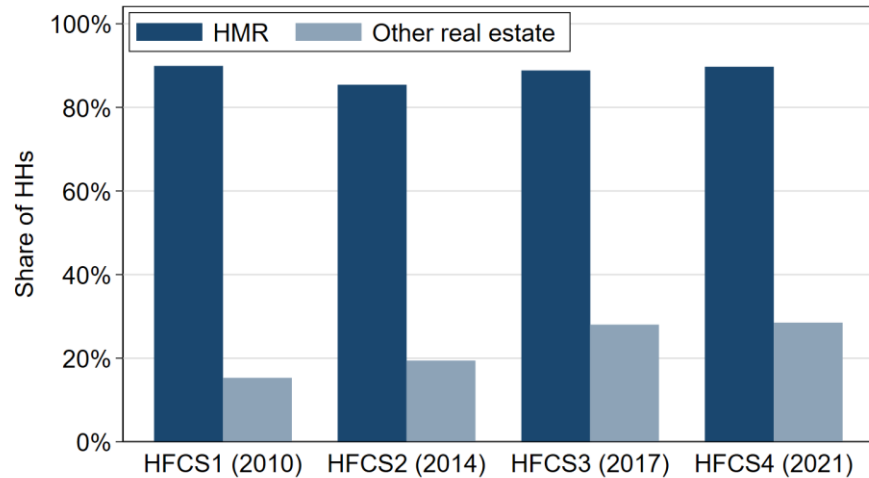
# I. Wealth distribution

- Median HH net wealth value increased by 39% between 2017 and 2021, from €70 to €97 thousand (primarily driven by house prices)
- Highest relative increase in wealth among low-income HHs → lower wealth inequality
- Substantial regional differences in HH net wealth:

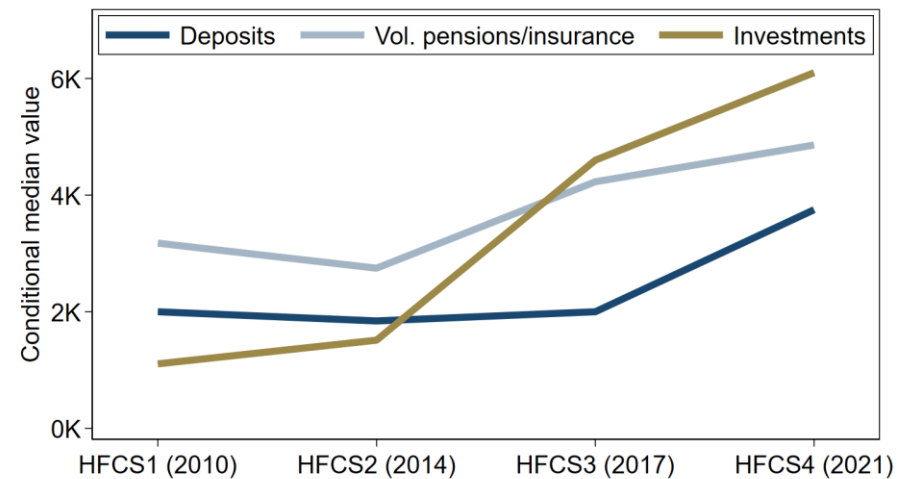
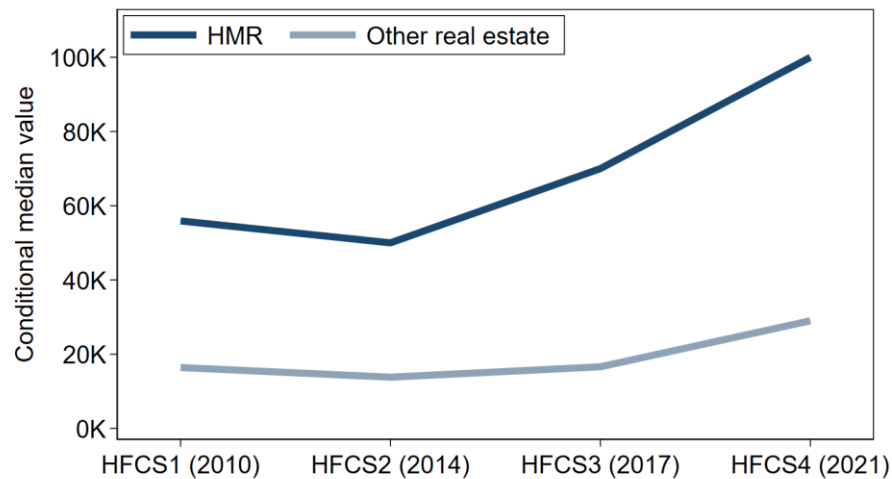


## II. Assets

- Broadly stable ownership rates of real and financial assets over 2010-2021:

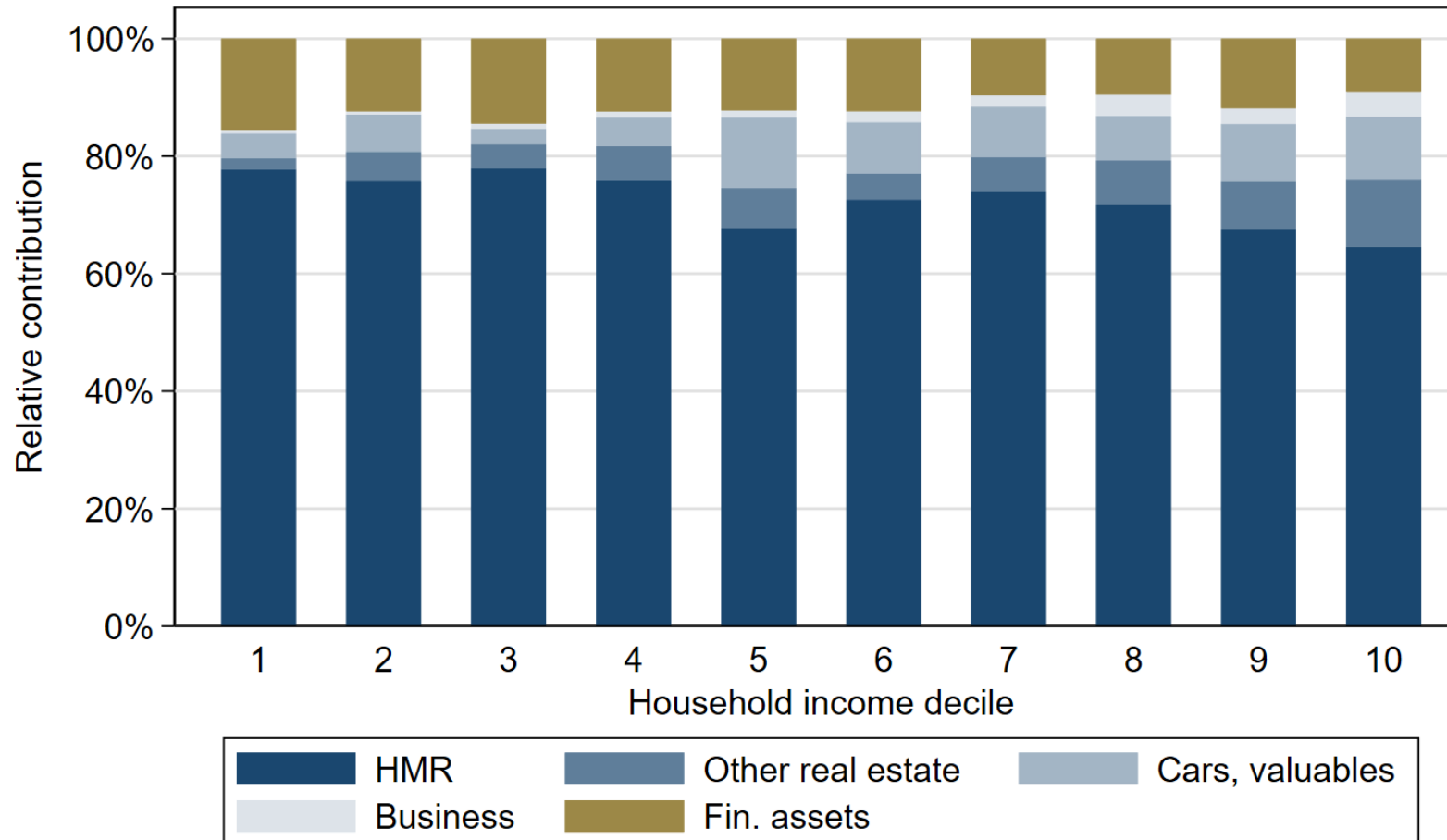


- Considerable growth of house prices, some appreciation of investments:



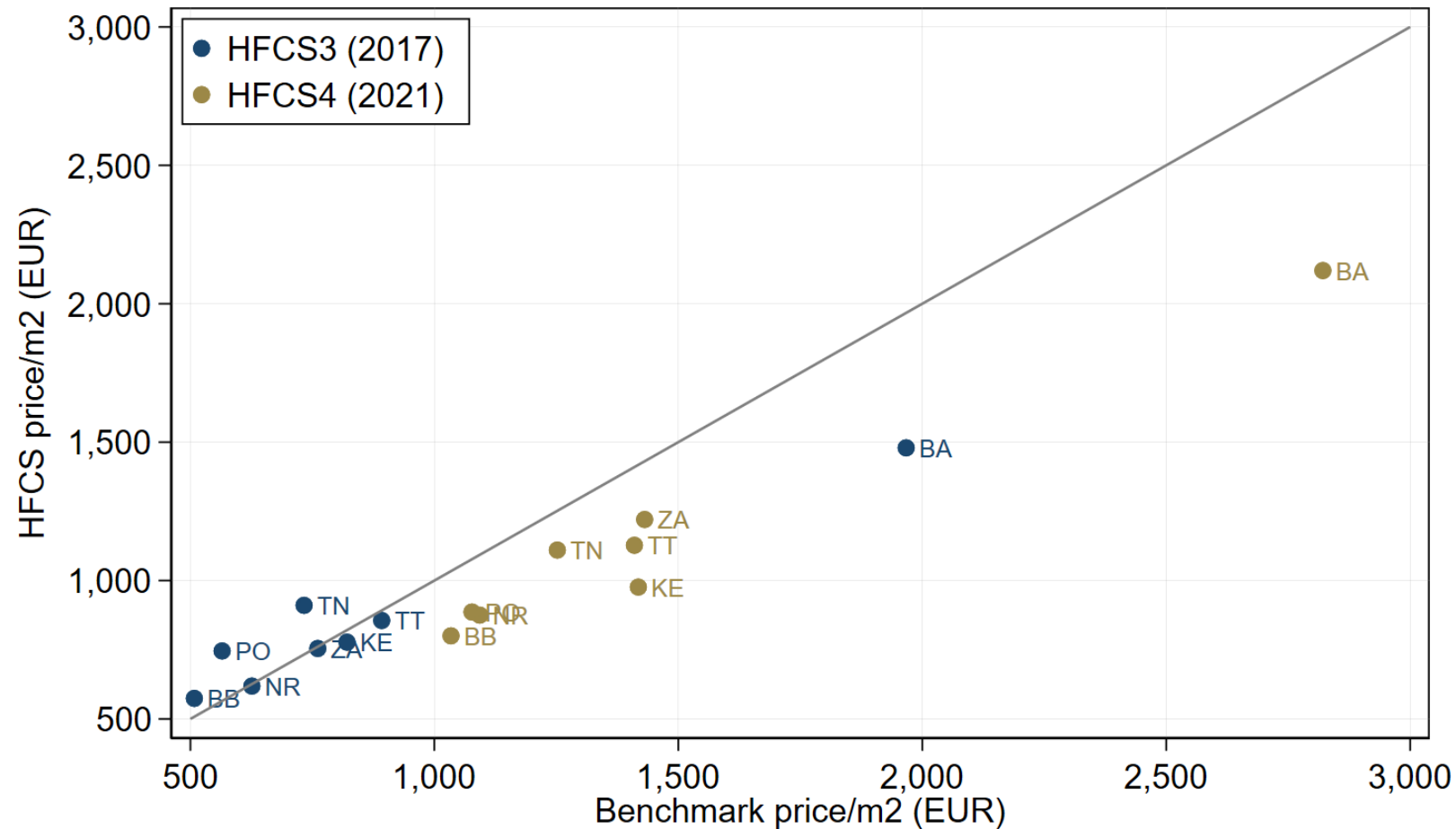
# III. Importance of real estate

- Portfolios of Slovak HHs are under-diversified, with a strong focus on Household Main Residence (HMR); some heterogeneity across income distribution:



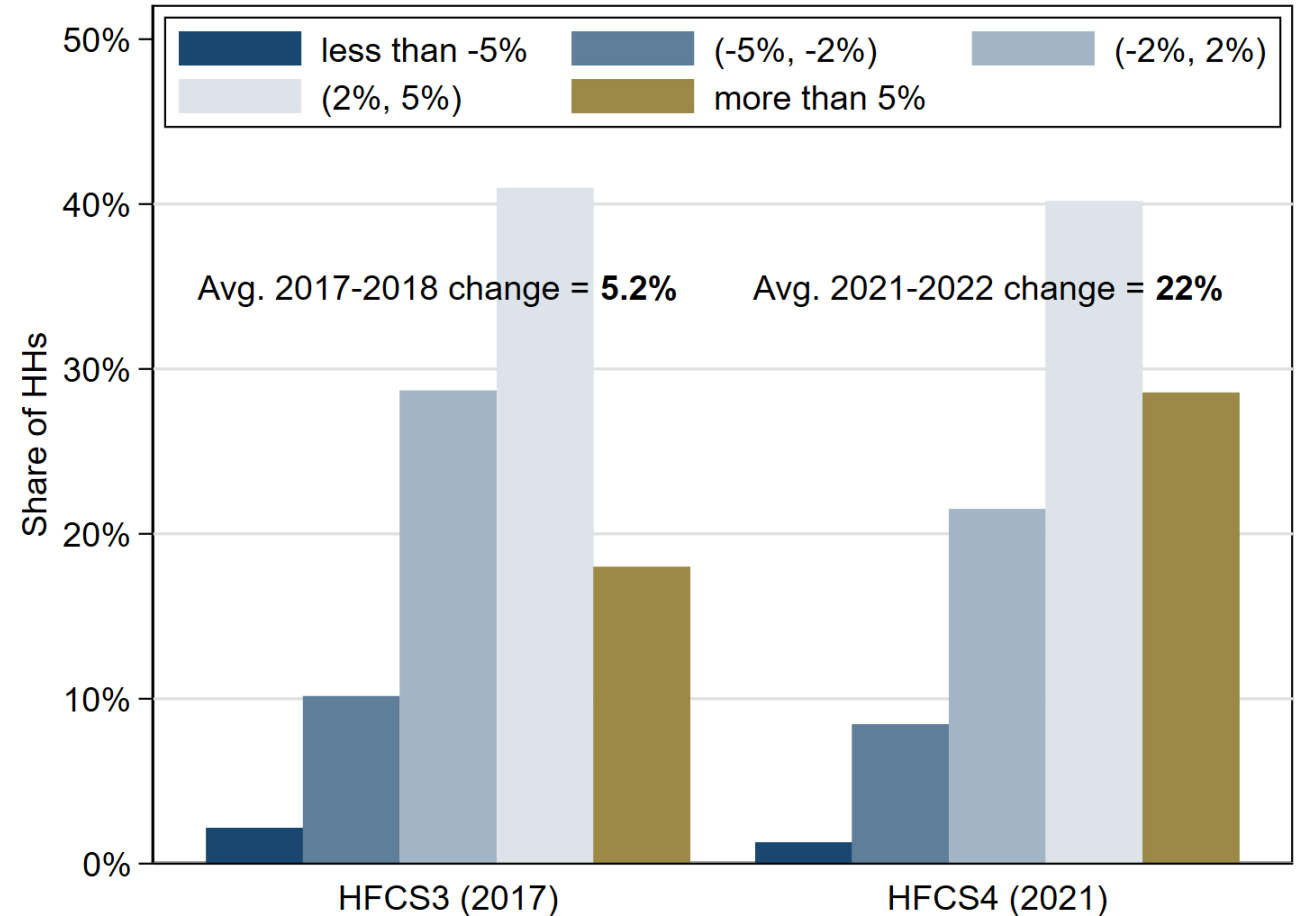
# III/a. Validity of house prices in the HFCS

- Subjective house prices in the HFCS are fairly well aligned with external benchmark statistics, with some divergence in the 2021 wave:



# III/b. Expectations about future house prices

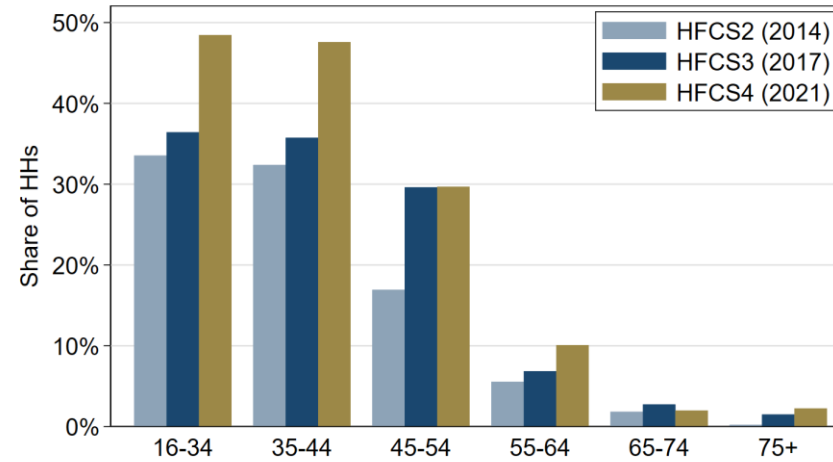
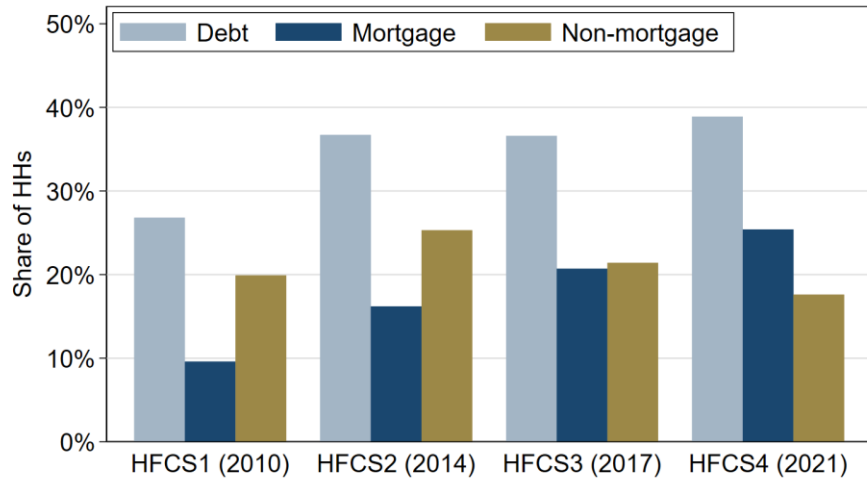
- Most HHs expected nominal value of their HMR to grow at 2-5% (2021 – 2022), while the actual figure turned out to be 22%
- HHs appear generally inattentive to the value of their property
- More attention is given by young and financially more literate HHs



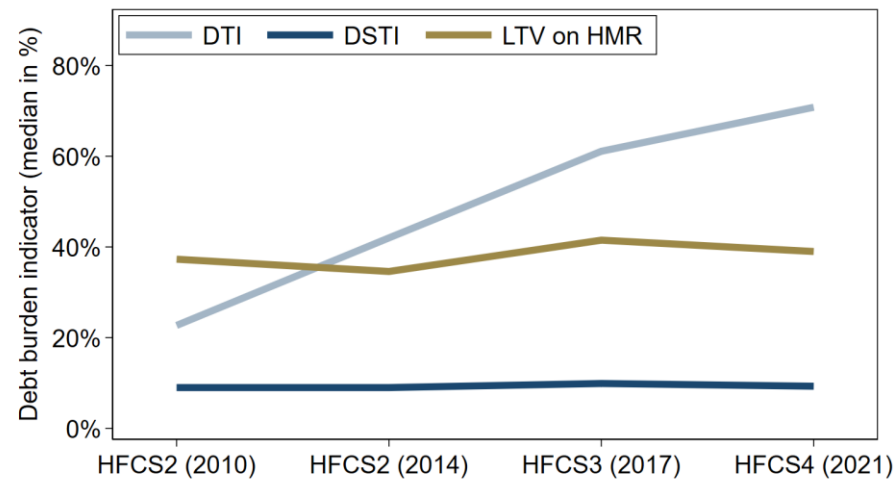


# IV. Debt

- Substantial increase in the share of (young) HHs holding mortgage debt:

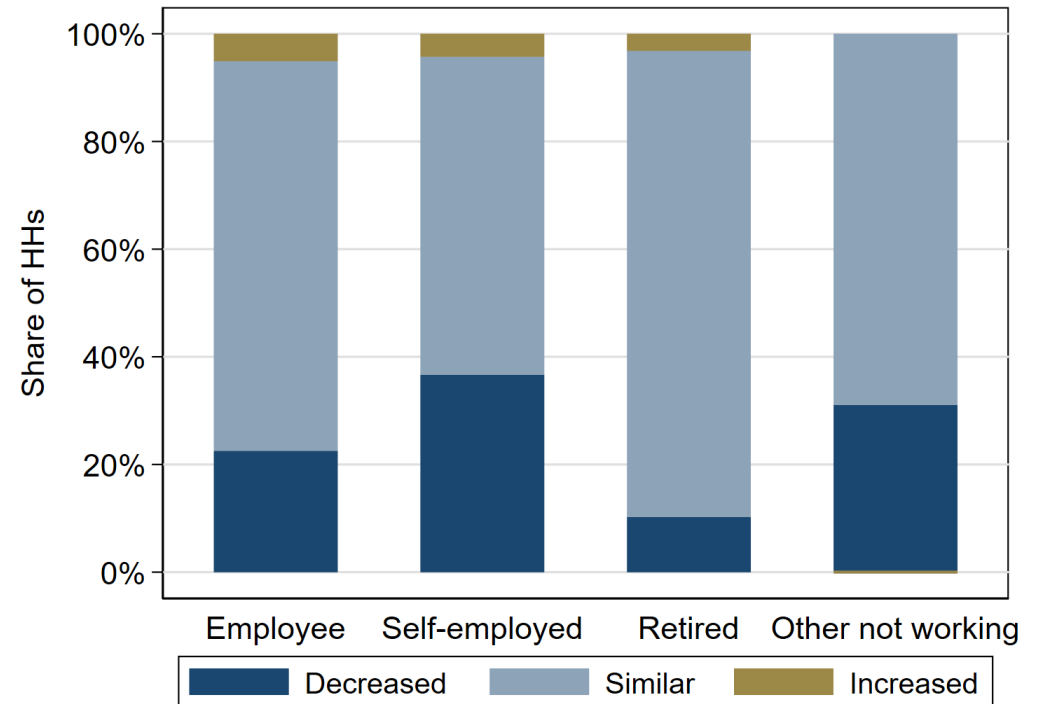
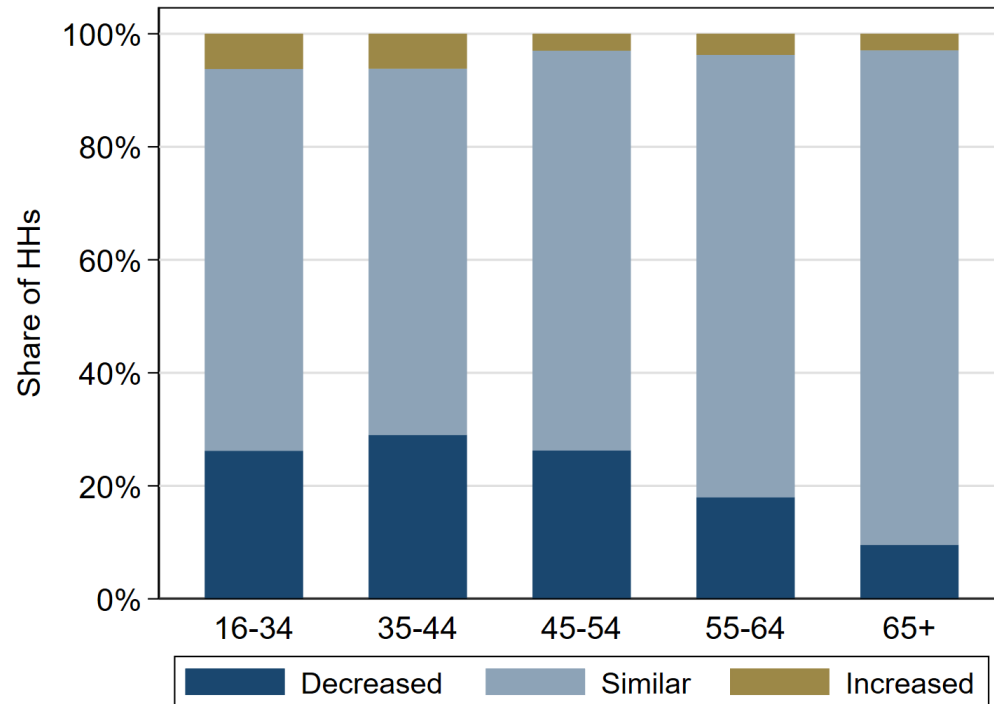


- Stabilised debt burden (DSTI, LTV), likely as a result of tighter BBMs in Slovakia:



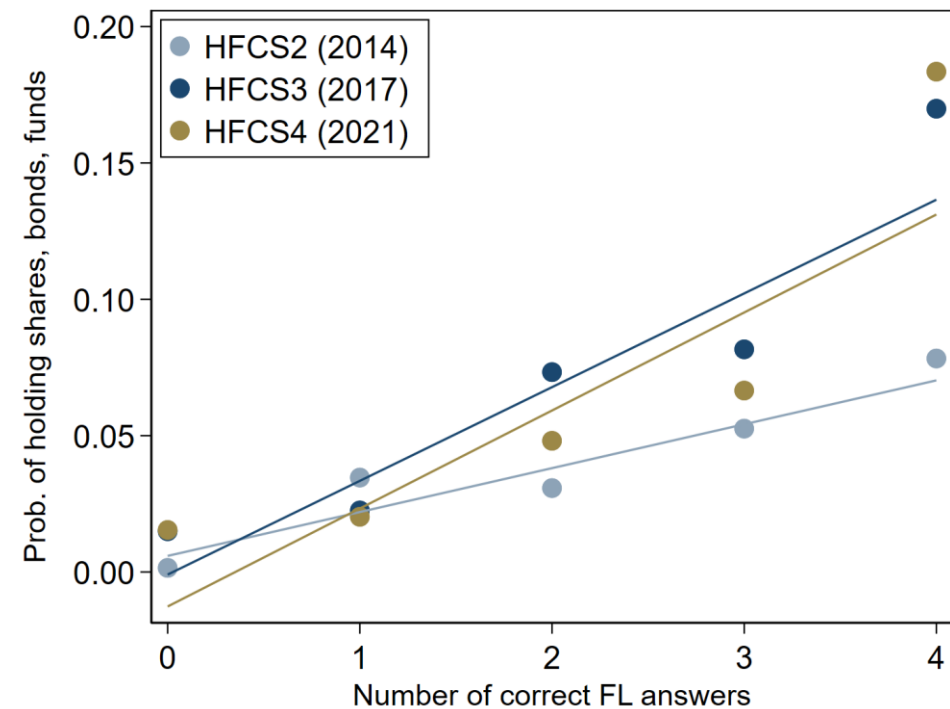
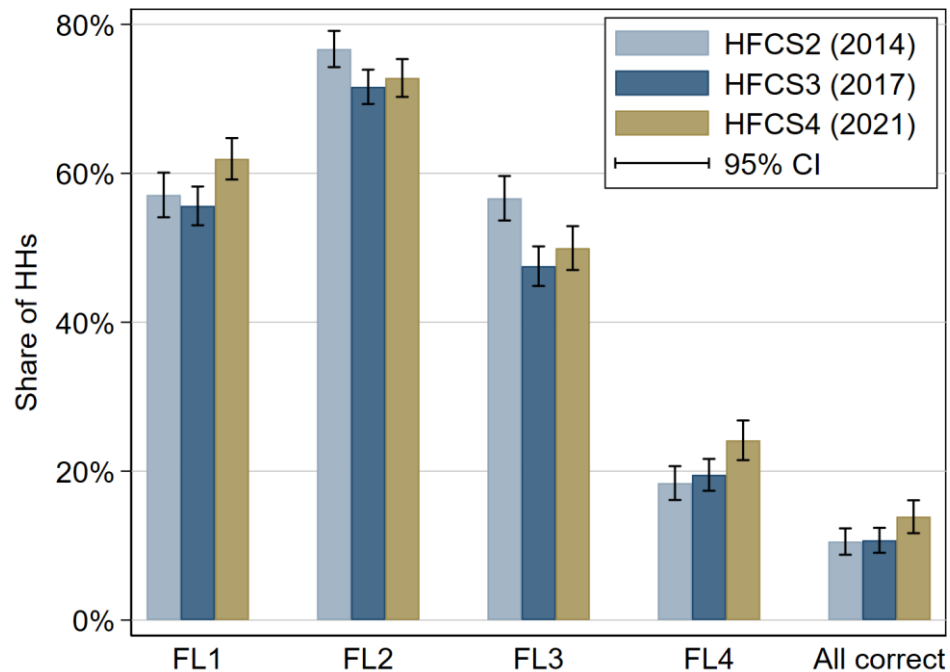
# V. Covid-19 and HH finances

- The most important shock faced by HHs during the COVID-19 pandemic was a reduction in income; only few HHs experienced job losses
- Financial wealth of HHs was impacted as well, younger and self-employed HHs were hit the hardest:



# VI. Financial literacy

- HFCS asks basic financial literacy questions (à la Lusardi and Mitchell) on interest rates (FL1), inflation (FL2), diversification (FL3), and asset risk (FL4)
- Financial literacy has slightly improved between 2014-2021, but the levels are still low
- Positive association between financial literacy and the share of HHs investing in shares, bonds, funds



Thank you for your attention!

HFCS web: [www.nbs.sk/hfcs](http://www.nbs.sk/hfcs)

HFCS 2021 report: [here](#)

Data request: [here](#)

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