

SURVEY OF HOUSEHOLD FINANCES (EFF): DESCRIPTION, METHODS,
AND PRELIMINARY RESULTS

Introduction

This article presents the Spanish Survey of Household Finances (EFF), a new survey conducted by the Banco de España that is included in the National Statistics Plan, recently approved by the Council of Ministers. The main aim of the EFF, whose methodology is described in Bover (2004), is to obtain detailed information on Spanish households' wealth and financial decisions.

In recent years, the modernisation of financial systems and the progress in most industrialised economies in consolidating a stable macroeconomic environment have wrought substantial changes in households' saving patterns, financing and investment. In the Spanish economy, in particular, low interest rates, strong job creation, and the increased flexibility and competitiveness of the credit market have been conducive to an increase in household indebtedness. Similarly, broader investment opportunities, stemming from greater openness and financial innovation, have led to significant changes in the composition of household assets: the share of marketable instruments has risen, while that of traditional bank products has lost ground.

These changes in the size and composition of households' balance sheets have enabled them to take advantage of the developments in the financial and macroeconomic environment to improve their welfare. At the same time, households have become more exposed to certain macroeconomic or idiosyncratic shocks, such as those caused by changes in interest rates, asset prices or household incomes. This increased exposure has a direct impact on the determinants of household consumption and investment (see Malo de Molina and Restoy, 2004), which account for almost three-quarters of economic activity. In turn, the rise in debt taken on by households has increased the exposure of credit institutions and, consequently, of the financial system as a whole to changes in the factors governing the soundness of households' wealth position.

In its analyses of the economic situation and outlook, and in its reports on financial stability, the Banco de España has thus increasingly focused on the financial decisions and wealth of households. To date, these analyses have mainly been based on the *Financial Accounts of the Spanish Economy* (FASE), compiled by the Bank itself. The FASE contain a wealth of statistics, within the framework of National Accounts, on the aggregate balance sheet of the household sector and on its financial flows with the rest of the economy's institutional sectors. However, they do not enable us to conduct disaggregated analyses that could prove useful for assessing all the implications of the position and financial decisions of households.

Indeed, from a financial and a macroeconomic standpoint, it would be useful to obtain not only the position of the sector as a whole, but also the distribution in the population of the different assets and debts positions. For example, when estimating the potential impact of a rise in interest rates, it is important to know whether debt is proportional to households' income or wealth or if it is concentrated among the least wealthy households. Likewise, the consequences of potential sharp corrections in asset prices depend on the capacity of the households owning these assets to absorb this shock and, accordingly, on their income and wealth. Factors such as age or labour market status of the members of the household also come into play.

For this reason, the Banco de España decided in 2001 to launch the EFF, following in the footsteps of other countries that have been compiling this type of survey for some years. The

Spanish survey is specifically based on that of the Banca d'Italia (*Indagine sui Bilanci delle Famiglie*, IBF) [see Banca d'Italia (2000)] and above all on that of the US Federal Reserve's *Survey of Consumer Finances* (SCF) [see Aizcorbe, Kennickell and Moore (2003)].

The EFF questionnaire contains a wide range of questions on assets, debt, incomes, spending and socioeconomic variables relating to the household sector. The availability of information on these variables for each reporting household unit will help refine financial and macroeconomic analyses of the Spanish economy. At the same time, the disaggregated information will be most useful for extending our knowledge of specific key questions, such as the relationship between the distribution of income and wealth in Spain, property ownership rates, the types of households with pension fund holdings and the financial and socioeconomic determinants of saving. Despite the fact that, in view of the complexity of the questionnaire, the number of responses (just over 5,000) is lower than in other official surveys, quality comparisons made drawing on data in other national statistics and on similar surveys in other countries yield satisfactory results. This is largely due to the sophisticated and innovative sample design, involving a blind system of collaboration between the National Statistics Office (INE) and the Tax Authorities. Naturally, we are also extremely grateful to the households that contributed to this survey.

This article describes the main methodological features of the EFF and some of the preliminary results obtained in the first wave, whose reference period is 2002 Q4. In Section 2, we will briefly outline some relevant aspects of the making of the survey, a more detailed description of which is given in Bover (2004). The results are then presented in subsequent sections. Specifically, in Section 3, results on households' incomes and net wealth are provided. In Sections 4 and 5, households' holdings of real and financial assets are respectively analysed. Section 6 gives information on households' debt levels and debt service burden. Section 7 focuses on aspects relating to household spending. And, lastly, Section 8 offers some concluding remarks.

The main tables of results, which describe asset and debt holdings (Tables 3, 5 and 7), give the percentage of the different types of household holding each asset or type of debt, along with the median value of each instrument for households where this value is significant. Given that for most of these variables the distributions show very high values for a relatively small number of households, the median is a better approximation than the mean to the typical values of the distribution.

Description and methods

SAMPLE DESIGN

A significant characteristic of the EFF, and one it shares with the SCF, is that there is oversampling of wealthy households. The distribution of wealth is heavily skewed and, moreover, certain types of assets are held by only a small fraction of the population. It was therefore judged important to have a sample that would not only be representative of the population but also of aggregate wealth, and one that would facilitate the study of financial behaviour at the top of the wealth distribution. This oversampling was achieved thanks to the collaboration of the INE and the Tax Authorities (TA), through a complex co-ordination mechanism that enabled the TA's strict confidentiality requirements to be observed at all times. Specifically, the TA devised a wealth strata-based random sample drawing on the *Padrón Continuo* (a continuously updated municipal population census) provided by INE, following the guidelines of the sample design prepared by INE. This provides the EFF with a unique population frame for its sample, thereby ensuring the representativeness of the information obtained while attaining accurate information on the behaviour of the richest household segment. Finally, a complex procedure for replacing non-respondent households was incorporated into the sample design, thus ensuring the maintenance of the sample's desirable characteristics.

The questionnaire given to households is divided into nine main sections which reflect the aims of the EFF. These are as follows:

1. Demographics
2. Real assets and their associated debts
3. Other debts
4. Financial assets
5. Pension plans and insurance
6. Labour market situation and related income
7. Non-labour income in previous calendar year (2001)
8. Means of payment
9. Consumption and savings

The questions on assets and debts refer to the household as a whole, while those on labour market situation and related income are for each household member over 16. The information was collected by means of personal interviews with the households, conducted between October 2002 and May 2003. Given the complexity of the questionnaire, the interviews were computer-assisted. At the end of the field work, 5,143 interviews of a total of 19,901 attempted interviews were deemed valid. The percentage of households that could not be contacted accounted for 35% of the total, and the co-operation rate was, overall, 47.3%¹. This diminishes as the wealth stratum rises, standing at 53.6% for the lowest stratum and at 29.4% for the highest. These figures are comparable to those obtained in the SCF.

The degree of oversampling in the final sample is satisfactory. For example, the household segment holding 40% of total taxable wealth is represented in the EFF sample by some 500 observations. In the absence of oversampling, and if the response rate were uniform across the different strata, scarcely 20 households might be expected at best in this stratum, which would hamper statistical analysis of the population segment in which the most complex financial decisions are concentrated.

To obtain magnitudes representative of the population, use is made of weights, i.e. the frequency with which households in the sample are to be found in the total household population. To calculate the weights, account is taken mainly of the characteristics of the sample design, but various adjustments are made to reflect the different response rate by income and wealth level.

Along with a significant percentage of refusals to participate in the survey, the lack of a reply to certain questions is an inherent characteristic of wealth surveys. This type of non-response arises when a household agrees to reply to the survey but leaves one or several questions unanswered, owing to a lack of knowledge or to other reasons. Any analysis based exclusively on cases with fully completed questionnaires might bias the results substantially. Consequently, the Banco de España has devised a system of imputations for the non-observed values to facilitate data analysis. These imputations are based on advanced statistical techniques, with several estimations being obtained for each non-observed value so as to take into account the uncertainty associated with the imputation². The statistics of interest are obtained by combining the information on these multiple imputations³.

1. The co-operation rate is defined as the ratio of the number of completed interviews to the sum of the number of completed interviews and the number of refusals to participate. 2. Five imputations are provided in the EFF for each non-observed value. 3. The data presented in this report will foreseeably be revised slightly upon conclusion of the process of imputation of the EFF variables not used in the compilation of the report.

As discussed in the introduction, the EFF bears notable similarities to surveys conducted in other countries, such as the US SCF and the Italian IBF. However, there are also significant technical differences. First, there is no oversampling in the IBF, while in the SCF oversampling is based on the distribution of income and not of wealth, as is the case in the EFF. Second, the EFF sample, despite including oversampling, uses a unique population frame. Conversely, the information in the SCF is from two separate samples: a random, non-stratified sample and a stratified sample drawn from individual tax returns. Third, the EFF, unlike the SCF, includes questions on household spending, as the IBF does. Fourth, like the IBF but unlike the SCF, the EFF is expected in future waves to have a “panel” component, which would call for the repeated interviewing of a portion of the households over time. Finally, the IBF, unlike the EFF and the SCF, does not include an overall imputation process as it does not generally consider households that fail to reply to certain key questions as part of the sample.

Household income and net wealth

INCOME^{4,5}

According to the EFF, the average income of Spanish households in 2001 is €28,400, with a median of €22,000 (see Table 1)⁶. By age group, the expected life-cycle profile is observed with income increasing with age, peaking for households in the 45 to 54-year-old segment, and then declining for the older groups. Income also increases with education, being substantially greater for households whose head is a college graduate compared with those with a lower level of education. In terms of labour market status, households whose heads are self-employed are the ones with the highest income, followed by employees, retired persons and other inactive and unemployed people.

NET WEALTH⁷

The median net wealth of households is €96,300 (see Table 1). This is substantially lower than the average figure (€153,400), which reflects the asymmetry in the distribution of wealth. The greater concentration of net wealth compared with income is because wealth is the result of the accumulation of saving flows and of inter-generational transfers. The average income of the 10% of households with the highest income is thus three times that of the 50% of households with least income, while the average wealth of the richest 10% of households is sixteen times that of the 50% of households with least wealth. The wealth means and medians increase with income, the result of incomes generated from assets and of the greater saving opportunities for high-income households.

Net wealth conforms to the expected life-cycle profile, peaking for households whose head is aged between 45 and 64, which is slightly later than the age at which income peaks. Wealth also rises with level of education, and is greatest for households whose head is self-employed. Comparing the corresponding means and medians, the distribution of wealth may be said to be more asymmetric for the self-employed than for employees and retired persons.

Real assets

Real assets make up 87.4% of the value of total household assets (see Table 2). This proportion holds approximately constant as income rises, and only diminishes noticeably in the top decile. However, even for the relatively higher income levels, they continue to account for a large portion of the total value of household assets (80.4%). In terms of net wealth levels, real assets are relatively less significant at the two extremes of the distribution, though they exceed 82% in both cases.

4. As a measurement of household income this report takes total household income (including the labour and non-labour income of all household members) for the whole of the year 2001. Information is also requested in the survey on labour and non-labour income as at the time of the survey. 5. The concept of income used throughout this report is that of gross income, i.e. before tax and social security contributions. 6. That is to say, 50% of households have income above €22,000, and 50% below it. 7. Net wealth is defined as the total value of assets (real and financial) minus the amount of debts. The value of cars and other vehicles is not included.

HOUSEHOLD INCOME AND NET WEALTH
Distribution by household characteristics. 2002

TABLE 1

% and thousands of euros					
Household characteristics	% of households	Income		Net wealth	
		Median	Average	Median	Average
ALL HOUSEHOLDS	100.0	22.0 (0.5) (a)	28.4 (0.5)	96.3 (2.5)	153.4 (4.7)
INCOME PERCENTILE					
Less than 20	20.0	7.6	7.4	52.7	75.0
Between 20 and 40	20.0	14.7	14.7	77.9	99.5
Between 40 and 60	20.0	22.0	22.1	88.1	120.0
Between 60 and 80	20.0	32.2	32.6	115.7	165.8
Between 80 and 90	10.0	47.0	47.6	152.0	209.6
Between 90 and 100	10.0	70.5	82.2	247.0	402.9
AGE OF HOUSEHOLD HEAD (b)					
Under 35	14.0	23.2	27.2	54.0	85.5
35-44	22.1	24.1	29.9	89.3	125.9
45-54	19.7	29.0	36.5	126.6	196.3
55-64	16.5	25.4	33.5	122.2	215.4
65-74	17.1	16.5	21.7	102.1	155.4
75 and over	10.5	10.3	14.4	77.2	120.3
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD					
Employee	45.7	26.8	33.8	92.3	130.0
Self-employed	11.4	30.2	38.0	184.5	327.3
Retired	25.4	16.8	22.4	103.1	156.7
Other inactive or unemployed	17.5	12.1	16.5	64.6	96.4
LEVEL OF EDUCATION OF HOUSEHOLD HEAD					
Below secondary education	58.8	17.5	21.8	82.2	118.4
Secondary education	26.0	25.9	31.4	107.5	160.2
University education	15.2	38.1	48.3	156.1	276.5
STATUS OF MAIN RESIDENCE					
Ownership	81.9	23.4	29.9	116.4	180.2
Other	18.1	17.3	21.5	1.8	31.7
NUMBER OF HOUSEHOLD MEMBERS WORKING					
None	28.8	10.9	13.5	78.5	121.3
One	38.4	22.3	27.5	91.3	148.8
Two	26.9	33.6	40.9	115.5	182.9
Three or more	5.9	43.4	49.1	133.3	205.4
NUMBER OF HOUSEHOLD MEMBERS					
One	15.2	9.4	12.6	64.2	94.2
Two	25.7	17.5	22.2	90.4	146.6
Three	24.3	24.9	30.9	99.0	165.4
Four	24.3	29.2	37.2	118.6	170.2
Five or more	10.6	33.2	39.8	112.9	188.4
NET WEALTH PERCENTILE					
Less than 25	25.0	15.9	18.9	7.7	12.7
Between 25 and 50	25.0	19.0	23.0	68.0	68.3
Between 50 and 75	25.0	23.2	27.7	126.8	131.7
Between 75 and 90	15.0	29.9	35.9	232.7	239.3
Between 90 and 100	10.0	45.5	56.0	476.7	642.0

SOURCE: Banco de España.

a. Bootstrap standard errors in brackets.

b. This report designates a household head as a means of organising the data consistently. The reference person designated by the household for the purposes of replying to the survey is defined as the household head if the reference person is a man, or the partner if the reference person is a woman but her partner lives in the household.

Household characteristics	%					Memorandum: real assets as a % of total assets
	Main residence	Other real estate properties	Businesses related to self- employment	Jewellery, works of art, antiques	Total	
ALL HOUSEHOLDS	66.5	24.1	8.8	0.6	100.0	87.4
INCOME PERCENTILE						
Less than 20	79.8	17.4	2.6	0.2	100.0	91.9
Between 20 and 40	78.7	16.9	4.0	0.3	100.0	91.1
Between 40 and 60	71.6	21.5	6.6	0.3	100.0	90.9
Between 60 and 80	66.1	25.1	8.4	0.4	100.0	89.1
Between 80 and 90	63.4	25.0	11.0	0.7	100.0	87.5
Between 90 and 100	53.2	31.0	14.6	1.2	100.0	80.4
AGE OF HOUSEHOLD HEAD						
Under 35	72.9	14.0	12.6	0.4	100.0	92.1
35-44	69.4	19.0	11.1	0.4	100.0	89.6
45-54	65.7	23.8	9.7	0.8	100.0	85.0
55-64	56.6	31.3	11.4	0.6	100.0	85.8
65-74	69.7	27.5	2.3	0.6	100.0	87.9
75 and over	75.0	23.6	1.0	0.4	100.0	87.5
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	76.8	21.1	1.5	0.6	100.0	88.0
Self-employed	41.4	26.1	31.9	0.6	100.0	84.8
Retired	69.1	28.5	1.7	0.7	100.0	87.8
Other inactive or unemployed	76.0	21.2	2.3	0.5	100.0	90.6
NET WEALTH PERCENTILE						
Less than 25	85.3	11.1	2.3	1.3	100.0	83.4
Between 25 and 50	90.1	7.7	1.8	0.4	100.0	92.0
Between 50 and 75	84.3	12.4	3.0	0.4	100.0	91.7
Between 75 and 90	70.8	23.3	5.5	0.5	100.0	89.5
Between 90 and 100	43.7	38.2	17.2	0.8	100.0	82.9

SOURCE: Banco de España.

The main residence is households' most important asset (66.5% of the value of total household real assets), followed by other real estate property (24.1%) and businesses related to activities engaged in by self-employed family members (8.8%)⁸. As income and net wealth increase, housing diminishes in relative significance in favour of other real estate properties and businesses. For the self-employed, the value of their business accounts for 31.9% of the total value of their real assets.

87.3% of households have some type of real asset (see Table 3) and, for these, the median value of their real assets is €120,000.

MAIN RESIDENCE

The percentage of households that own their main residence (81.9% of all households) increases with the level of income, but reaches 73.7% even for the 20% of households with lower earnings. By age, 68.3% of the youngest households are the owners of their main residence, while this figure rises to 88.4% for households whose head is in the 55 to 64-year-old group.

⁸ The value of businesses is, in some cases, considered as a real asset if it is related to the work of their owners; and, in other cases, as a financial asset via the ownership of unlisted shares or other equity, if it is a means of investing saving.

HOLDINGS OF REAL ASSETS BY HOUSEHOLDS
By type of asset and household characteristics. 2002

TABLE 3

% and thousands of euros						
Household characteristics	Main residence	Other real estate properties	Businesses related to self-employment	Jewellery, works of art, antiques	Some type of real asset	Some type of asset
Percentage of households owning asset						
ALL HOUSEHOLDS	81.9	30.1	12.4	18.2	87.3	99.4
INCOME PERCENTILE						
Less than 20	73.7	18.5	4.0	12.0	78.8	97.8
Between 20 and 40	79.0	22.9	8.5	13.5	83.6	99.7
Between 40 and 60	80.8	27.4	12.8	16.4	86.8	99.8
Between 60 and 80	85.1	33.5	15.3	20.7	90.7	100.0
Between 80 and 90	89.6	42.7	19.9	26.8	95.7	100.0
Between 90 and 100	92.3	53.7	22.6	30.0	97.8	99.9
AGE OF HOUSEHOLD HEAD						
Under 35	68.3	16.6	13.0	14.8	73.4	99.3
35-44	78.9	26.0	16.5	19.5	85.9	99.3
45-54	83.2	36.3	16.8	22.9	90.0	99.2
55-64	88.4	40.9	15.8	19.7	93.4	99.4
65-74	87.9	32.8	5.1	16.2	91.2	99.7
75 and over	84.1	23.8	1.3	11.9	88.1	100.0
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	79.7	27.2	3.6	19.2	85.2	99.5
Self-employed	87.0	47.9	78.5	22.4	97.1	100.0
Retired	87.5	33.6	4.7	14.8	91.5	99.8
Other inactive or unemployed	76.4	21.0	3.5	17.6	80.5	98.3
NET WEALTH PERCENTILE						
Less than 25	38.5	6.8	3.6	12.1	50.6	97.8
Between 25 and 50	94.6	18.6	6.4	17.0	98.7	100.0
Between 50 and 75	97.6	31.9	12.1	17.4	100.0	100.0
Between 75 and 90	97.3	53.0	20.6	21.2	100.0	100.0
Between 90 and 100	96.4	78.4	37.8	33.6	100.0	100.0
Median of the asset value for households owning such asset						
ALL HOUSEHOLDS	97.3	68.9	34.5	1.4	120.0	113.1
INCOME PERCENTILE						
Less than 20	65.3	35.4	20.4	0.8	72.0	60.7
Between 20 and 40	90.0	46.3	18.5	1.0	98.8	91.6
Between 40 and 60	90.9	53.5	25.9	1.2	108.3	102.7
Between 60 and 80	113.1	82.8	40.0	1.8	136.6	137.4
Between 80 and 90	121.3	84.8	49.6	2.5	158.6	172.0
Between 90 and 100	173.0	128.5	53.1	6.0	238.4	273.2
AGE OF HOUSEHOLD HEAD						
Under 35	104.5	69.0	43.5	1.2	113.9	93.3
35-44	105.3	60.0	34.8	1.2	120.0	114.7
45-54	116.1	73.3	43.1	1.9	140.0	139.3
55-64	98.5	90.2	20.5	1.8	121.1	129.6
65-74	90.0	59.2	33.2	1.7	106.7	104.8
75 and over	72.6	39.6	25.2	1.1	82.1	78.1
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	109.3	71.4	22.6	1.5	120.0	116.4
Self-employed	120.0	95.7	39.7	1.5	188.4	206.8
Retired	90.0	60.3	25.2	1.8	107.8	104.8
Other inactive or unemployed	72.8	53.4	29.0	0.9	85.2	73.7
NET WEALTH PERCENTILE						
Less than 25	34.6	21.4	7.6	0.9	30.5	12.9
Between 25 and 50	71.2	23.1	12.2	0.8	72.4	79.5
Between 50 and 75	120.0	43.5	22.0	1.4	123.6	138.5
Between 75 and 90	168.1	90.7	43.7	2.8	221.4	248.3
Between 90 and 100	237.7	210.1	117.4	6.0	438.8	499.7

SOURCE: Banco de España

DISTRIBUTION OF THE VALUE OF HOUSEHOLDS' FINANCIAL ASSETS

By type of asset and household characteristics. 2002

Household characteristics	Accounts and deposits usable for payments	Accounts usable for payments and house-purchase savings accounts	Listed shares	Mutual funds	Fixed-income securities
ALL HOUSEHOLDS	21.4	18.5	14.7	9.7	2.3
INCOME PERCENTILE					
Less than 40	36.7	29.2	5.3	7.4	3.5
Between 40 and 60	32.8	23.9	5.0	7.4	3.3
Between 60 and 80	26.2	21.7	9.1	11.0	3.7
Between 80 and 90	20.9	19.1	10.5	11.6	2.1
Between 90 and 100	10.5	11.4	24.8	10.0	0.9
NET WEALTH PERCENTILE					
Less than 50	48.3	23.6	3.6	4.0	1.4
Between 50 and 75	36.6	21.1	5.8	7.8	2.3
Between 75 and 90	25.9	24.7	6.1	10.8	5.0
Between 90 and 100	9.7	14.6	22.4	11.1	1.5

SOURCE: Banco de España.

The median value of the main residence is €97,300 and grows as income increases. In terms of age, the median value is highest for households whose head is 45 to 54 years old (€116,100).

OTHER REAL ESTATE PROPERTIES⁹

Properties other than the main residence are owned by 30.1% of households. In particular, approximately 18.5% of households own a dwelling other than the main residence, followed by 8% who own plots of land and estates. These figures increase with income, but it can be seen even in the bottom and middle part of the distribution that a considerable proportion of households own real estate properties other than their main residence. In any event, the percentage of households owning other real estate peaks (78.4%) for the top decile of the wealth distribution. By age group, the ownership of other properties is more frequent among households whose head is aged between 55 and 64, and by labour market status, this is the case among the self-employed.

The median value of these properties is €68,900 and increases with income and net wealth. In terms of age, the maximum median value occurs in the 55 to 64-year-old group, and as regards labour market status, in the self-employed group.

BUSINESSES RELATED TO SELF-EMPLOYMENT

The proportion of households with assets in businesses related to their members' self-employment is 12.4%. This figure increases with income and net wealth and, by age, is highest for the 35 to 64-year-old group.

The median value of these businesses is €34,500 and rises with net wealth and with income¹⁰.

⁹. Included under other real estate properties are dwellings, plots of land and estates, garages, industrial buildings, stores, premises, offices and hotels. ¹⁰. Included in the value of businesses is that of the related land and buildings, provided that households have not included these as part of their properties.

Pension schemes and unit-linked or mixed life insurance	Unlisted shares and other equity	Other financial assets	Total	Memorandum: financial assets as a % of total assets	Household characteristics
17.6	11.4	4.5	100.0	12.6	ALL HOUSEHOLDS
					INCOME PERCENTILE
11.5	4.4	1.9	100.0	8.5	Less than 40
13.5	7.3	6.7	100.0	9.1	Between 40 and 60
17.4	6.7	4.1	100.0	10.9	Between 60 and 80
23.5	7.9	4.4	100.0	12.5	Between 80 and 90
19.1	18.3	5.0	100.0	19.6	Between 90 and 100
					NET WEALTH PERCENTILE
12.8	1.4	4.9	100.0	9.9	Less than 50
21.5	1.5	3.4	100.0	8.3	Between 50 and 75
21.7	3.7	2.1	100.0	10.5	Between 75 and 90
16.3	18.8	5.5	100.0	17.1	Between 90 and 100

Financial assets

For households as a whole, bank accounts make up almost 40% of the value of financial assets, followed by pension schemes (17.6%), listed shares (14.7%), and unlisted shares and other equity (11.4%) (see Table 4). By income and wealth levels, the portfolio composition tends to be similar at the low and middle levels of the income and net wealth distributions, but varies considerably in the relative significance of bank deposits and shares (listed and unlisted and other equity) for the top decile of these distributions. In particular, for the 40% of households with lower income, bank accounts represent 65.9% of their financial assets, listed shares 5.3%, and unlisted shares and other equity 4.4%. This breakdown does not differ greatly in the two following deciles. By contrast, for the top decile of the income distribution, the proportions of assets invested in bank accounts, listed shares and unlisted shares are 21.9%, 24.8% and 18.3%, respectively.

A total of 98.5% of households own some type of financial asset, although this percentage falls considerably if bank accounts are excluded. The median value of financial asset holdings is €4,300 (see Table 5). The percentage scarcely varies across the income groups.

BANK ACCOUNTS

The percentage of households that have some type of bank account that can be used to make payments is 97.7%. This percentage remains always above 94.5% for all types of households. The median amount in such accounts is €1,800.

The proportion of households with bank accounts that cannot be used to make payments (including “cuentas vivienda” - savings accounts in which the money deposited must be used to buy a house) is 16.6%. This percentage increases with income and net wealth. By age, the figure is biggest for households in the 65 to 74-year-old group (19.5%), and by labour market status, for retired persons (20.2%), reflecting the fact that such accounts are low-risk savings vehicles. The median amount in this case is €12,000.

HOLDINGS OF FINANCIAL ASSETS BY HOUSEHOLDS
By type of asset and household characteristics. 2002

% and thousands of euros

Household characteristics	Accounts and deposits usable for payments	Accounts not usable for payments and house-purchase savings accounts	Listed shares	Mutual funds	Fixed-income securities
Percentage of households owning asset					
ALL HOUSEHOLDS	97.7	16.6	10.8	7.2	1.9
INCOME PERCENTILE					
Less than 20	94.8	12.1	3.4	2.4	1.0
Between 20 and 40	97.2	14.2	5.3	2.9	1.0
Between 40 and 60	98.4	15.3	7.9	5.4	2.2
Between 60 and 80	98.9	16.8	11.9	9.5	2.3
Between 80 and 90	99.0	24.3	17.4	11.9	2.6
Between 90 and 100	99.8	25.4	33.6	19.9	3.4
AGE OF HOUSEHOLD HEAD					
Under 35	97.5	15.2	7.2	5.6	0.8
35-44	97.3	14.6	10.4	7.1	1.8
45-54	97.6	16.4	14.6	9.3	2.3
55-64	97.9	17.1	13.0	8.8	1.7
65-74	98.4	19.5	9.7	6.6	2.0
75 and over	98.2	17.6	7.6	4.3	2.9
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD					
Employee	98.1	16.1	12.3	7.8	1.9
Self-employed	97.4	17.6	13.9	9.3	1.3
Retired	98.6	20.2	10.7	7.1	2.7
Other inactive or unemployed	95.8	12.2	4.8	4.4	1.0
NET WEALTH PERCENTILE					
Less than 25	95.5	10.4	2.3	1.5	0.3
Between 25 and 50	98.0	12.5	4.4	2.7	1.0
Between 50 and 75	98.4	16.4	10.1	7.5	1.9
Between 75 and 90	99.2	23.6	19.1	13.1	4.2
Between 90 and 100	98.9	32.6	37.4	23.4	4.5
Median of the asset value for households owning such asset					
ALL HOUSEHOLDS	1.8	12.0	5.8	12.0	12.0
INCOME PERCENTILE					
Less than 20	1.0	9.0	5.4	18.0	9.6
Between 20 and 40	1.2	12.0	5.8	14.0	15.6
Between 40 and 60	1.8	11.6	3.6	8.0	12.6
Between 60 and 80	2.3	12.2	4.4	12.0	18.6
Between 80 and 90	3.0	12.0	6.1	14.5	8.6
Between 90 and 100	4.1	18.3	9.0	13.5	6.4
AGE OF HOUSEHOLD HEAD					
Under 35	1.6	9.1	1.7	6.8	*
35-44	1.6	9.0	3.0	7.2	6.0
45-54	1.9	12.0	6.0	15.8	18.0
55-64	2.1	13.2	6.8	14.0	10.7
65-74	2.0	16.3	8.2	18.0	16.3
75 and over	1.9	12.0	11.8	17.0	16.2
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD					
Employee	1.8	11.0	4.6	10.0	6.4
Self-employed	2.4	14.4	4.9	19.8	12.0
Retired	2.5	13.1	6.7	18.0	15.6
Other inactive or unemployed	1.0	13.6	10.8	13.8	18.0
NET WEALTH PERCENTILE					
Less than 25	1.0	7.9	3.7	6.8	*
Between 25 and 50	1.4	8.3	2.2	5.7	*
Between 50 and 75	2.0	12.0	3.8	8.6	12.0
Between 75 and 90	3.2	16.0	4.6	15.5	18.4
Between 90 and 100	5.2	28.9	12.0	30.0	18.0

SOURCE: Banco de España.

* Fewer than eleven observations.

TABLE 5

Pension schemes and unit-linked or mixed life insurance	Unlisted shares and other equity	Other financial assets	Some type of financial asset	Household characteristics
Percentage of households owning asset				
24.1	2.3	4.5	98.5	ALL HOUSEHOLDS
INCOME PERCENTILE				
4.8	0.7	3.5	95.9	Less than 20
15.6	1.3	2.6	98.2	Between 20 and 40
22.0	1.5	4.6	99.1	Between 40 and 60
30.5	3.5	4.3	99.6	Between 60 and 80
39.1	2.7	5.3	99.8	Between 80 and 90
55.6	6.0	9.9	99.9	Between 90 and 100
AGE OF HOUSEHOLD HEAD				
19.8	1.8	4.8	98.4	Under 35
31.9	3.6	6.7	98.6	35-44
38.7	2.7	7.0	98.0	45-54
32.1	2.8	3.6	98.4	55-64
6.2	1.1	1.6	98.9	65-74
2.4	0.5	1.1	99.3	75 and over
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD				
33.5	1.8	3.6	98.9	Employee
42.9	9.3	14.9	98.7	Self-employed
8.6	1.1	1.8	99.2	Retired
9.7	0.5	3.9	96.6	Other inactive or unemployed
NET WEALTH PERCENTILE				
8.0	0.2	3.3	96.6	Less than 25
17.2	1.3	3.9	98.8	Between 25 and 50
27.6	1.5	3.3	99.1	Between 50 and 75
37.4	3.2	4.0	99.6	Between 75 and 90
52.7	10.1	12.9	99.7	Between 90 and 100
Median of the asset value for households owning such asset				
6.4	13.8	5.4	4.3	ALL HOUSEHOLDS
INCOME PERCENTILE				
5.3	*	2.5	1.4	Less than 20
4.4	10.6	1.8	2.4	Between 20 and 40
3.8	12.1	5.4	3.5	Between 40 and 60
5.1	10.1	7.0	5.9	Between 60 and 80
9.6	41.4	8.1	11.6	Between 80 and 90
12.8	50.5	15.6	22.0	Between 90 and 100
AGE OF HOUSEHOLD HEAD				
2.3	12.0	4.2	3.0	Under 35
4.3	9.1	5.4	3.8	35-44
8.0	14.0	5.8	6.0	45-54
13.0	35.3	9.5	6.0	55-64
10.5	26.8	3.0	4.2	65-74
7.9	56.5	3.4	3.1	75 and over
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD				
5.9	10.7	2.6	4.4	Employee
6.4	22.6	14.2	10.4	Self-employed
11.9	12.3	3.0	5.1	Retired
4.8	37.0	3.0	1.5	Other inactive or unemployed
NET WEALTH PERCENTILE				
3.5	*	1.2	1.2	Less than 25
3.0	*	3.1	2.8	Between 25 and 50
4.9	6.2	2.9	5.7	Between 50 and 75
8.9	16.3	5.8	12.4	Between 75 and 90
17.4	52.8	19.8	45.6	Between 90 and 100

LISTED SHARES AND MUTUAL FUNDS¹¹

The percentage of households directly owning listed shares is 10.8%. This figure rises with income and net wealth, and the increase is greater on moving to the upper income and wealth groups. By level of income, 3.4% of households in the bottom two deciles of the distribution hold this type of asset, and the figure rises to 33.6% for the top decile. Households whose heads are in the 45-64 age bracket are those most inclined to hold listed shares.

For households investing in listed shares, the median invested value is €5,800. Median values do not vary significantly by income and wealth except for the group of households in the upper decile in both cases, but they increase with age and are highest for retired persons and other inactive people.

The profile of households with mutual funds is similar to that of households that invest in listed shares, but the proportions of households holding such funds (7.2% for households as a whole) are smaller for all types of households. Conversely, median mutual fund holdings are higher (€12,000) than in the case of listed shares for all types of households. By age, the median investment in this type of asset is greater for households in the over-64 age bracket, and, by labour market status, among the self-employed.

UNLISTED SHARES AND OTHER EQUITY

The percentage of households holding unlisted shares or other corporate participating interests is 2.3%. This percentage is higher in the top decile for income (6%) and wealth (10.1%), and is concentrated among the self-employed (9.3%). The median values invested are higher than in most financial assets (€13,800 for households as a whole), in particular in the upper parts of the income and net wealth distributions.

FIXED-INCOME SECURITIES

The proportion of households investing in fixed-income securities is 1.9%. This figure increases with income and net wealth, without exceeding 5% in any instance. By age, the holding of fixed-income securities is concentrated among the elderly (2.9%) and retired persons (2.7%).

The median holding of this instrument is €12,000, with no clear variation according to the level of income or wealth.

PENSION SCHEMES AND LIFE INSURANCE¹²

24.1% of households have a pension scheme (or unit-linked or mixed life insurance product). This proportion rises with income and net wealth. By age group, the holding of pension schemes is greatest for the 45 to 54-year-old group, and, by labour market status, for the self-employed.

The median amount invested in pension schemes is €6,400 for households as a whole. The amount increases in the upper income and net wealth brackets. By age group, it peaks for the 55 to 64-year-old group (€13,000).

OTHER FINANCIAL ASSETS

Included in this category are outstanding loans in favour of households. The holding of these assets is more frequent in the high income and wealth brackets, and especially, by labour market status, for the group of households whose head is self-employed. The median amount of these loans follows a similar pattern.

Debts

Household debt accounts for 8.6% of the total value of their assets (see Table 6). The amount outstanding relating to payment for the purchase of the main residence represents 56.6% of

¹¹. Mutual funds include money market funds, capital market funds, real estate investment funds and other undertakings for the collective investment of transferable securities. ¹². Pension schemes do not include entitlements to Social Security pensions. The life insurance instruments considered are unit-linked or mixed products, but not those covering the risk of death.

DISTRIBUTION OF THE VALUE OF HOUSEHOLD DEBT
By purpose of debt and household characteristics. 2002

TABLE 6

Household characteristics	Purchase of main residence	Purchase of other real estate properties	Investments and home refurbishments (a)	Purchase of vehicles	Purchase of other goods and services	Total	Memorandum: debt as a % of total assets
ALL HOUSEHOLDS	56.6	23.6	7.6	5.8	6.4	100.0	8.6
INCOME PERCENTILE							
Less than 40	70.4	9.5	5.4	7.3	7.4	100.0	6.1
Between 40 and 60	63.9	13.0	8.2	8.2	6.7	100.0	9.7
Between 60 and 80	60.3	21.4	6.9	5.5	5.9	100.0	9.9
Between 80 and 90	48.0	32.3	7.4	5.4	6.9	100.0	9.6
Between 90 and 100	44.5	36.3	9.5	3.8	6.0	100.0	8.4
NET WEALTH PERCENTILE							
Less than 50	69.3	9.9	6.3	6.9	7.6	100.0	23.9
Between 55 and 75	64.8	15.0	7.8	6.3	6.2	100.0	8.6
Between 75 and 90	45.2	33.0	10.2	6.2	5.4	100.0	5.5
Between 90 and 100	28.5	55.3	8.5	2.6	5.0	100.0	4.4

SOURCE: Banco de España.

a. Excluding the purchase of real estate properties.

household debt. This proportion diminishes with income and net wealth, just as the portion of debt assigned to the purchase of other properties increases.

43.6% of households have some type of debt and the median amount outstanding is €22,000 (see Table 7). The groups least likely to have debts are households in the lower brackets of the income and net wealth distributions, and those aged over 64. The highest volumes of outstanding debt in terms of the median amount are among the youngest group, the self-employed and households two of whose members are working. Moreover, these amounts increase with income, but not so clearly with net wealth.

DEBTS RELATING TO PURCHASE OF MAIN RESIDENCE

Among households that are owner-occupiers of their main residence, 21.5% have debt outstanding in connection with the purchase of this asset. This proportion increases with income, but not with net wealth. Households most likely to have this type of debt are, by age group, those under 35 (47.4%); by labour market status, dependent employees (34.7%); and by number of members working, those with two employed members (36.4%).

The amount of debt outstanding relating to the purchase of the main residence is, in terms of the median amount, €31,800 for all households with this type of debt. The median volume of outstanding debt increases with income, holds relatively constant with wealth, is greater for households where the head is under 35 and when two household members are working, but is similar for indebted workers and inactive (not retired) people.

Debt outstanding in connection with the purchase of the main residence is, almost entirely, mortgage debt.

DEBTS RELATING TO THE PURCHASE OF OTHER REAL ESTATE PROPERTIES

In order to finance the purchase of other real estate properties, 6.5% of households have debts outstanding. This proportion increases with income and with wealth and, by age, is greater in the 35 to 64-year-old group, and, by labour market situation, for the self-employed (16.4%).

HOUSEHOLD DEBT

TABLE 7

By purpose, type of debt and household characteristics. 2002

Household characteristics	Purchase of main residence		Purchases of other real estate properties	Other debt outstanding			Some type of debt
	Total	With mortgage guarantee		With real guarantee (incl. mortgages)	Personal loan	Other debts	
Percentage of households with debts outstanding							
ALL HOUSEHOLDS	21.5	20.9	6.5	3.3	19.9	2.9	43.6
INCOME PERCENTILE							
Less than 20	7.0	6.8	0.8	0.8	7.3	2.2	15.9
Between 20 and 40	18.6	18.0	2.5	2.7	18.4	2.0	37.4
Between 40 and 60	23.7	22.8	5.0	4.1	24.4	1.9	49.2
Between 60 and 80	27.2	26.9	9.0	3.3	25.8	3.6	54.2
Between 80 and 90	28.2	27.0	12.0	6.4	22.5	5.6	57.5
Between 90 and 100	34.0	32.4	18.5	5.2	24.9	4.2	64.7
AGE OF HOUSEHOLD HEAD							
Under 35	47.4	46.0	6.2	3.0	24.1	4.0	64.7
35-44	40.0	39.3	8.7	4.7	24.6	3.8	63.5
45-54	18.2	17.1	9.7	4.9	27.1	4.0	51.9
55-64	10.2	9.8	9.0	4.0	22.9	2.1	41.0
65-74	3.4	3.2	1.7	1.3	10.0	1.6	17.0
75 and over	1.8	1.8	0.1	0.4	2.5	0.6	5.3
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD							
Employee	34.7	33.5	7.8	3.6	26.2	3.0	59.8
Self-employed	27.9	27.8	16.4	7.3	20.9	7.0	59.6
Retired	3.9	3.9	2.5	1.6	10.6	1.1	17.2
Other inactive or unemployed	8.7	8.0	2.5	2.7	16.4	2.7	29.0
NUMBER OF HOUSEHOLD MEMBERS WORKING							
None	4.5	4.3	1.3	1.2	7.5	1.5	14.4
One	24.7	23.8	6.9	3.8	20.4	3.1	48.8
Two	36.4	35.6	10.6	4.6	30.3	3.8	65.6
Three or more	16.0	16.0	11.2	5.1	30.2	4.2	51.7
NET WEALTH PERCENTILE							
Less than 25	15.7	15.1	2.1	2.2	22.8	3.0	36.9
Between 25 and 50	28.6	28.3	3.2	3.9	22.8	3.1	49.6
Between 50 and 75	24.3	23.6	5.3	3.7	18.1	2.6	44.0
Between 75 and 90	17.9	17.6	10.9	3.7	17.4	2.2	42.1
Between 90 and 100	16.8	14.9	22.1	3.4	13.6	4.2	46.2
Median of the debt value for households having such debt							
ALL HOUSEHOLDS	31.8	30.3	38.7	19.1	5.4	2.3	22.0
INCOME PERCENTILE							
Less than 20	29.1	29.4	*	*	2.0	0.9	10.8
Between 20 and 40	26.6	26.6	17.0	11.1	3.8	*	12.4
Between 40 and 60	30.0	30.0	25.2	18.8	5.1	1.4	19.2
Between 60 and 80	33.8	32.6	36.1	17.3	5.6	2.6	24.0
Between 80 and 90	29.4	30.6	53.4	16.8	6.9	2.9	24.6
Between 90 and 100	42.4	43.1	52.0	58.4	8.7	17.6	44.4
AGE OF HOUSEHOLD HEAD							
Under 35	40.0	40.0	53.8	*	4.0	4.4	34.7
35-44	33.0	33.0	37.1	18.0	5.7	1.3	25.3
45-54	24.8	26.1	40.0	29.9	6.0	3.2	15.9
55-64	23.8	23.9	31.8	13.0	5.9	3.0	12.2
65-74	12.9	15.6	36.0	7.1	4.2	1.0	6.6
75 and over	18.0	18.0	*	*	3.0	*	10.7
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD							
Employee	33.2	33.1	38.3	18.0	5.5	1.5	25.0
Self-employed	29.4	28.8	40.7	35.2	7.2	16.6	30.0
Retired	15.0	15.0	24.0	11.8	4.8	0.8	9.1
Other inactive or unemployed	32.6	30.1	49.0	18.3	4.2	1.0	9.0
NUMBER OF HOUSEHOLD MEMBERS WORKING							
None	23.7	22.9	24.0	7.2	3.0	2.1	7.5
One	29.8	30.0	30.4	24.0	5.0	1.8	20.1
Two	35.5	35.5	45.7	13.4	5.9	2.7	28.0
Three or more	30.0	27.4	42.1	14.0	9.0	3.0	21.0
NET WEALTH PERCENTILE							
Less than 25	36.6	35.3	36.6	23.4	4.5	1.5	17.6
Between 25 and 50	35.0	34.2	47.4	19.2	5.1	1.0	23.9
Between 50 and 75	25.0	26.3	20.3	17.2	4.8	2.1	19.4
Between 75 and 90	30.0	30.0	35.4	13.4	6.3	4.5	23.6
Between 90 and 100	30.6	39.9	46.9	36.2	10.0	18.0	36.8

SOURCE: Banco de España.

* Fewer than eleven observations.

MEASURES OF DEBT BURDEN OF HOUSEHOLDS WITH DEBT OUTSTANDING
By household characteristics. 2002

TABLE 8

Household characteristics	Ratio of debt payments to household income		Ratio of debt to household income		Ratio of debt to gross household wealth	
	Median (%)	Percentage of households where ratio exceeds 40%	Median (%)	Percentage of households where ratio exceeds 3	Median (%)	Percentage of households where ratio exceeds 75%
ALL HOUSEHOLDS WITH DEBT	15.2	7.2	73.3	8.5	17.8	8.5
INCOME PERCENTILE						
Less than 20	31.8	30.2	129.5	34.2	19.9	11.6
Between 20 and 40	20.8	14.8	88.0	13.7	19.0	12.4
Between 40 and 60	17.2	5.0	87.7	8.6	18.5	10.1
Between 60 and 80	14.3	3.7	73.7	4.8	19.5	8.5
Between 80 and 90	11.0	1.7	52.6	2.0	15.3	4.2
Between 90 and 100	8.5	1.2	54.4	1.5	15.9	3.8
AGE OF HOUSEHOLD HEAD						
Under 35	17.2	8.8	133.9	16.5	36.8	14.7
35-44	16.7	7.2	87.2	10.0	21.5	7.8
45-54	13.1	7.0	48.2	3.3	12.2	6.1
55-64	12.9	5.7	41.8	4.9	11.0	6.8
65-74	11.7	5.9	26.3	2.6	8.0	6.0
75 and over	16.7	9.2	43.0	8.8	10.4	0.1
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD						
Employee	14.9	4.0	79.9	7.4	21.9	9.2
Self-employed	18.8	16.6	92.7	14.4	14.0	3.7
Retired	13.1	6.1	33.7	2.4	9.2	7.1
Other inactive or unemployed	14.8	12.8	47.7	11.4	14.8	12.0
STATUS OF MAIN RESIDENCE						
Ownership	15.7	7.3	81.3	8.9	16.1	3.4
Other	12.3	6.0	23.4	4.6	63.4	48.3
NUMBER OF HOUSEHOLD MEMBERS WORKING						
None	16.8	14.8	47.0	11.4	11.3	10.9
One	16.1	8.3	78.5	10.9	17.5	8.9
Two	14.0	4.7	77.2	6.4	21.3	7.7
Three or more	12.1	4.7	46.1	1.6	13.7	7.3
NET WEALTH PERCENTILE						
Less than 25	17.2	10.9	75.7	14.3	63.1	39.9
Between 25 and 50	16.2	4.7	85.0	8.4	26.1	0.0
Between 50 and 75	13.8	6.6	68.3	5.4	12.8	0.0
Between 75 and 90	13.4	5.2	58.8	4.8	9.1	0.0
Between 90 and 100	12.9	10.4	74.9	9.2	6.2	0.0

SOURCE: Banco de España.

The median value of debt outstanding relating to the purchase of properties other than the main residence is €38,700 and grows with income.

OTHER DEBTS

The EFF also collects information on other debts, in addition to those intended for the purchase of the main residence and other real estate properties. The reasons for incurring such debt are, among others: home refurbishment, investment in non-real estate assets, the financing of business activity and the purchase of vehicles and other durable goods. The types of debt incurred are: secured loans (including mortgage loans other than those for the purchase of the main residence or of other properties), personal loans and other¹³.

¹³. Specifically, credit facilities, deferred payment, advances, loans from family or friends, overdrafts, leasing or renting, and other unspecified forms.

HOLDINGS OF DURABLE GOODS AND SPENDING ON NON-DURABLE AND DURABLE GOODS
By type of good and household characteristics. 2002

Household characteristics	Valuation of stock			Expenditure	
	Cars and other vehicles		Other durable goods	Food	Other non-durable goods
	% with good	Median	Median	Median	Median
ALL HOUSEHOLDS	73.7	6.0	11.9	4.8	3.6
INCOME PERCENTILE					
Less than 20	33.7	2.1	6.0	3.0	1.8
Between 20 and 40	66.3	3.6	8.6	4.3	3.0
Between 40 and 60	83.1	6.0	11.1	5.2	3.6
Between 60 and 80	90.0	6.0	12.0	6.0	4.4
Between 80 and 90	94.1	8.4	15.0	6.8	5.1
Between 90 and 100	97.0	11.5	18.4	7.2	7.2
AGE OF HOUSEHOLD HEAD					
Under 35	86.3	6.0	11.9	4.3	4.2
35-44	86.7	6.0	12.0	5.3	3.7
45-54	86.0	7.0	12.0	6.0	4.2
55-64	83.2	6.0	12.0	6.0	3.6
65-74	55.9	3.0	8.0	4.3	2.4
75 and over	21.2	3.0	6.0	3.5	2.0
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD					
Employee	88.0	6.0	12.0	5.7	4.3
Self-employed	95.2	8.8	12.0	5.8	3.8
Retired	55.4	3.6	9.0	4.3	2.4
Other inactive or unemployed	49.1	3.8	6.3	3.6	2.2
LEVEL OF EDUCATION OF HOUSEHOLD HEAD					
Below secondary education	63.8	5.0	9.0	4.7	2.9
Secondary education	86.2	6.0	12.0	5.2	3.6
University education	91.1	6.1	15.7	6.0	6.1
STATUS OF MAIN RESIDENCE					
Ownership	76.2	6.0	12.0	5.0	3.6
Other	62.5	4.6	6.0	4.4	3.4
NUMBER OF HOUSEHOLD MEMBERS WORKING					
None	37.7	3.0	6.0	3.6	2.2
One	84.7	6.0	12.0	5.0	3.6
Two	93.0	7.8	12.0	6.0	4.9
Three or more	91.0	9.1	12.6	7.2	4.1
NUMBER OF HOUSEHOLD MEMBERS					
One	33.0	3.0	6.0	2.6	2.2
Two	62.0	5.5	9.0	4.3	2.9
Three	85.2	6.0	12.0	5.4	3.9
Four	93.8	6.0	12.0	6.0	4.0
Five or more	88.4	7.2	12.0	7.2	4.3
NET WEALTH PERCENTILE					
Less than 25	60.2	4.2	6.0	4.1	2.8
Between 25 and 50	67.7	5.1	9.0	4.3	3.0
Between 50 and 75	78.5	6.0	12.0	5.3	3.6
Between 75 and 90	86.0	7.1	15.0	6.0	4.3
Between 90 and 100	92.2	9.8	18.8	7.2	5.2

SOURCE: Banco de España.

TABLE 9

Expenditure				Household characteristics
Cars and other vehicles		Other durable goods		
% incurring expense	Median	% incurring expense	Median	
13.1	12.0	35.4	0.9	ALL HOUSEHOLDS
INCOME PERCENTILE				
4.6	6.6	20.0	0.6	Less than 20
8.3	11.8	30.7	0.8	Between 20 and 40
12.7	11.6	35.4	0.8	Between 40 and 60
18.3	12.0	42.0	1.0	Between 60 and 80
19.4	15.0	47.5	1.0	Between 80 and 90
23.9	13.5	50.3	1.3	Between 90 and 100
AGE OF HOUSEHOLD HEAD				
22.4	12.0	49.6	1.2	Under 35
15.2	12.0	45.9	1.0	35-44
16.1	12.0	38.5	1.2	45-54
13.0	12.0	30.0	0.7	55-64
6.3	12.0	25.3	0.6	65-74
1.9	10.8	13.8	0.5	75 and over
LABOUR MARKET SITUATION OF HOUSEHOLD HEAD				
16.8	12.0	45.6	1.2	Employee
21.6	12.0	36.9	1.0	Self-employed
6.9	12.0	22.5	0.6	Retired
6.8	10.5	26.6	0.6	Other inactive or unemployed
LEVEL OF EDUCATION OF HOUSEHOLD HEAD				
10.4	11.4	27.8	0.6	Below secondary education
18.0	12.0	43.9	0.9	Secondary education
15.2	15.0	50.3	1.2	University education
STATUS OF MAIN RESIDENCE				
13.6	12.0	35.7	0.9	Ownership
11.0	9.6	34.3	0.8	Other
NUMBER OF HOUSEHOLD MEMBERS WORKING				
3.2	10.8	20.3	0.5	None
12.9	12.0	37.9	1.0	One
20.4	12.0	45.3	1.2	Two
29.1	11.9	47.9	0.7	Three or more
NUMBER OF HOUSEHOLD MEMBERS				
4.3	9.6	22.3	0.7	One
9.6	12.0	32.6	0.7	Two
14.0	11.4	38.6	0.9	Three
18.2	14.2	41.0	1.2	Four
20.7	12.0	40.9	0.9	Five or more
NET WEALTH PERCENTILE				
11.0	9.9	32.9	0.9	Less than 25
12.2	12.0	33.5	0.7	Between 25 and 50
12.5	12.0	35.4	0.7	Between 50 and 75
14.9	12.5	39.3	1.2	Between 75 and 90
19.5	13.4	40.8	1.2	Between 90 and 100

Of these debts, that most widely spread is the personal loan, to which 19.9% of households resort. The groups of households that least use this type of loan are those with lower income, higher net wealth, those over 64 and retired or inactive persons. The median outstanding amount of these personal loans is €5,400. Less frequent are outstanding secured loans (3.3% of households), but the median amount outstanding for this type of debt rises to €19,100.

DEBT BURDEN

The EFF enables measures of the financial burden to be constructed for different types of households with debts outstanding. Table 8 shows three measures. The first is the ratio of debt payments (including repayment of principal and interest) to gross household income¹⁴. One limitation of this measure is that it only reflects the significance of financial commitments in the short term. For this reason, figures of the ratio of total debt to gross household income and to total assets are also given. In all cases the median of these individual ratios is provided for each group of households, as is the percentage of households for which these financial burden measures exceed a certain threshold.

The median indebted household assigns 15.2% of its gross income to the payment of its debts (see the first column of Table 8). This figure is greater for the lower income levels and diminishes as income rises. By age group, the youngest and the oldest households earmark more of their income to debt payment than those of intermediate age; by labour market status, the financial burden is higher among the self-employed (18.8%). The stock of outstanding debt typically accounts for 73.3% of annual household income (see the third column of the same table). This proportion is greater for the 20% of lower-income households (129.5%), for younger people (133.9%) and for the self-employed (92.7%).

The proportion of households setting aside more than 40% of their gross income to debt payment is 7.2% of indebted families (see the second column of Table 8). However, for the 20% of lower-income households that have debts, 30.2% of these are in this relatively vulnerable situation. Across the different ages, these percentages do not change much, though they are somewhat bigger for the youngest and oldest groups. The debt of 8.5% of indebted households is more than threefold their annual gross income (see the fourth column of the same table). This figure is once again higher for the lower-income households (34.2%), but in this case age-based differences are observed. Specifically, for 16.5% of aged-under-35 households that have debts, the total amount of such debts is more than threefold their annual gross income.

Finally, the last two columns of the table give the data on debt in relation to gross wealth. For the median indebted household, debt accounts for 17.8% of the total value of its assets (real assets plus financial assets). Further, 8.5% of indebted households have debts the amount of which exceeds 75% of their assets.

Other information

The definition of household wealth does not include the value of vehicles and other durable goods. Table 9 provides information, by household characteristics, on the percentage of households that have cars or other vehicles and on the median value of these and of other durable goods. The changes across the different types of households are as expected. In particular, the percentage of households with a vehicle, the median value thereof and the median value of other durable goods increase with income and net wealth.

The EFF also includes information on expenditure, given the significance of its relationship to the distribution of household income, wealth and debt. Table 9 offers information on the distri-

14. Recall that gross household income for 2001 is used.

bution of different expenditure items according to household characteristics. Spending on food and other non-durable goods varies considerably with income and net wealth. For example, the median consumption of non-durables increases by 20% from the second to the third wealth quartile. Spending on vehicles and other durables for households that purchase these goods during the year changes to some extent with income and wealth. In turn, the percentage of households that incur such expenditure changes to a greater extent with income than with wealth.

Conclusion

Despite the preliminary and incomplete nature of the results presented, they are nevertheless fully illustrative of the wealth of information contained in the EFF and of its usefulness for economic analysis. Foreseeably, this survey will encourage research into key aspects of the Spanish economy on which our knowledge to date is very limited owing to the shortage of sufficiently detailed microeconomic information.

17.11.04

REFERENCES

- AIZCORBE, A., A. KENNICKELL and K. B. MOORE (2003). «Recent Changes in U.S. Family Finances: Evidence from the 1998 and 2001 Survey of Consumer Finances». *Federal Reserve Bulletin*.
- BANCA D'ITALIA (2002). *Supplements to the Statistical Bulletin. Methodological notes and statistical information. Italian Household Budgets in 2000*.
- BOVER, O. (2004). *The Spanish Survey of Household Finances (EFF): description and methods of the 2002 wave*. Occasional Paper no. 0409, Banco de España.
- MALO DE MOLINA, J. L. and F. RESTOY (2004). *Recent trends in corporate and household balance sheets in Spain: macroeconomic implications*. Occasional Paper no. 0402, Banco de España.