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OBSERVATOIRE DE L'ÉPARGNE EUROPÉENNE



OEE - The European Savings Institute



Savings in Europe vs European Savings

Savings in Europe vs European Savings

1st Set of European Savings Aggregates - ECB statistics

- ❑ Aggregated balance sheet of the Eurosystem
- ❑ Investment and Financing Tables

Saving , investment and financing in the euro area
(as a percentage of GDP, unless otherwise indicated)

	Euro area saving and investment ¹⁾			Investment of private non-financial sectors							Financing of private non-financial sectors							Net financial investment	Fin. invest. as a % of invest.	Net incurrence of liab. as a % of financing		
	Gross saving	Gross fixed capital formation	Net lending to rest of the world	Gross fixed capital formation	Non-fin. corporations	Net acquisition of fin. assets	Currency and deposits	Shares	Securities other than shares	Long-term securities	Shares	Insurance technical reserves	Gross saving	Households	Net Incurrence of liabilities	Securities other than shares	Long-term securities				Shares	Loans
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1992	21.3	22.5	-0.9	18.8	11.8	13.5	4.0	1.6	0.4	1.4	2.9	21.0	13.1	10.2	0.7	0.6	1.4	6.7	4.7	3.3	41.8	32.7
1993	20.4	20.7	0.6	17.2	10.4	13.3	5.6	0.5	0.9	0.7	3.1	20.7	12.7	7.9	1.3	1.4	1.5	3.6	4.4	5.4	43.6	27.6
1994	20.8	20.3	0.3	17.1	10.2	13.8	3.4	2.5	2.7	1.7	3.3	20.7	11.9	9.6	1.0	1.1	1.8	3.9	4.0	4.2	44.7	31.7
1995	22.5	21.2	0.5	17.9	11.3	14.2	4.3	1.8	1.5	1.3	3.7	22.2	11.9	7.7	-1.8	-1.8	1.3	5.0	3.7	6.5	44.2	25.8
1996	22.0	20.7	1.0	17.6	11.1	12.7	3.6	0.3	1.3	2.1	3.9	21.7	11.4	8.8	0.2	0.0	1.7	5.8	4.9	3.9	41.9	28.9
1997	22.1	20.1	1.6	17.1	10.9	13.1	1.6	-0.5	-0.1	3.1	4.1	20.4	10.8	9.2	0.1	0.1	1.3	5.8	4.6	3.9	43.4	31.1
1998	22.1	20.1	1.2	17.2	11.1	14.2	1.9	-2.1	-1.3	6.0	3.4	19.2	10.1	11.6	0.3	0.2	2.3	6.9	5.4	2.6	45.2	37.7
1999	21.6	20.5	0.3	17.5	11.4	16.1	2.1	0.2	0.6	5.6	3.7	18.0	9.7	13.9	0.6	0.3	2.0	8.7	7.0	2.2	47.9	43.6

Source : ECB

Savings in Europe vs European Savings

2nd Set of European Savings Aggregates - Eurostat's Financial Accounts

- ❑ Eurostat's Financial Accounts statistics have just been released

- ❑ OEE research has however already identified areas of improvement
 - ⇒ Example: Holdings of shares need further harmonisation
(as non listed shares are accounted for in several ways across the zone)

 - ⇒ Subsequently global comparability of aggregates has to be considered with caution

Savings in Europe vs European Savings

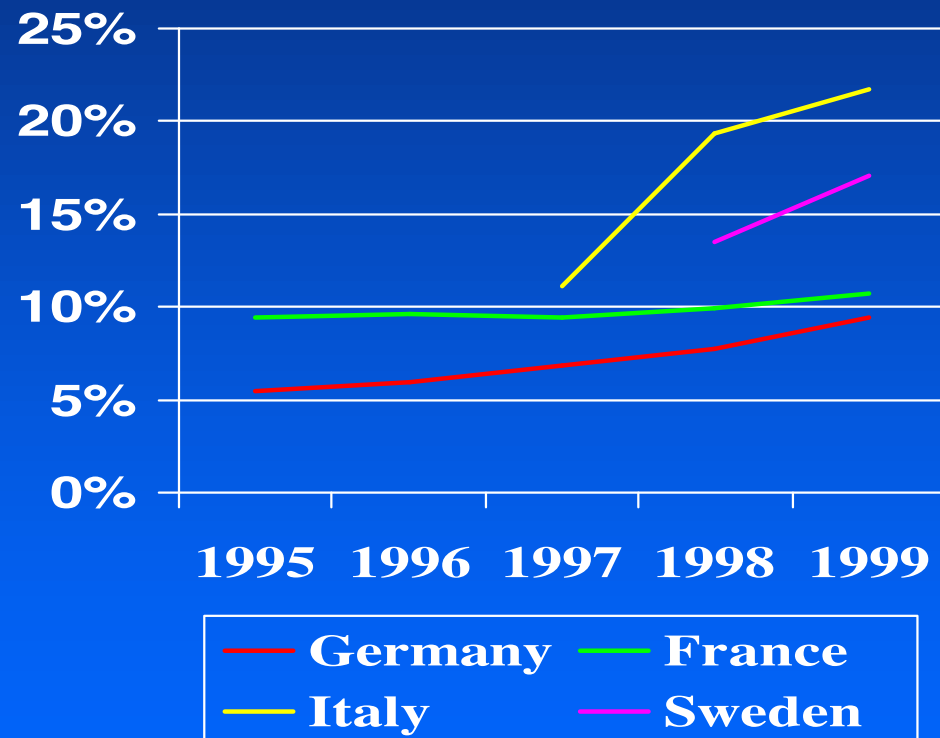
Demand for European Savings' - Global trends are identified ...

- **Global trends in European savings since the mid-80s have been clearly identified:**
 - ⇒ **Traditional investment with banks falls**
 - ⇒ **Life insurance investment grows**
 - ⇒ **Shareholdings and assets managed by mutual funds' rise**

Savings in Europe vs European Savings

Demand for European savings - Global trends are identified ... (1)

- **Growth in non monetary UCITs (as a percentage of households' financial wealth): different rising patterns**

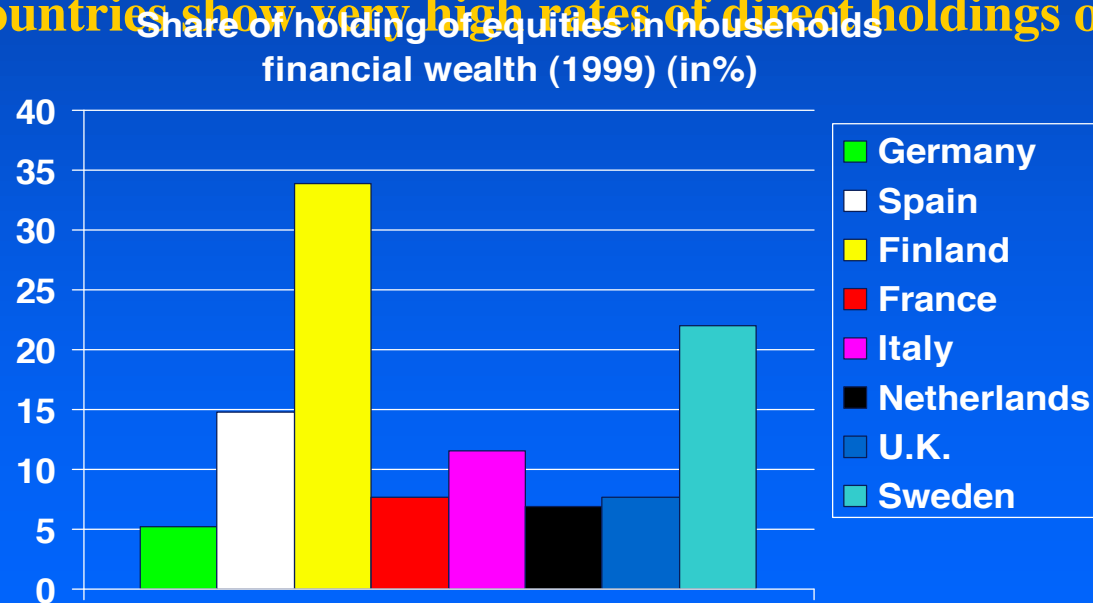


Savings in Europe vs European Savings

Demand for European savings - Global trends are identified ... (2)

□ Direct holding of securities:

- ⇒ **Italy: an exceptional high rate of public debt holdings (13% of households' financial wealth) compared to other countries(4%) and to holdings of shares**
- ⇒ **Holding rates of private debt do not exceed 4% across the zone**
- ⇒ **Nordic countries show very high rates of direct holdings of shares**



Savings in Europe vs European Savings

... but they hide a high degree of diversity (1)

□ National characteristics still play a major role in Europeans' saving behaviour:

⇒ Households' financial wealth varies strongly ...

Financial wealth per head in 1999
in 11 European countries (estimates in EUR)

1	Netherlands	76 337
2	U.K.	75 363
3	Belgium	69 785
4	France	45 491
5	Italy	44 773
6	Germany	42 031
7	Finland	38 755
8	Sweden	32 645
9	Austria	30 086
10	Spain	28 494
11	Portugal	19 000

Savings in Europe vs European Savings

... due to different institutional (structural) characteristics

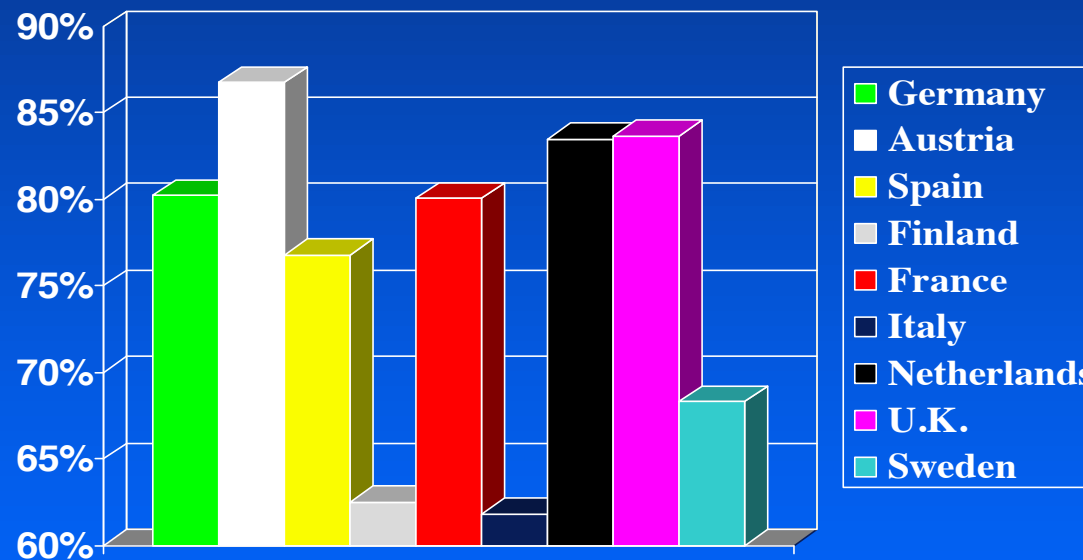
- **Thus, two main groups of countries can be identified:**
 - ⇒ **The U.K. and the Netherlands: Primacy of pension funds**
 - ⇒ **Germany, Austria, Spain, Finland, France: Primacy of banks in savings collection**

- **The main factors of discrepancy:**
 - ⇒ **Tax measures help explain differences in national patterns and account well for short-term divergence**
 - ⇒ **Pension schemes (capitalisation for the second pillar)**
 - ⇒ **Company saving schemes are at different stages of development**

Savings in Europe vs European Savings

... due to differing institutional (structural) characteristics

- Various degrees of financial intermediation
- Example: financial intermediation in households' financial wealth (1999):



- ⇒ Intermediation still plays a crucial role
 - ⇒ but less in Finland, Italy and Sweden than elsewhere
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Savings in Europe vs European Savings

... due to differing institutional (structural) characteristics

- The share (as % of financial wealth) of bank products varies from one to twofold, that of insurance products from one to sixfold.

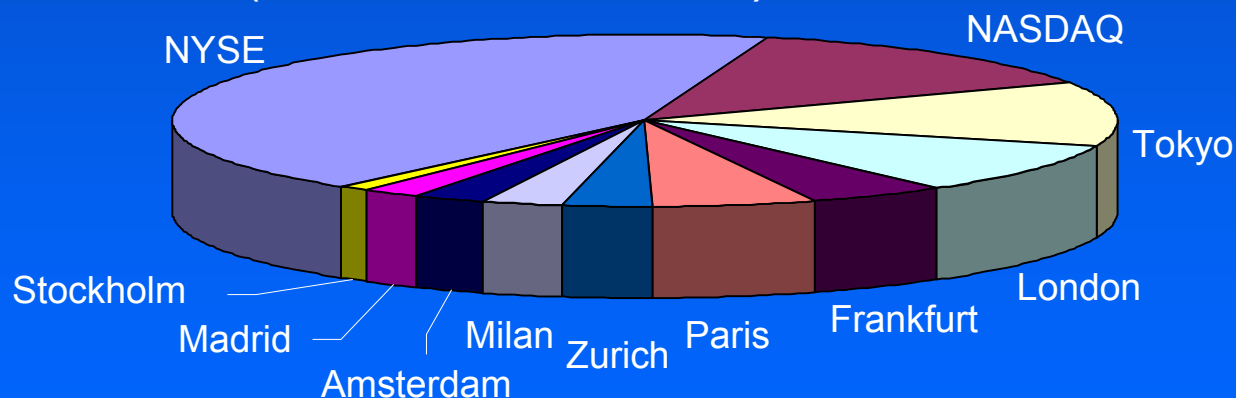
	Germany	Austria	Spain	Finland	France	Italy	Netherlands	U.K.	Sweden
Bank products	42	50	50	38	38	30	20	24	23
Insurance & Pension funds	28	25	12	18	31	10	60	58	28

Savings in Europe vs European Savings

Supply side - A segmented European market

- **Due to discrepancies between European regulations, cross-border integration remains exceptional and market segmentation high:**
 - ⇒ **Banking: cross-border development remains rare**
 - ⇒ **Professional associations (savings banks, banks, fund managers, insurers, etc.) remain country based**
 - ⇒ **European stock exchanges' integration is slow**

Share in Capitalisation at the end of 2000
(for a total of 28.225 bn EUR)



Savings in Europe vs European Savings

Information on European savings thus appears strategic

- ❑ **Given the nature and the importance of decisions currently taken at a European level, a number of financial organisations have identified savings information improvement needs. The OEE was subsequently created in September 1999.**



About the OEE

About the OEE

The OEE's Membership

⇒ **OEE members are:**

Bank of France

Caisse des Dépôts et Consignations

Commissariat Général du Plan

French Asset Managers' Association

French Insurers' Federation

La Poste

Paris Chamber of Commerce & Industry

STOXX Ltd

Euronext

Reuters/Instinet

Finama Asset Management

Standard and Poor's

European Savings Banks Group

About the OEE

OEE's Main Tasks

- ⇒ **Presided by Jacques de Larosière, the OEE is a think tank connecting professional and public bodies, producers and end-users of financial statistics. It promotes the dialogue among them, contributes to its scientific rigour and identifies critical issues and areas where marginal efforts are the most productive.**
 - ⇒ **On this basis, it addresses -in relation with European specialised research centers- some of the analysis needs savings and develops a database.**
 - ⇒ **Its mission, consists, at last, in informing the press and the general public on savings related questions through dedicated website and publications.**
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About the OEE

OEE's Achievements (1)

- **OEE's structures are fully operational. Its record track includes in particular:**
 - ⇒ **the organisation of seminars**
 - ⇒ **the launch of research projects (tenders for bids) on following themes**
 - ⇒ **the development of a website providing with exhaustive access to the institute's production and database**
 - ⇒ **the publication of completed studies' research reports and of a quarterly newsletter**
 - ⇒ **communication to the press of the studies' research reports and of a quarterly newsletter**
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About the OEE

OEE's Achievements (2)

□ To date, the OEE :

⇒ Produced the following research reports:

- « Where do European households savings go? »
- « European Households financing tables »
- « Intermediated real estate investment in Europe »

as well as 5 issues of its quarterly bulletin

⇒ Launched its own database:

- accessible online for OEE members
- including real-time access to relevant sections of Eurostat's New Cronos database

About the OEE

OEE's Achievements (3)

- **Several research projects are currently underway:**
 - ⇒ **A major project for comparing shareholding in Europe involves a European team of renowned academics**
 - ⇒ **An attempt to measure the impact of the differences in valuation methodology of non listed shares in Europe**
 - ⇒ **A comparison of company saving schemes in Europe**
 - ⇒ **A comparison of the concrete impact of tax measures in Europe**
 - ⇒ **A measurement of the importance gained by sectorial funds**

About the OEE

OEE 's Scientific Committee

- ❑ **Chaired by André Babeau, OEE's Scientific Committee has recently updated its orientations. In particular, themes of interest for the OEE's next call for tenders have been identified.**

 - ❑ **Some members of the OEE's Scientific Committee:**
 - P. Artus, Caisse des Dépôts et Consignations**
 - R. Blundell, University College London**
 - C. de Boissieu, Paris CCIP**
 - C. Pereira da Silva, University of Lisbon**
 - P. Pestieau, University of Liege**
 - A. Porta, University Bocconi, Milan**
 - J.-H. von Stein, Stuttgart University**
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About the OEE

OEE 's Ambitions

- ❑ **More Globally speaking, the OEE is in the process of broadening its membership base as to become even more European**

 - ❑ **In that respect the OEE is keen on developing its relationships with European institutions. Against that background, the OEE proposes to publish a yearly report on savings in Europe for the European Commission. Its content could include:**
 - ⇒ **a macroeconomic part (with insights into developments of both economic agents financial accounts and wealth accumulation)**
 - ⇒ **a microeconomic part focusing for example on:**
 - **the role of some factors of financial behaviour (age, revenue,...)**
 - **institutional characteristics (wealth transmission, ...)**
 - **the role played by a selection of financial products**
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