

Household Wealth and Finances in Germany

Key findings from the „Panel on Household Finances (PHF)“ 2021

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The Panel on Household Finances (PHF)

- The „Panel on Household Finances (PHF)“ ...
 - ... is the German part of the („**Household Finance and Consumption Survey**“ (HFCS)) conducted by the Bundesbank
 - ... comprises surveys of households in **2010/11, 2014, 2017 and 2021**
 - ... has a large **panel component** and **oversamples households** in wealthy areas



The Panel on Household Finances (PHF) in 2021

- **Moved** fourth PHF wave **from 2020 to 2021 due to the pandemic**:
 - **adjusted data collection** mode from face-to-face (CAPI) to **telephone (CATI)**
 - kept **questionnaire** almost **unchanged** to ensure **comparability**
 - added **Corona** module
- **4 119** interviewed **households** (83% panel, waves 2-3 58%)
- **Economic** environment 2017 to 2021:
 - Substantial **increase of house prices** and the German **stock market**
 - **Low interest and inflation** rates
 - **Corona-measures**: reduced consumption opportunities, government programs to stabilise income

The Distribution of Household Net Wealth in 2021

Data as at 3/2023

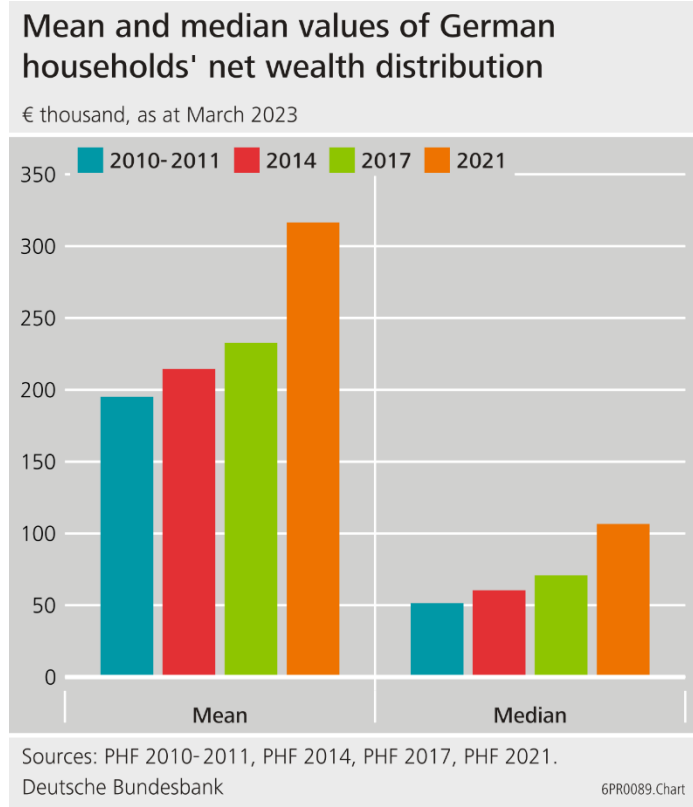
Net wealth of private households increased substantially between 2017 and 2021

- **Mean net wealth:**

- 2017: 232 800 €
- 2021: 316 500 € (+ 36%)

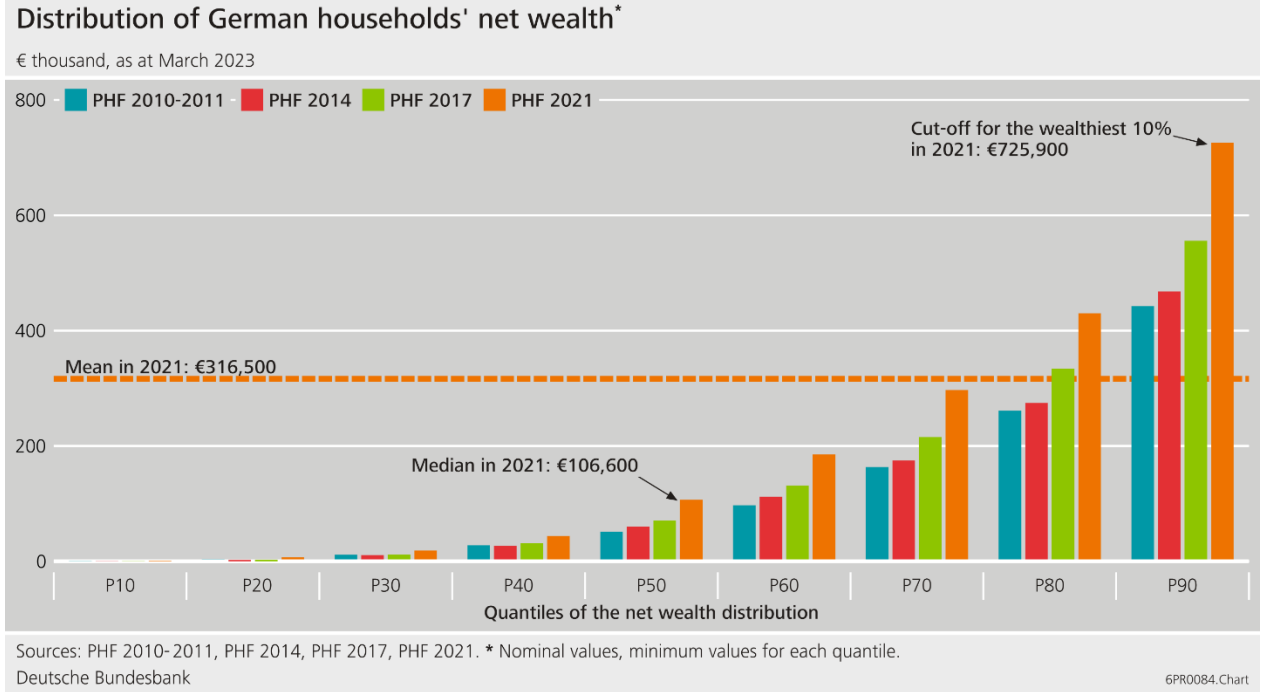
- **Median net wealth:**

- 2017: 70 800 €
- 2021: 106 600 € (+ 51%)



Net wealth increased across the distribution between 2017 and 2021

- **Net wealth levels increased across the distribution, not only around the median or at the top.**
- **Strongest absolute increases at the top of the distribution.**

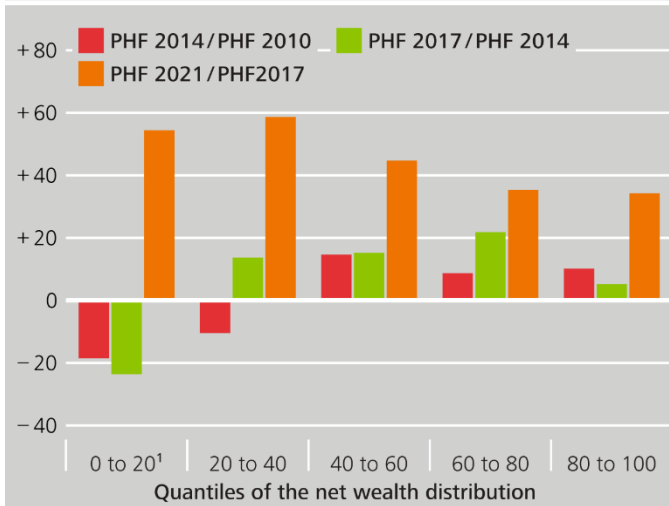


Relative to existing wealth holdings, the increase was strongest in the lower parts of the distribution

- **Financial assets** and in particular balances of current and savings accounts are notably **higher in the lower parts of the distribution than in previous waves.**
- **Additional savings** due to restricted consumption opportunities?

Change in Net Wealth (mean), by quantiles

%, as at March 2023



Sources: PHF 2010-2011, PHF 2014, PHF 2017, PHF 2021. ¹ Average net wealth is negative in the bottom quantile of the net wealth distribution. The percentages shown for this part of the distribution are thus multiplied by -1. A positive share indicates that the mean is closer to zero compared with the previous wave. A change from €-200 to €-100 would show up in the graph as a 50% increase.

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Wealth inequality declined over the last decade in Germany

- **Relative measures** of inequality **declined** between 2010 and 2021.
- **Share** of net wealth belonging to the **top 10%** of the distribution stable between 2017 and 2021, but **smaller than in 2010**.
- The **interquartile range** (P75-P25) **increased** from one wave to the next. This would have happened even if all households increased their wealth by the same factor.

Measures of Inequality

	2010/11	2014	2017	2021
Mean/Median ratio	3,8	3,6	3,3	3,0
P90/Median ratio	8,6	7,8	7,8	6,8
Gini-coefficient	76 %	76 %	74 %	73 %
Share of total net wealth held by wealthiest 10%	59%	60%	55%	56%
Interquartile range in euro	203,000	221,000	262,000	338,000

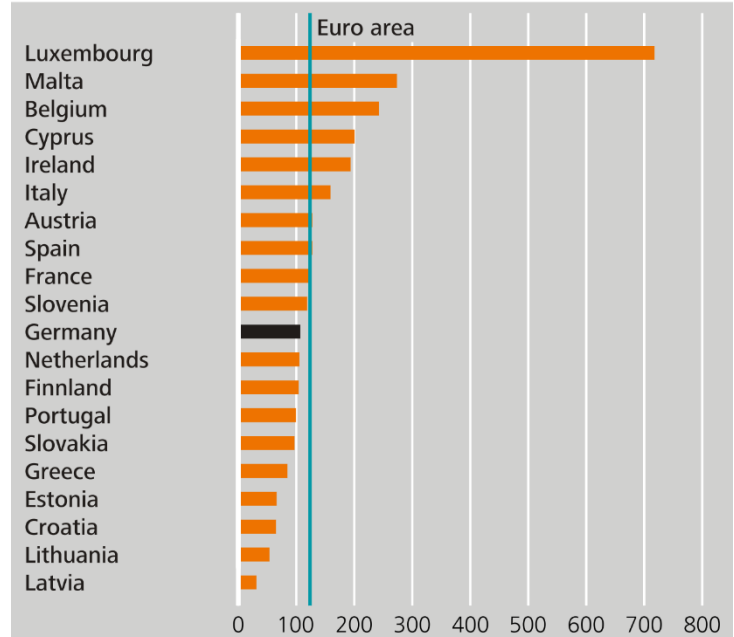
Sources: PHF 2010/11, PHF 2014, PHF 2017, PHF 2021

Comparing Germany with the Euro Area

- **Median net wealth lower for Germany** (106,600 €) than **euro area median** (123,500 €)
- **Mean net wealth higher for Germany** (316,500 €) than **euro area mean** (292,100 €)
- Net wealth **inequality higher in Germany** (Gini: 73%) than **euro area** (Gini: 69%).

Median net wealth 2021

€ thousands, as at July 2023



Source: Household Finance and Consumption Survey, wave 2021, statistical tables, A1 main aggregates.

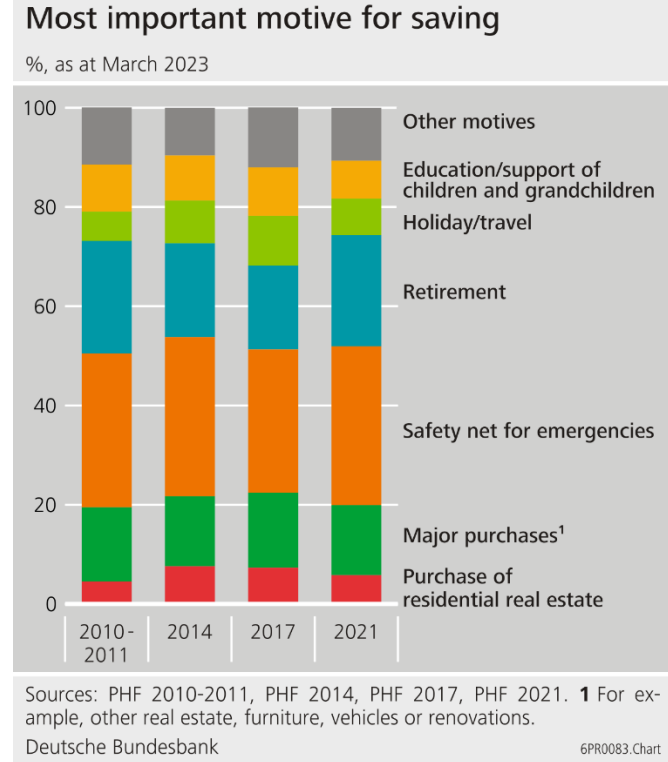
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More households state that they are able to save in 2021 than in 2017

- The **share of households** indicating to **regularly save a fixed amount, increased** from 43% in 2017 to 46% in 2021.
- **In 2021, fewer households** than in previous waves indicated that they **were unable to save**, especially in the bottom quantile of the distribution.
- Savings **motives** for savers **didn't change much** over the years.
- **Saving for emergencies** still the **most important motive**



Summary and Outlook

- **Net wealth** of households in Germany **increased across the distribution** between 2017 and 2021.
- Net wealth **inequality declined** over the last decade in Germany.
- The fifth wave started in May 2023.



Thank you for your attention.

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Additional results:

<https://www.bundesbank.de/resource/blob/908924/3ef9d9a4eaeae8a8779ccec3ac464970/mL/2023-04-vermoegensbefragung-data.pdf>