



OBSERVATOIRE DE L'ÉPARGNE EUROPÉENNE

Publications of the European Savings Institute

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1. Households saving behaviours

11 Macroeconomic trends

Sep 09 – Investor behaviour in the post-global financial crisis era (EN)

Bella Caridade-Ferreira (Lipper FMI)

L'étude présente le comportement des investisseurs dans la crise financière ; les conséquences du retrait des particuliers de l'investissement en OPCVM en gestion active au profit des produits bancaires, mais aussi des ETF. Les prévisions de Lipper FMI sur les souscriptions des différents types de fonds en 2009 et les tendances structurelles qui vont affecter la gestion d'actifs dans les prochaines années.

May 07 – French households saving behaviours compared to other European countries (FR)

Didier Davydoff and Grégoire Naacke (OEE)

http://www.oee.fr/pdf/oee_pdf/rf_27.pdf

Les comportements d'épargne et d'endettement des Français sont-ils devenus anormaux ?

En 2004, l'OEE avait remis à la Fédération des Banques Françaises un rapport intitulé « Y a-t-il une exception française des comportements d'épargne ? ». Le contexte économique de cette période était marqué par la faiblesse de la consommation des ménages français. Des observateurs s'interrogeaient sur un éventuel excès d'épargne des Français.

Au moment de l'actualisation de ce rapport, le contexte avait changé, puisque le taux d'épargne avait baissé près de deux points entre 2002 et 2005, et que la consommation en France était plus vigoureuse que dans plusieurs autres grands pays européens, notamment l'Allemagne.

L'objet de ce nouveau rapport était donc d'actualiser les constats qui avaient été faits en 2004 et d'identifier les nouvelles tendances de l'épargne et de l'endettement des Français, par une comparaison systématique avec les autres pays européens.

Dans une première partie, étaient présentés les grands agrégats et les comportements récents d'épargne des Français et des Européens. La deuxième partie était consacrée au développement du crédit. Enfin, en troisième partie était proposé un nouvel éclairage sur les facteurs macro-économiques susceptibles d'influencer les comportements d'épargne et d'endettement dans chaque pays.

Dec. 05 – Home financing by households in Europe (FR)

Maxime Chodorge, Thierry Debrand, Michel Mouillart, Claude Taffin et Marielle Thomas.

http://www.oee.fr/pdf/oee_pdf/rf_21.pdf

A team of researchers led by Claude Taffin , and by Michel Mouillart, for the French side, made this report for the OEE on the financing of homes by households in Belgium, France, Germany, the Netherlands, Spain and the United Kingdom.

The stake of this study is very important: in most of these countries, the rise of prices in real-estate made the cost of acquisition of homes more expensive, and, consequently, has given more importance to the access to loans.

However, we did not have yet evaluations of the production of credit in Europe: national accounts, harmonised on the European Union level, only gives in fact statistics on the net flow of credit needed (that is : credit minus refunds) but not on gross flows. On the other side, the same national accounts do not allow to measure the expenses of households to acquire their homes. The GCFF, in particular, does not include neither the site for building nor the gross amount of “second hand” homes.

Diverse sources and estimations have been used.

In this report, statistics are given for each country from 1997 to 2003.

On the expenses (for homes by households) side, distinctions have been made between:

- the acquisition expenses for new homes and related works, a result of the GCFF and the value of necessary lands;
- the acquisition expenses for second-hand home, consisting of the transaction value plus transfer taxes

On the financing side of these expenses, the study made a distinction between:

- mortgage loans or housing loans, before re-negotiations
- direct subsidies
- personal financial contribution;

However, the relative weight of direct subsidies is marginal and difficult to evaluate.

July 05 – Aging and asset prices (EN)

Axel Börsch-Supan, Alexander Ludwig and Mathias Sommer from Mannheim Research Institute for the Economics of Aging (MEA)

http://www.oee.fr/pdf/oee_pdf/rf_20.pdf

Aging has complex effects on global capital markets. If elderly people save less than younger people, an aging society saves less. This should increase interest rates since supply of funds gets tight. At the same time, the younger generation becomes ever smaller, so there is also less demand for new investment. The equilibrium effect is thus uncertain.

Pessimists believe in the so-called “asset meltdown” hypothesis: households demand for financial assets will plummet between 2030 and 2040, when the baby boomers retire and die, asset values will melt down dramatically and the return on financial investments will fall sharply.

Optimists stress economic mechanisms which soften or even reverse the negative impacts of aging on capital markets. One such important counter-mechanism is an aging society’s need for more capital since capital must increasingly replace labor and, as described, supply of funds will be scarce. This rising demand for real capital increases the return to capital at exactly the same time as pessimists fear the prospect of an asset meltdown.

This study looks at the general equilibrium outcome according to several quantitative studies from France, Germany and the US, plus corroborating evidence on saving behavior and investment demand.

Mar. 05 – Euro Area Accounts for Households (EN)

OEE for the European Central Bank

http://www.oee.fr/pdf/oeefree_pdf/322_050316_1.pdf

In 2003, the ECB commissioned the OEE to make an analysis of the structural developments that had taken place as reflected in the non-financial and financial accounts of households (and of non-profit institutions serving households (NPISH)) and to compare these developments between the euro area countries. For that purpose, the analysis concentrated on questions such as how far differences in the data could be explained by country-specific developments, by distinct data collection and compilation systems, or by other structural peculiarities. This comparison, for instance, applied to various macroeconomic variables like households' wealth, debt, or saving. The OEE was asked to examine whether the apparent heterogeneity across countries might have emerged due to the relative importance of the housing market in the various countries, the different structure of the taxation imposed on households' income or wealth or even due to the countryspecific delimitation of the sector itself.

The country data sets for households were provided to the OEE for nine euro area countries : Belgium, Germany, Spain, France, Italy, Netherlands, Austria, Portugal and Finland. The country data sets covered annual time series taken from the production, the income and the accumulation accounts (capital and financial transaction accounts) as well as from the financial balance sheet and the 'other (financial) flow' accounts (as a residual) of households as available by the end of March 2003. Therefore, the data set ranged from 1995 to 2001.

From the end of 2003 until the middle of 2004, the OEE conducted detailed interviews with statisticians responsible for producing the accounts, which are, in most cases, the National Statistical Institute for the non-financial accounts and the National Central Bank for the financial accounts. The main objective of these meetings was to obtain a better understanding of the sources and methods used in each country to compile household accounts. At the end of these visits, the OEE produced a final report summarising the findings of the country visits, which has been made available to all the participating countries.

12 Analysis of microeconomic data from surveys

June 09 – The Portfolio Effect of Pension Reforms (EN)

Renata Bottazzi (University of Bologna), Tullio Jappelli (University of Naples, CSEF) and Mario Padula (University of Venice, CSEF)

http://www.oee.fr/pdf/oee_pdf/rf_33.pdf

We estimate the effect of changes in social security wealth on various components of private wealth (risky and safe financial assets, real estate, business wealth, life insurance and pension funds) exploiting a decade of intense Italian pension reforms as a source of exogenous variation in expected social security wealth. We use the Survey of Household Income and Wealth, which gives a complete picture of the portfolios of Italian households and elicits expectations of the age at which workers expect to retire and of the ratio of pension benefits to pre-retirement income from 1989 to 2006. The survey allows us to measure expected social security wealth, assess to what extent Italian households perceive the innovations brought about by the reforms, and relate such innovations to portfolio changes. We find that households have responded to the cut in pension benefits mostly by increasing real estate wealth, particularly among households that are able to estimate more accurately future social security benefits. On the other hand, we do not observe an increase in the propensity to purchase private pension funds and life insurance after the reform.

Nov. 08 - Saving Rates and House Price Dynamics in Europe: Structural Modeling and Implications for the Future (EN)

Elsa Fornero (University of Turin, CeRP), Mariacristina Rossi (University of Rome, CERP) and Claudio Morana (University of Turin)

http://www.oee.fr/pdf/oee_pdf/rf_31.pdf

Financial theory predicts that the wealth effect will incite households to lower (resp. higher) their savings and consume more in reaction to an increase (resp. a decrease) in the price of assets they hold. The study of professor Fornero and Professor Rossi aims at evaluating the size of such effect in the case of price variations of dwelling prices. They show that the wealth effect does exist in France, in the United Kingdom and in Germany. For example, a variation of 1% in the prices of dwellings in Germany leads to a variation of 0.18% of consumption on the same year and this impact tends to increase in the following years. In France, the wealth effect is smaller and it tends to decrease in the following years. In the United Kingdom, the impact is significant on the first year but it tends to disappear in the following years, probably because the functioning of the mortgage credit market allowed for an immediate withdrawal of liquidity when the price of the underlying asset increased.

The study also includes a detailed comparison of survey data. It describes different indicators that are intended to reflect savings behaviours of household when the price of their dwelling varies. This part of the study is very innovative, as there is no harmonization of surveys in the area of wealth and savings in Europe.

Oct. 08 - Individual Preferences, savings and wealth behaviours (FR)

Luc Arrondel and André Masson (Paris-Jourdan Sciences Economics, ENS)

http://www.oee.fr/html_e/publi02.htm#2

Based on a questionnaire sent to 6,000 French individuals, the authors proposed an original method to measure households' preferences towards risk and time beyond usual experiments (lotteries, consumption profiles...).

This study follows a first study of this type made by the same authors for the OEE in 2005.

Aug. 07 - Economic integration and mature portfolios (EN)

Michael Haliassos, Dimitri Christelis and Dimitris Georgarakos (CFS, University of Salerno, Frankfurt University)

http://www.oee.fr/pdf/oee_pdf/rf_29.pdf

This paper documents and studies sources of international differences in asset holdings (stocks, private businesses, and homes) among households well into the accumulation stage (aged 50+) in the US, England, and 11 continental European countries, using newly available and internationally comparable household-level data. With greater integration of asset and labor markets and policies, households of given characteristics should be holding more similar portfolios for their old age. We use econometric techniques to decompose observed international differences in participation rates and in asset holdings into those arising from differences: a) in characteristics of the populations compared and b) in influences of given characteristics. We make comparisons across the Atlantic, within the US, and within Europe. We uncover a rich and often surprising pattern of departures from full integration in the face of the demographic transition. Juxtaposition of our econometric results with a range of available indicators suggests that there is considerable room for further harmonization of the institutional and policy framework within which older households manage their assets, both within Europe and across the Atlantic.

May 02 - Stockholding: a European Comparison

Luigi Guiso, Michael Haliassos and Tullio Jappelli

http://www.oee.fr/pdf/oee_pdf/rf_9.pdf

This paper discusses the background to the development of significant increases in stock market participation by households in the 1990s and the stockholding behavior of demographic groups defined in terms of their education, age, and position in the distributions of income and of financial wealth. Two major issues are analysed separately, namely the participation rate of each group and the average shares of financial assets devoted to stocks by those members of each group that do hold stocks. The main objective is to compare experiences across the five European countries (Netherlands, France, United-Kingdom, Germany and Italy) and the United States, in an effort to draw general conclusions on the spread of equity culture across major European countries. Detailed analysis of specific country issues are provided by Alessie and Hochguertel (2002) for the Netherlands, Arrondel and Masson (2002) for France, Banks and Wakefield (2002) for the United Kingdom, Börsch-Supan and Essig (2002) for Germany, and Guiso and Jappelli (2002) for Italy.

2. Saving Products

Aug. 09 – Portfolio Allocation for European markets with Predictability and Parameter Uncertainty (EN)

Eric Jondeau et Mickael Rockinger (Université de Lausanne)

This paper addresses the portfolio choice problem of an investor with a long investment horizon when stock returns are partly predictable. We begin with a discussion of the predictability of stock returns, both in-sample and out-of-sample, which allows us to confirm, for several European markets, by using several macroeconomic variables as predictors, that there is evidence for in-sample predictability of the dividend-price ratio as well as of inflation. Out-of-sample prediction is poor. To address the question of the economic relevance of this weak predictability, we consider a buy-and-hold as well as a dynamic multi-period investment strategy that follows Barberis (2000) and which incorporates estimation risk. It is demonstrated that the taking into account of even weak predictability may lead to significant different allocations. In particular, for the UK, we demonstrate strong horizon effects and hedging demand. In the multiperiod allocation, parameter uncertainty is dominated by the variation in the explanatory variable.

Jan. 08 - Optimal Annuitization with Background Risk and Equity Exposure During Retirement (EN)

Kim Peijnenburg, Theo Nijman and Bas Werker (Tilburg University)

Authors analyze annuity demand in a realistic life-cycle model in which they optimize over consumption and asset allocation. They incorporate background risk and incomplete annuity menus as the drivers of deviations from full annuitization. Retirees face longevity risk, capital market risk, inflation risk, and background risk. Annuitization is a one-time decision at retirement. Contrary to what is often suggested in the literature they find that also in these settings full annuitization is close to optimal, irrespective of whether real or only nominal annuities are available. On the one hand annuitization is attractive due to the additional wealth created by the mortality credit, on the other hand annuities are irreversible and the annuity menu is incomplete. The additional wealth effect dominates, because they do not assume that consumption equals annuity income in retirement and solve the dynamic programming problem for consumption. Optimally individuals annuitize almost their entire wealth at retirement to capture the mortality credit. Whenever liquidity or equity exposure is desired individuals save sizeable amounts out of their annuity income to hedge against background risk and inflation risk and to get equity exposure. They find that welfare gains due to optimal annuitization and consumption strategies can be substantial.

July 07 - Money in motion: Dynamic portfolio choice in retirement (EN)

Wolfram J. Horneff, Raimond H. Maurer, and Michael Z. Stamos (Goethe University) and Olivia S. Mitchell (University of Pennsylvania)

http://www.oee.fr/pdf/oee_pdf/rf_28.pdf

Retirees confront the difficult problem of how to manage their money in retirement so as to not outlive their funds while continuing to invest in capital markets. We posit a dynamic utility maximizer who makes both asset location and allocation decisions when managing her retirement financial wealth and annuities, and we prove that she can benefit from both the equity premium and longevity insurance in her retirement portfolio. Even without bequests, she will not fully annuitize; rather, her optimal stock allocation amounts initially to more than half of her financial wealth and declines with age. Welfare gains from this strategy can amount to 40 percent of financial wealth (depending on risk parameters and other resources). In practice, it turns out that many retirees will do almost as well by purchasing a variable annuity invested 60/40 in stocks/bonds.

Apr. 06 - Disparities in Pension Financing in Europe: Economic and Financial Consequences (EN)

Jean Chateau and Xavier Chojnicki (CEPII)

http://www.oee.fr/pdf/oee_pdf/rf_22.pdf

The authors are presenting in this study a quantitative analysis of the impact of differential ageing and pension reforms across European countries on capital and labour market and, in particular, on intra-European capital flows. To this end, they develop a stylized general equilibrium model with overlapping generations of heterogeneous agents for the three largest European countries: France, Germany, and the United-Kingdom (UK).

The purpose of the model is to analyse the macroeconomic effects of various pension reforms undertaken to insure the sustainability of the main European countries pension systems (rise in social contribution rates, decrease in net replacement ratio, debt policy...).

July 05 - Public incentives for investment in non-listed shares (FR)

Didier Davydoff (OEE) for the Centre d'Analyse Stratégique

http://www.oee.fr/pdf/oee_pdf/rf_19.pdf

In the 1990s, the private equity industry - i.e., funds made available to non-listed companies with a strong growth potential - soared in the U.S. It acted as a trigger in boosting companies that would later go public on the first “dematerialized” market in the world. A large growth shares market does seem to go together with the development of risk capital. Thus far continental Europe has proved unable to produce a risk capital market on a scale comparable to that of Anglo-Saxon countries. Both France and continental Europe have failed to build a

funding ecosystem that would support small- and medium-size businesses throughout their life cycle. This in turn has tended to curb the prospects that Europe's best companies may have to go public and obtain funding. Does Europe's inability to build a growth shares market impede the development of a risk capital industry, and thus the creation and growth of business in France and Europe, or is that inability the very reason why business is not developing? The answer to this question should determine the manner in which government action ought to be assessed.

Feb. 05 - The use of venture capital for valuating company management wealth (FR)

Rafik Abdesselam, Françoise Bastié, Sylvie Cieply and Anne-Laure Le Nadant (Université de Caen)

http://www.oee.fr/pdf/oee_pdf/rf_13.pdf

L'investissement dans le non coté et la transmission d'entreprises en Europe.

L'investissement dans le non coté correspond au financement en fonds propres ou en quasi-fonds propres d'entreprises qui ne font pas l'objet d'une cotation sur un marché financier. Cette activité a augmenté de façon spectaculaire ces dernières années. Selon les statistiques publiées par la European Venture Capital Association (E.V.C.A.), l'investissement dans le non coté est passé de moins de 5000 millions d'euros en 1990 à, approximativement, 35000 millions d'euros en 2000. La très grande majorité de ces investissements étant le fait des organismes de capital investissement (O.C.I.), l'activité de ces institutions fait l'objet, dans ce rapport, d'une analyse approfondie. En particulier, leur contribution dans les opérations de transfert de la propriété est recherchée.

Les interventions réalisées par ces institutions sur des opérations de transmission représentent en effet une part significative des montants investis par ces intermédiaires en Europe, surtout au Royaume-Uni et en France où le capital transmission représentait, en 2001, plus de 50% des montants investis. Par ailleurs, pour des raisons principalement démographiques, la mise en place d'outils adaptés à la transmission d'entreprises est devenue un enjeu majeur pour l'Europe et la majorité de ses membres. En effet, selon l'Observatoire Européen des P.M.E., les problèmes de transmission pourraient conduire, dans les années à venir, à la disparition de 1,5 million d'entreprises (soit approximativement 6,3 millions d'emplois).

Ce rapport est constitué de quatre chapitres. Le premier étudie la proximité entre les économies européennes en matière d'investissement dans le non coté et analyse les liaisons entre les caractéristiques de cet investissement et la situation économique et financière des petites et moyennes entreprises de l'industrie manufacturière en Europe. Dans le deuxième chapitre, les problèmes spécifiques posés par la transmission d'entreprises sont mis en exergue et les solutions que les organismes de capital investissement peuvent apporter soulignées. Ce travail est complété, dans les deux chapitres qui suivent, par une analyse de la contribution et des pratiques des O.C.I. dans cinq pays européens choisis en raison de leur importance dans l'industrie du capital investissement européen et de la diversité des structures financières et juridiques qui les caractérisent. Ces cinq pays sont l'Allemagne, l'Espagne, la France, l'Italie et le Royaume-Uni. Plus précisément, le troisième chapitre étudie, à partir de

la base de données Zéphyr, le rôle joué par les O.C.I. dans le financement des opérations de transfert de la propriété. Le quatrième chapitre analyse, à partir de données d'enquête, les différences de pratique des O.C.I. dans ces différents pays.

Dec. 04 - Real Estate Investment Funds in Europe accessible to private investors

Institut de l'Épargne Immobilière et Foncière (IEIF)

http://www.oee.fr/pdf/oeefree_pdf/31_1en.pdf

This study updates a first study achieved by the IEIF for the OEE on the same topic in 2000.

http://www.oee.fr/pdf/oee_pdf/rf_2.pdf

The aim of this research was to establish a comparative assessment of real estate investment funds in a range of European countries.

A definition of real estate investment funds had first to be established. It was largely inspired from the concept of UCITs –e.g. of saving products held by households with mutualisation of risks, delegation of management and saving protection rules. However, one should not be mistaken: in the same way that UCITs are « gates » towards financial securities, a real estate fund is, for its subscribers –technically, as well as psychologically- a way of taking part in the real estate market.

Thus, standard listed property companies and property unit trusts that we consider as belonging more, in households saving logic, to the stock market than to the real estate market, are excluded from the field of this investigation.

Based on this definition, in each of the eight countries considered here (Germany, Belgium, Spain, France, Italy, Netherlands, Portugal and Switzerland), households have access to mutual real estate investment products.

Apr. 03 - Accounting for occupational pension plans in the main European countries (EN)

Richard Deville and Lionel Bouquet (Fixage)

http://www.oee.fr/pdf/oee_pdf/rf_12.pdf

This research reveals important disparities that exist between actuarial methods, discount rates, and assumptions on wages and pensions payments used in Europe for estimating among firms' liabilities, the valuation of defined benefits pension plans' commitments.

The research leads to two main results:

- In a majority of European Countries, the most usual practices lead –at various degrees according to the considered countries- to lower provisions than when using FAS 87 American or IAS 19 international Standards (both provide in that matter the same results). Only two countries do not seem affected by this observation: Spain and the United Kingdom.
- Moreover, these various practices translate into valuations that, for similar occupational pension schemes, vary across countries from a size magnitude of 1 to 3. Provisions would indeed represent about 130% of FAS 87 or IAS 19 valuations in Spain, against less than 45% in Germany.

The diversity of accounting practices may be explained by the lack of international rules applying to all companies. This situation could be radically modified by the adoption of IAS standards in 2005.

Prudential rules of management funds limit the risks beneficiaries are exposed to. However, accounting harmonisation will have very significant consequences on the valuation of beneficiaries' liabilities, and impact either the companies themselves or the insurance companies to which their liabilities have been transferred. In some cases, the impact will be direct and instantaneous. The effect will be felt not only in countries that have the most developed defined benefits pension schemes, but also on multinational companies from other countries through their foreign subsidiaries.

Oct. 02 - Unit-linked and fixed rate life insurance in Europe 1997-2000 (EN)

André Babeau, Auguste Mpacko Priso and Laurent Grillet-Aubert (OEE)

http://www.oee.fr/pdf/oee_pdf/rf_10en.pdf

With the support of EUROSTAT in Luxembourg and CEA in Paris, OEE began a survey of the 15 life insurance regulators of the European Union member countries in February 2002. This survey covered the activities of life insurance companies coming under each of these authorities for 1997-2000. The survey questionnaire systematically referred to the terms of directive n°91/674 relating to the presentation of insurance company accounts.

The tables which the regulatory authorities were asked to complete furthermore went somewhat beyond the 1991 directive since they referred - at least implicitly - to the existence of two separate technical profit and loss accounts: an account concerning unit-linked life insurance and capitalisation contracts and an account concerning fixed-rate (often the euro) or foreign currency contracts.

The aim of the survey was to open the way to a breakdown of household claims on life insurance companies depending on whether the financial risk was borne by these companies or by savers.

Oct. 02 - Regulations and Practices of Employee Saving Schemes in Europe (FR)

Frédérique Cerisier and Sandrine Rol (COE)

http://www.oee.fr/pdf/oee_pdf/rf_11fr.pdf

Les auteurs ont articulé leur comparaison en trois points. Dans un premier temps, il s'agit de mettre en lumière le degré d'encadrement des schémas législatifs proposés et le type d'opérations privilégiées (participation volontaire des salariés au capital ou partage du profit). Ensuite, ils évaluent l'ampleur des incitations proposées au moyen de simulations fiscales. Enfin, ils tentent de mesurer le développement effectif de l'épargne salariale et de comprendre les écarts qui existent entre les différents pays européens étudiés.

Les pays couverts par l'étude sont la Belgique, la France, l'Allemagne, l'Italie, l'Espagne et le Royaume-Uni.

June 01 - Development and Performances of Sectorial Investment Funds in Europe (FR)

Patrice Fontaine

http://www.oee.fr/pdf/oee_pdf/rf_4.pdf

3. Credit markets

Feb. 08 - Towards a Common Operational European Definition of Over-indebtedness (EN)

Didier Davydoff, Grégoire Naacke and Elodie Dessart (OEE), Nicola Jentzsch, Filipa Figueira, Marc Rothmund and Wolf Mueller (CEPS), Elaine Kempson, Adele Atkinson and Andrea Finney (PFRC)

http://ec.europa.eu/employment_social/spsi/studies_fr.htm#Overindebtedness

With the expansion of access to credit and the provision of new products in financial services, consumer over-indebtedness is increasingly moving into the focus of the European public. Yet, so far there has not been a standard definition of over-indebtedness which is accepted throughout the Union. This is one of the reasons why there are no comparable statistics about the current state, extent and past development of over-indebtedness within individual Member States. Such a lack hampers the evaluation of policy measures and undermines any well-founded discussion about the effectiveness of prevention measures.

This is the background against which the European Commission arranged for a study by three partners: the Observatoire de l'épargne européenne (Paris, France), the University of Bristol, Personal Finance Research Centre (United Kingdom) and the Centre for European Policy Studies (Brussels, Belgium).

The objectives of the study were threefold:

- To identify the nature and causes of over-indebtedness.
- To review the definitions and measurement of over-indebtedness and to propose common definitions and indicators.
- To provide an overview of the debate and policies to tackle over-indebtedness.

Aug 05 – Households' debt in Europe (FR)

Didier Davydoff and Grégoire Naacke (OEE)

http://www.banque-france.fr/ccsf/fr/publications/autres/endettement_des_menages.htm

Ce rapport actualise, avec des données relatives aux années 2003 et 2004, l'étude qui avait été réalisée en 2004 pour le Comité consultatif du Conseil national du crédit et du titre, sur l'endettement des ménages européens.

http://www.oee.fr/pdf/oeefree_pdf/rf13.pdf

C'est aussi un complément à cette étude : les évolutions spécifiques du crédit à l'habitat et à la consommation sont présentées, à la fois globalement, et selon le profil sociodémographique des emprunteurs.

Une première partie de l'étude est consacrée à l'évolution du niveau d'endettement des ménages européens. Dans la deuxième partie, les flux nets d'endettement sont replacés dans le cadre général plus large des tableaux de financement qui permettent de mesurer la contribution du crédit et de l'épargne à l'effort d'accumulation patrimoniale des ménages en actifs financiers et non financiers (logement et investissement professionnels). Enfin, la troisième partie est une description comparative du profil sociodémographique des emprunteurs dans quatre pays : l'Allemagne, la France, l'Italie et le Royaume-Uni.

4. Taxation of saving products

Oct. 04 – The true weight of taxes on wealth income in three European Countries (FR)

Yannick L'Horty (Every University)

http://www.oee.fr/pdf/oee_pdf/15.pdf

L'objet de l'étude est de mesurer le poids réel des prélèvements obligatoires sur les revenus de l'épargne dans trois pays -France, Royaume-Uni, Italie, pour trois années (1998, 1999 et 2000) et pour une partition de l'ensemble des produits d'épargne en quatre catégories : 1- titres à revenus fixes (intérêts et assimilés) , 2- titres à revenus variables (dividendes et assimilés) ; 3- plus values mobilières ; 4- assurance vie et fonds de pension. On mobilise deux méthodes complémentaires : les taux marginaux de prélèvements sont calculés ex ante en utilisant le barème légal des prélèvements ; les taux moyens de prélèvements sont calculés ex post en rapportant le montant des prélèvements à celui des revenus tels qu'ils peuvent être évalués à l'aide des sources comptables et fiscales. On distingue en outre les taux moyens apparents, sur les revenus taxés, et les taux moyens réels, calculés sur l'ensemble des revenus afin de prendre en compte les exemptions légales et les omissions déclaratives.

Le montant des prélèvements obligatoires sur les revenus d'épargne est assez proche dans les trois pays, autour de 15 milliards d'euros, mais les revenus de l'épargne sont beaucoup plus importants au Royaume-Uni qu'en France ou en Italie. Les taux moyens d'imposition réels (TMIR) sont donc plus élevés en France (10,8 %) et en Italie (9,4%) qu'au Royaume-Uni (7,4 %). Les niveaux des prélèvements fiscaux paraissent élevés en France relativement aux deux autres pays lorsque l'on observe les barèmes légaux ou les taux marginaux effectifs. Mais l'emprise de la fiscalité est faible : 23 % en France pour l'ensemble des revenus d'épargne, contre 33,3 % au Royaume-Uni et 39,3 % en Italie. La majeure partie des prélèvements est issue en France des déductions sociales (environ les deux tiers d'après nos estimations). Les revenus de l'épargne échappent ainsi assez largement à la progressivité de l'impôt. Au total, avec le cumul de prélèvements sociaux à taux modéré et assiette large et de prélèvements fiscaux à taux élevé et assiette étroite, la fiscalité française a finalement un rendement comparable à celles, plus homogènes, du Royaume-Uni et de l'Italie.

June 01 - Taxation of savings products: an international comparison (EN)

Yannick L'Horty and Thierry Laurent

http://www.oee.fr/pdf/oee_pdf/rf_5.pdf

European Governments has repeatedly emphasized the need for greater international co-operation in particular exchange of information to tackle financial crime, harmful tax competition, tax evasion and avoidance. The draft Directive on Taxation of Savings sets out the case for tackling evasion of tax on savings income through exchange of information on as wide an international basis as possible. The future Directive will harmonize taxation savings regime to non residents, instead of numerous bilateral agreements, but taxation rules for residents will remain extremely various across Europe.

In this context, the aim of this report is to take the measure of this varsity, comparing tax regimes applicable to each categories of savings products across Europe and estimating the amounts on which tax incentives apply for these savings products. In the existing literature, there is a lack of information in this area and it seems very important to go further if one deals for example with tax efficiency, tax evasion or tax harmonization in Europe. The international comparison is covering the current rules of taxation (says, at the end of 2000) but an historical perspective of national taxation regimes is also given.

The study cover eleven European countries: Belgium, Denmark, France, Germany, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden, and UK. The authors took also USA as a benchmark.

5. Financial intermediation

Nov. 09 – La mise en œuvre des dispositions de la Directive MIF sur le conseil en Investissement (FR)

André de Palma et Nathalie Picard, Ecole Normale Supérieure de Cachan

http://www.oeefr.fr/pdf/oeefr_rf_36.pdf

Le but de cette étude est de présenter un éclairage nouveau sur l'article 19 de la Directive sur les Marchés d'Instruments Financiers qui exige que l'intermédiaire se procure des informations sur son client, notamment sur ses préférences en matière de prise de risque, avant de formuler une recommandation d'investissement. Nous nous appuyons sur la théorie de la décision, la finance comportementale et, plus généralement, sur les résultats de la littérature économique et psychologique relatifs à l'attitude face au risque et à l'ambiguïté.

Nous commençons par rappeler le contenu des obligations introduites par la directive MIF et ses textes d'application. L'objectif principal de cet article de la directive est une meilleure adéquation produit/client : adéquation des recommandations de placement et obligation de recommander les services et instruments financiers qui conviennent le mieux à chaque client.

La Directive oblige les intermédiaires financiers à mettre en œuvre des systèmes d'information relatifs : aux produits financiers ; à la situation des investisseurs ; au degré d'expertise des investisseurs ; aux objectifs d'investissement des investisseurs ; à la traçabilité.

L'adéquation des services et produits proposés s'apprécie par conséquent en fonction de la compétence et des objectifs du client ainsi que de la compatibilité entre ses objectifs et sa situation financière.

Notre approche consiste à présenter des contributions de la théorie de la décision et de la finance comportementale, et à les mettre en rapport avec les recommandations de la Directive.

Nov. 09 – The markets in financial instruments directive: A first assessment (EN)

Sophie Moinas Toulouse School of Economics (IAE, CRM and IDEI)

http://www.oeefr.fr/pdf/oeefr_rf_35.pdf

The Markets in Financial Instruments Directive (MiFID) is a law which provides a harmonized regulatory regime for investment services across the European Union. It was first adopted in April 2004, then implemented in the European Union on November 1, 2007, in replacement of the Investment Services Directive (ISD) which had been adopted in 1993.

The MiFID is a new step in the European Commission's wish to establish an harmonized and transparent financial framework in Europe, and is supposed to put the finishing touches to the liberalization of financial services within the European Union. In particular, it aims at encouraging competition between different places or ways of buy and sell orders' execution, without prejudicing the competitiveness of the European financial institutions.

The main objectives of this regulation, as described by the French Financial Markets Agency (AMF) in May 2006, are as follows: i) to guarantee consumer protection in investment services, ii) to guarantee a transparent running of markets, iii) to enhance the control by

market authorities. In this briefing paper, we will focus on one specific aspect of the MiFID regulation, namely the suppression of the so-called “concentration rule”. What motivates this regulation? What may be its potential drawbacks or limits?

This briefing paper is organized as follows. We first present the nature of liquidity, which is a key element to understand why there exists an academic debate on market fragmentation. We then discuss the drawbacks of the concentration rule, which support and helps understanding the MiFID regulation. We finally analyze the limit of fragmentation, in the European present environment. In conclusion, we propose a tentative first assessment of the MiFID, almost two years after its implementation by financial services providers.

Dec. 06 – Governance of intermediaries and volatility (FR)

Raphaëlle Bellando, Françoise Le Quéré, Franceline Mercurelli, Jean-Paul Pollin and Anne-Gaël Vaubourg (Université d’Orléans)

<http://www.oeefr/pdf/oeefr/24.pdf>

The stake of this research is important, because it tries to understand in which way portfolio management delegation, rapidly expanding, affects financial investors’ behaviour, and has an impact on the functioning of financial markets. This study includes a systematic and complete description of this delegation chain that links all different actors. A choice has been made to analyse carefully the Agency relationship between institutional investors and investment management companies. The Agency theory takes an interest in the relationship formed by one part (the principal), who delegates a task and another part (the agent) in charge of realising that task for a fee. Under uncertainty, this relation brings to light information asymmetries: the principal cannot measure the agent’s abilities and efforts. Hence, he tries to set up an optimal remuneration contract which gives him a better control over the agent and particularly over his efforts. Concerning asset management, the issue is to analyse how the way investors select, pay and control investment management companies, affects portfolio allocation.

Dec. 06 – Impact of regulation on Asset Management Industry in Europe (FR)

Michel Aglietta (CEPII, FORUM), Nicolas Meisel (OCDE), Sabine Montagne (IRIS, Paris IX), Valérie Rabault (BNP-Paribas) and Yamina Tadjeddine (FORUM-Paris X)

<http://www.oeefr/pdf/oeefr/23.pdf>

Oct. 06 – Current Trends in the European Asset Management Industry (EN)

Dr. Michael Schröder and Mariela Borell (ZEW), Didier Davydoff and Grégoire Naacke (OEE).

http://ec.europa.eu/internal_market/securities/docs/ucits/expert-group/extstudies/report3.pdf

The aim of Lot 1 of the project “Current Trends in the European Asset Management Industry” was to collect asset management (AM) related data and to analyse the current developments of the investment funds industry. A database with historical series on different important market indicators was designed to achieve a better understanding of the functioning of the AM market and to identify current trends which could affect the future development of the market for asset management. The data and the reports of Lot 1 are deemed to serve also as a basis for the analysis of Lot 2 of this project. Lot 2 has been conducted by Oxera Consulting Ltd. and focuses on trends that have an impact on the integration and risk features of the European AM market.

The report provides key results from the explorative data analysis on selected indicators based on figures from the ZEW/OEE database. The identified main industry trends and conclusions are derived from an analysis of the data series contained in the database. In addition, authors also used statements from market insiders, which were obtained with the aid of the survey.

Feb. 05 - Final destination of households' savings in Europe (FR)

Michel Boutillier and Valérie Oheix (Université Paris X – Nanterre)

http://www.oee.fr/pdf/oee_pdf/18.pdf

This study updates a first study achieved by the same authors for the OEE on the same topic in 2001.

http://www.oee.fr/pdf/oee_pdf/3.pdf

In 2001, on behalf of the OEE, a preliminary database on the financial destination of households' savings in Europe, once the various financial intermediaries had been made transparent, was achieved. Updating this database was undertaken at the end of 2004. The countries studied were Germany, Spain, France, Italy, Netherlands and the United Kingdom.

All the sample countries feature stability of intermediated savings and, above all, the increase in non-monetary intermediation. The rising weight of institutional investors was proven. Shareholding increased in all continental European countries, thereby approaching the level of British households. National asset allocation, however, remained very diverse both in the role played by the various categories of financial intermediaries and in the types of financial instrument held.

In the 1991-2003 period, the share of financial capital that European households entrust to financial intermediaries tended to increase or remain stable, but strong disparities remain. The growth of non-monetary intermediation was a general trend in all countries and on a significant scale. The final holding of credits in own funds distinctly converged upon a 30% level in the six sampled countries. However, this holding developed in a very different manner according to the country. Convergence is less obvious in the total holding of fixed rate products, which settled between 20 and 30% in 2003. The growth in the role of non-monetary intermediaries in the indirect holding of interest rate products is noticeable in all countries except Germany. Lastly, the development of the final holding in loans and diverse credits in non-financial agents, compared with the share of monetary intermediation, shows that credit institutions divide their activity differently between their various vocations.

6. Miscellaneous

Sep. 06 - Feasibility study for a European database management system dedicated to researchers in economics and finance (EN)

Didier Davydoff (OEE)

http://www.oee.fr/pdf/oee_pdf/rf_25.pdf

OEE Etudes has been entrusted by Inquire Europe and the Institut Europlace de Finance (IEF) to conduct a feasibility study for a European database management system dedicated to researchers in finance.

A smooth access to data is a key factor for a successful research. But researchers willing to conduct empirical studies on European financial markets currently face several difficulties. There is no system comparable to the Wharton Research Data Service (WRDS) that American researchers benefit from. Proof of the usefulness of such a service is that almost all American Universities where there is research in finance, subscribe to WRDS.

This study proposes the creation of a European Financial Data Centre (EFDC). The first task of the EFDC would be to facilitate the access to existing financial databases. The main area covered by the project are corporate finance data, market activity data, equity trading data, stock index data, data on securities held by investment funds and flows of funds. The coverage of data should be open, i.e. it should include “in-bound” and “out-bound” economic information taking into account the globalisation of European financial markets. The EFDC tasks would include provision of an access to databases, standardisation of these databases and provision of documentation and support to users.

A second task of the EFDC would be to build new integrated pan-European databases. Seven areas have been identified for this exercise: Daily security prices data comparable to CRSP data in the US; information on listed companies in the framework of the implementation of the Transparency directive; a survivor bias-free database on investment funds; detailed flows of funds data dedicated to academic researchers and financial institutions; Detailed data on consumer credit; surveys data on private investors profiles; and finally data on credit derivatives.