

Where the Smart Savers Live

A Simple Gauge to Assess Savings Behavior

Benedikt Fritz, Dr. Arne Holzhausen

What is the implicit yield of financial assets?



Property income
(e.g. interest, dividends)



Value gains
(e.g. rising equity prices)



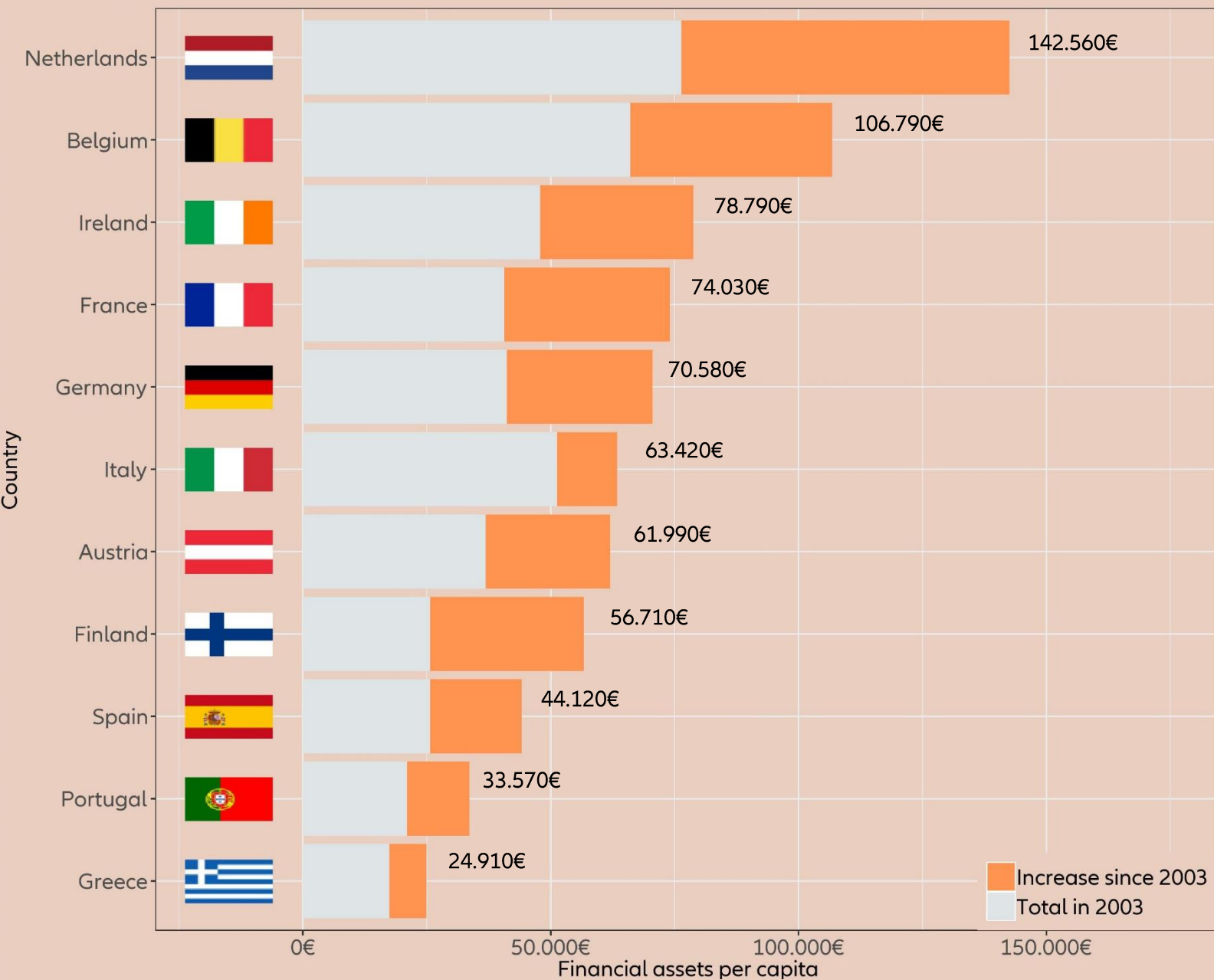
% of
total financial assets

Why does the yield matter?

- It's the key driver for asset growth
 - Property income is a main source for savings
 - Value gains impact growth directly



Financial assets per capita (2017)



What drives the increase in financial assets?

Two components

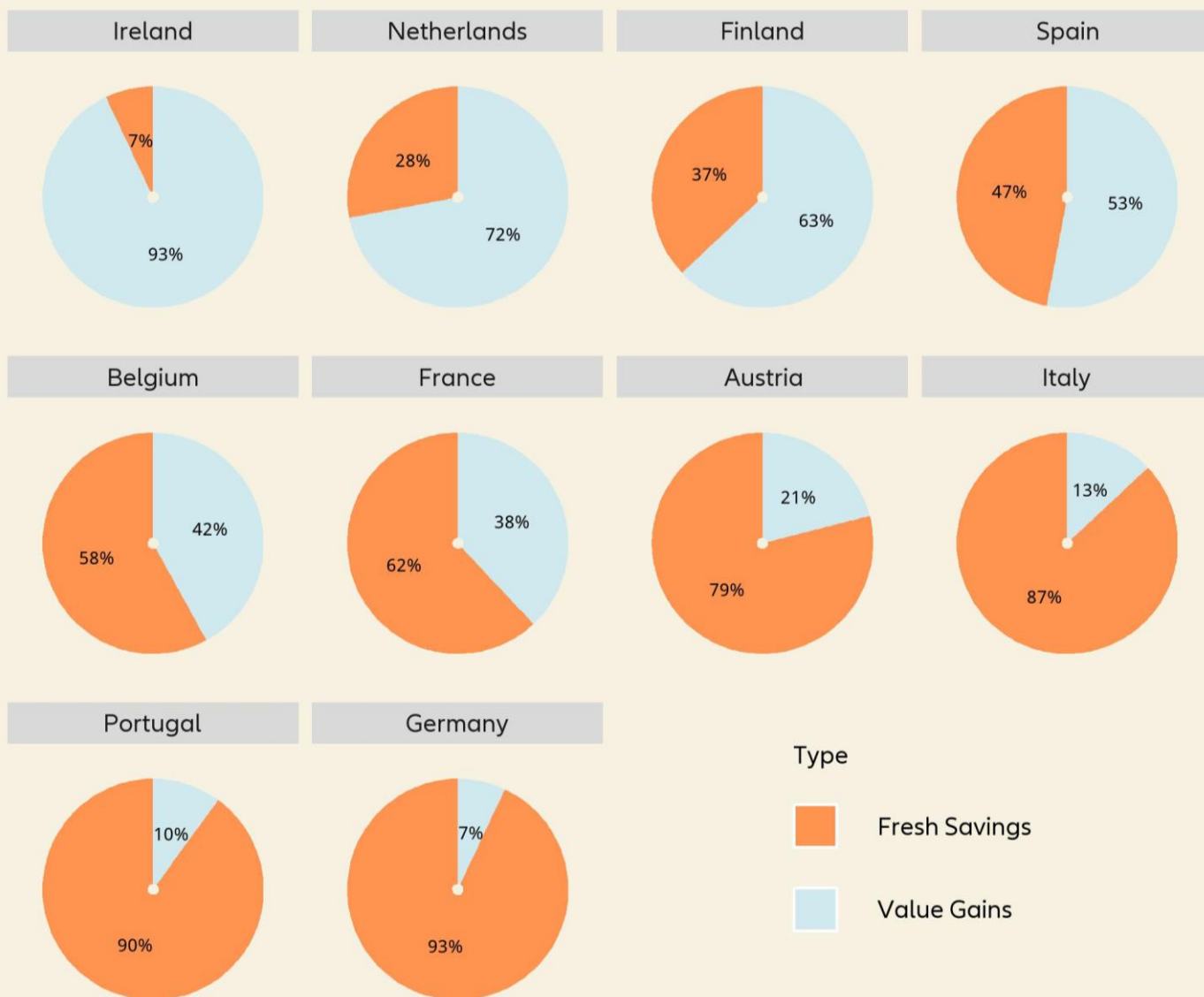
Fresh Savings



Value Gains

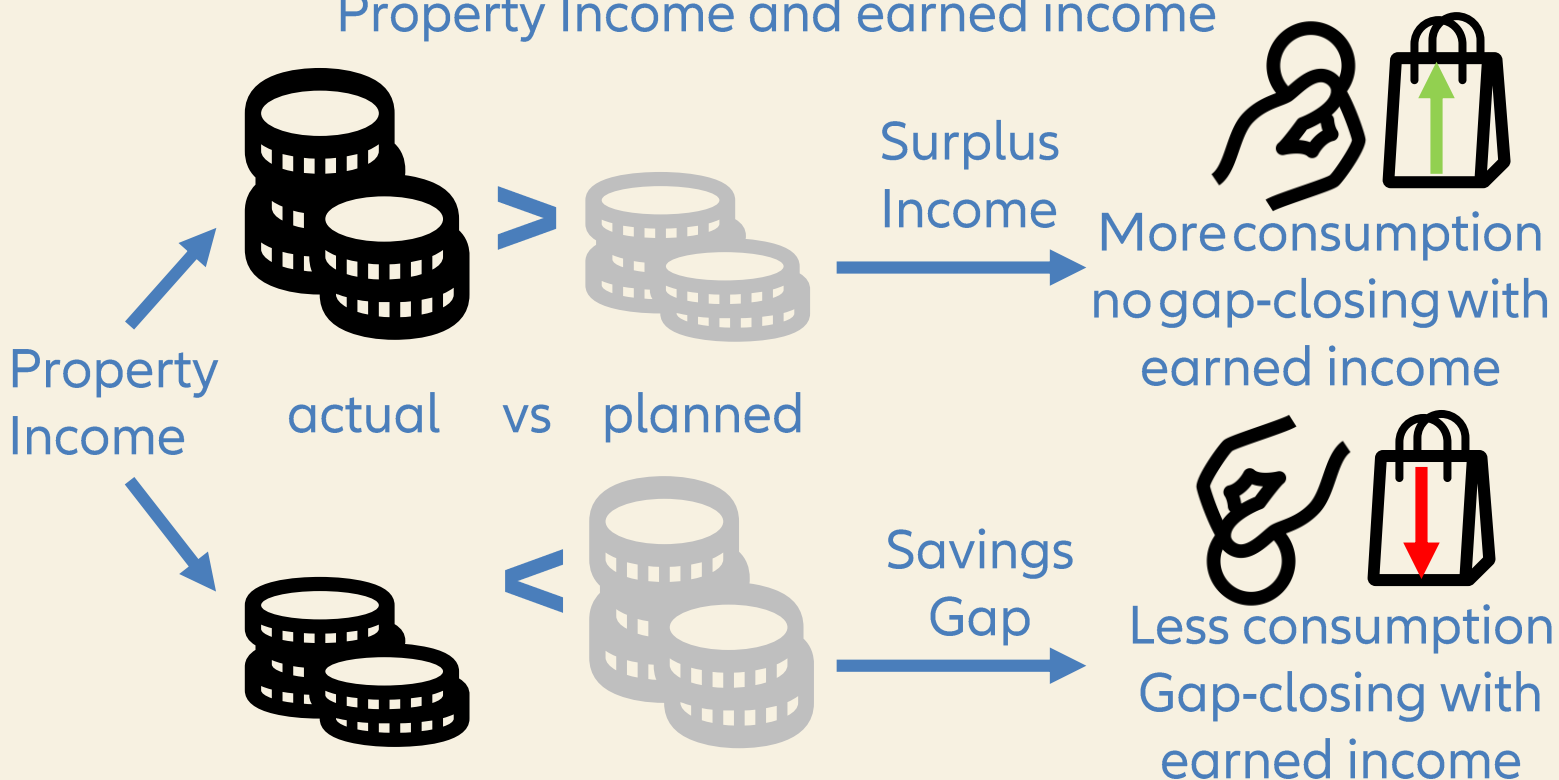
Value gains vs. fresh savings since 2003

share in financial assets increase in %

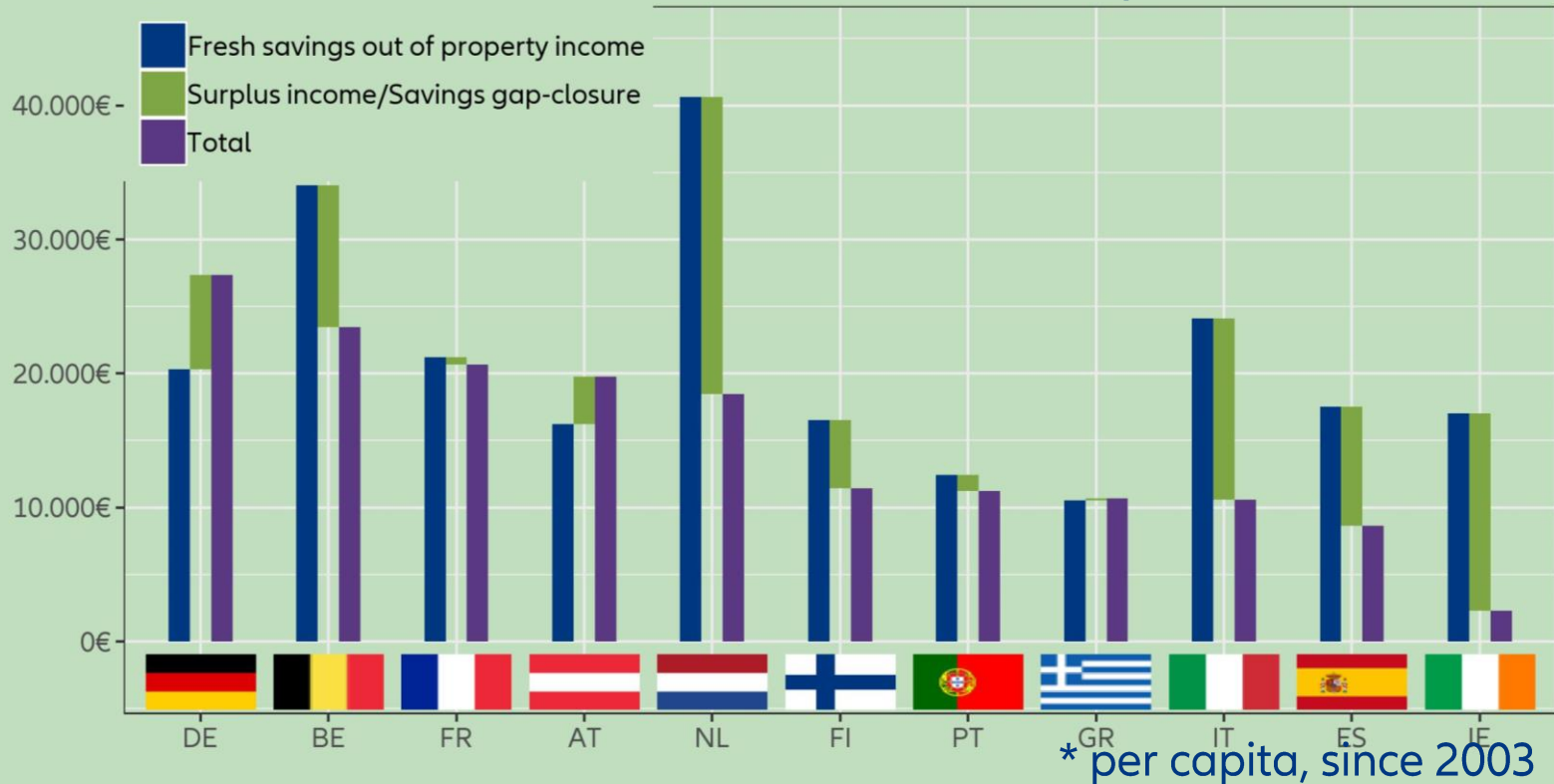


Two sources of fresh savings

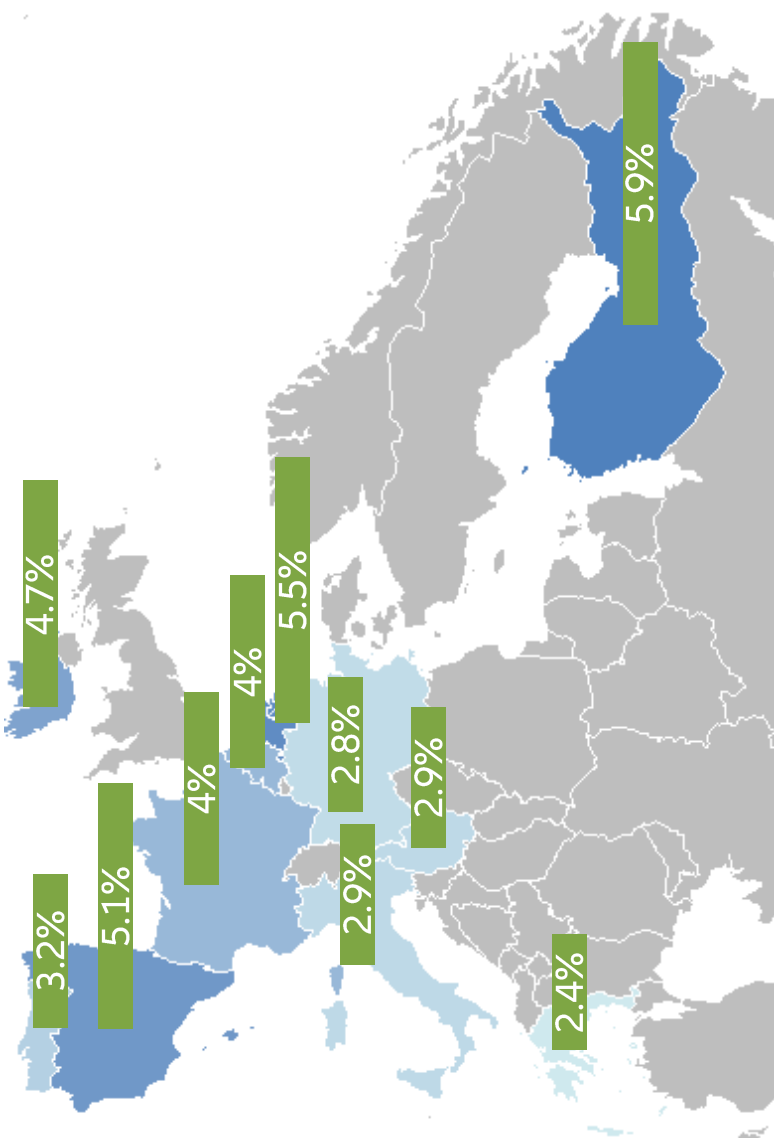
Property Income and earned income



The sources of fresh savings*



Bringing value gains, fresh savings of property and earned income together:



Implicit yield of household financial assets*

What is the implication of different yields for households? The case of Spain and Germany...

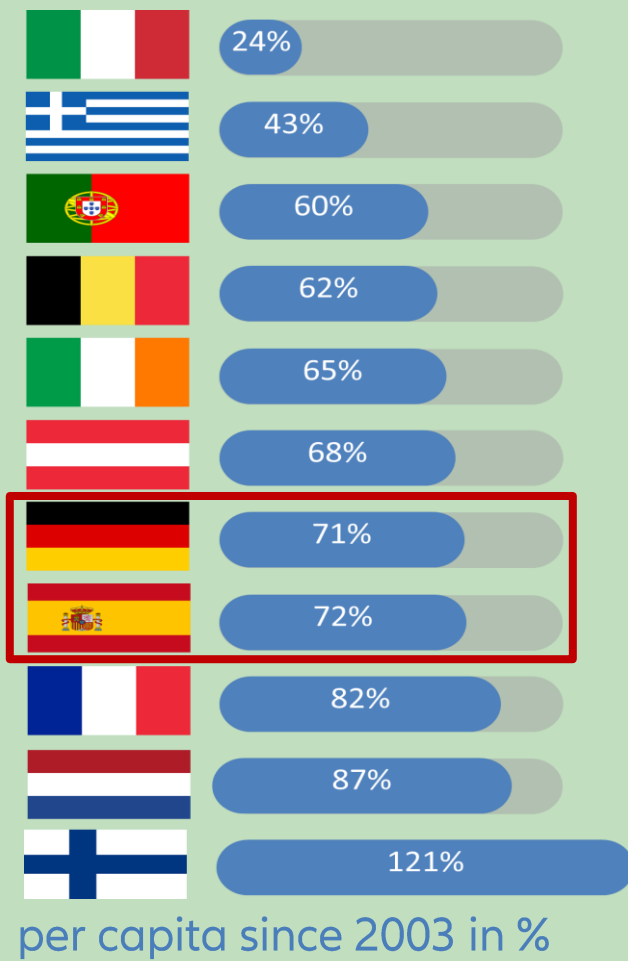
*average 2003-2017

The case of Germany and Spain

Same results...

...but different approaches

Increase in financial assets*



Working hard for the money

A quarter of the increase in financial assets stems from savings out of earned income



Letting the money do the work

Half of the property income is used for consumption

The number that explains most of the difference:
Share of equities to total financial assets (2017)



22 %



7 %