EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

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Results of the second wave of the Eurosystem's Household Finance and Consumption Survey

- Between 2010 and 2014 net wealth of median euro area household decreased by about 10 percent, mainly due to lower house prices, according to Eurosystem survey
- To lesser extent, an increase in the value of debt contributed to the decrease of net wealth
- Inequality in the euro area increased slightly, according to some indicators

The net wealth of euro area households fell by about 10 percent between 2010 and 2014, mainly due to lower house prices, according to the results of the second wave of the Eurosystem's Household Finance Consumption Survey (HFCS). Overall, real estate prices fell during the financial and economic crisis. The survey also shows that inequality in the euro area had increased slightly since the first wave of the HFCS, which was conducted in 2010.

The second wave of the HFCS is based on 84,000 interviews conducted in 18 of the euro area countries as well as Poland and Hungary in 2013 and 2014. It collects information on assets and liabilities as well as income and consumption of households. The dataset provides insights into the behaviour and financial situation of households, which are highly relevant for monetary policy and financial stability.

The data show that, as in the first wave and in other developed regions, the distribution of wealth is skewed. The median household – that is, the one separating the richer half of the population from the poorer half – owns net wealth worth €104,100. By contrast, the net wealth of the 90th percentile – that is, the household separating the poorest 90% of the population from the richest 10% – is €496,000.

The fall in net wealth was mainly driven by a reduction in the value of assets. The extent varies across countries because of different housing markets and home ownership rates. It was also, to a smaller

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extent, due to an increase in the value of debt, which was driven mainly by households in the upper tail of the net wealth distribution.

Wealth inequality has increased slightly from 2010 to 2014, the survey results show. The Gini coefficient, a frequently used indicator of overall wealth inequality, edged up to 68.5 percent from 68.0, which is within the margin of measurement error. A value of 0 corresponds to complete equality, while 100 percent reflects maximum inequality - one household owning all wealth.

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Notes:

- The full report is available on the ECB's website.

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