



Where the Smart Savers Live

A Simple Gauge to Assess Savings Behavior

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What is the implicit yield of financial assets?



Property income (e.g. interest, dividends)





Value gains (e.g. rising equity prices)



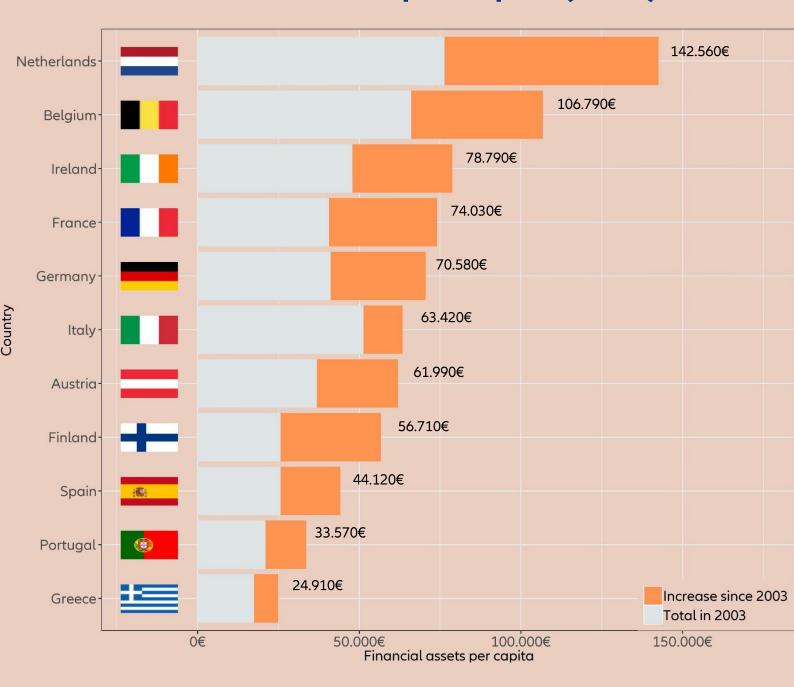
% of total financial assets

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

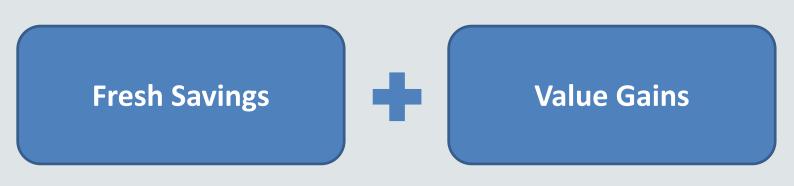


Financial assets per capita (2017)



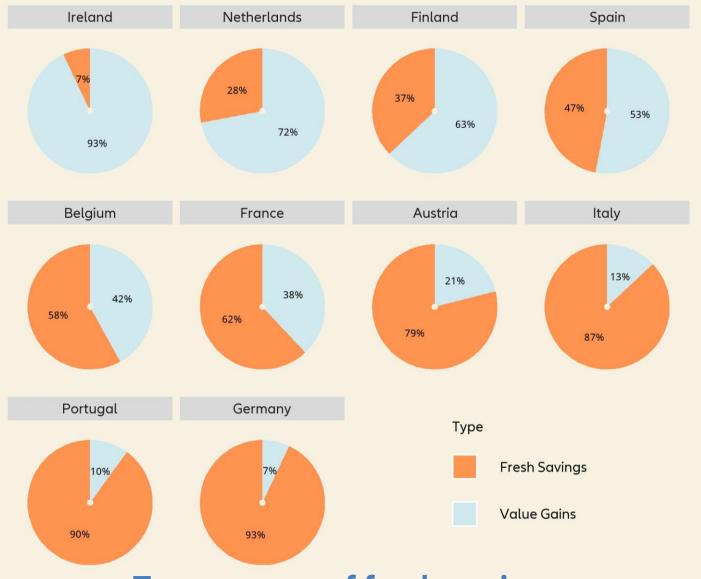
What drives the increase in financial assets?

Two components



Value gains vs. fresh savings since 2003

share in financial assets increase in %



Two sources of fresh savings

Property Income and earned income

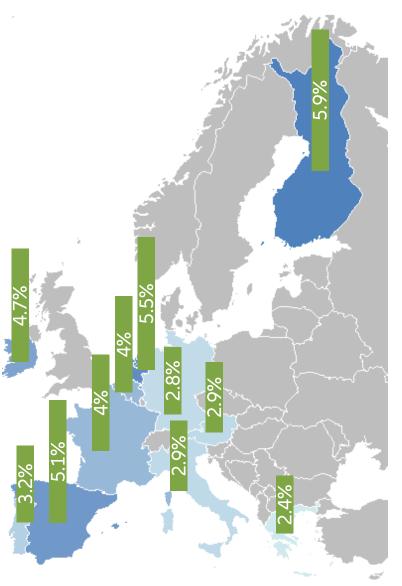
Surplus
Income
More consumption
no gap-closing with
earned income
actual vs planned



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...

The case of Germany and Spain

Same results...
Increase in financial assets*

...but different approaches



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



Letting the money do the work

Working

hard for

the money

Half of the property income is used for consumption

43%
60%
62%
65%
68%
71%
72%
82%
82%
121%
per capita since 2003 in %

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

