



OBSERVATOIRE DE L'ÉPARGNE EUROPÉENNE

Research Project on Stockholding in Europe

Stockholding in the Netherlands

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Outline

- **Macroeconomic trends**
 - main developments (Fin. Accounts & Central Bank)
- **Microeconomic picture**
 - household survey panel data
 - focus on stock market participation
 - who are the stockholders? breakdown by
 - age
 - wealth/income
 - education
 - the road ahead: future work

Macroeconomic Trends

- drastic changes in HH sector portfolios
 - more risky assets, less safe assets
 - increased direct and indirect stockholding
 - marked increase of indirect stockholding through mutual funds

Macroeconomic Trends

- asset market boom: stocks and housing
- falling interest rates and reduced qualification constraints for mortgages: mortgage boom
- >20% annual growth in # mutual funds (1997: 318, 2000: 558)
- social security: privatiz. of early retirement
- minor (?) effects of privatization and fin. markets liberalization (€introduction)

Macroeconomic Trends

- Increased competition in the banking sector:
 - new entrants into mutual funds mkt (Postbank)
 - advertising and media attention ↑
 - transaction costs ↓ (internet & phone banking)
 - new and newly packaged fin. products to exploit tax arbitrage (‘unit-link’ products)
 - “easy” mortgages: used to buy stocks

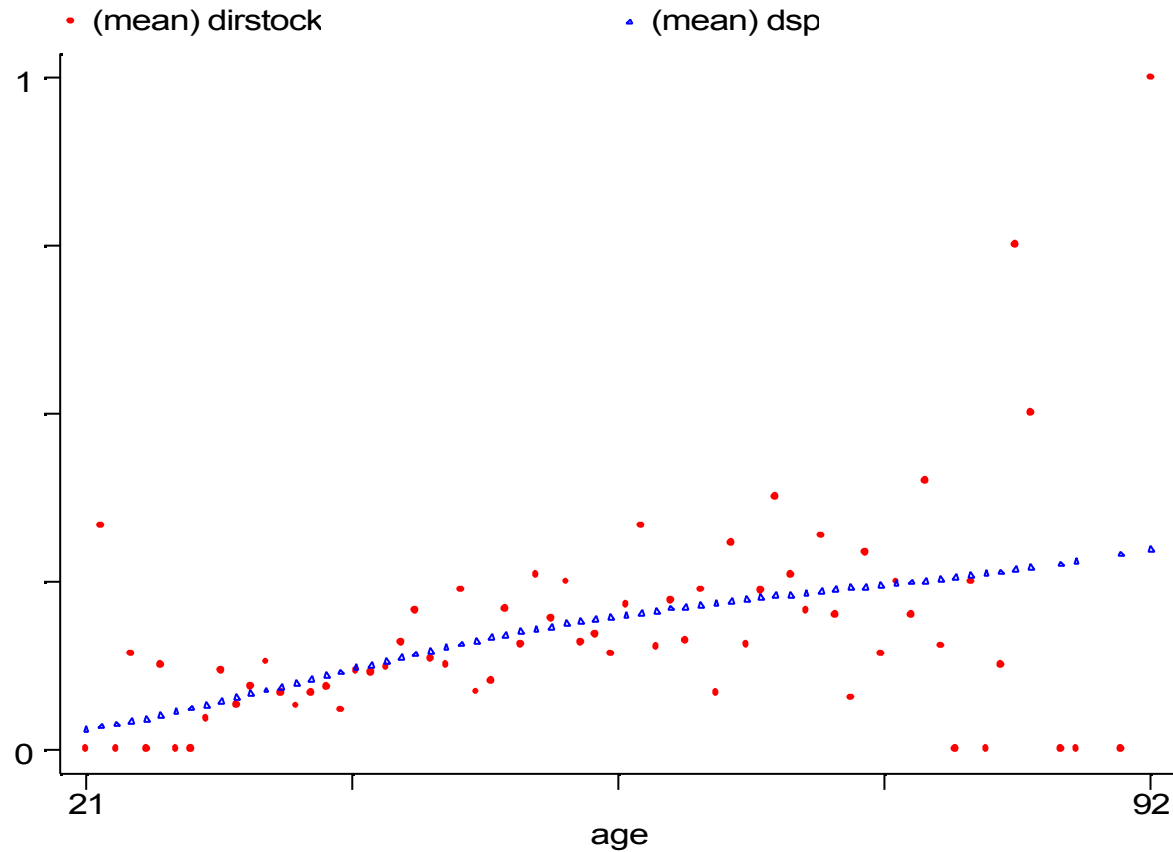
Microeconomic Data

- CentER Savings Survey
- annual household panel on HH portfolios and information relevant for saving decisions; period: 1993-1998+
- about 40 categories of HH assets & liabilities
- (fin.) assets reported with precise amounts
- no nonresponse in ownership
- overall quality: “certainly reasonable”

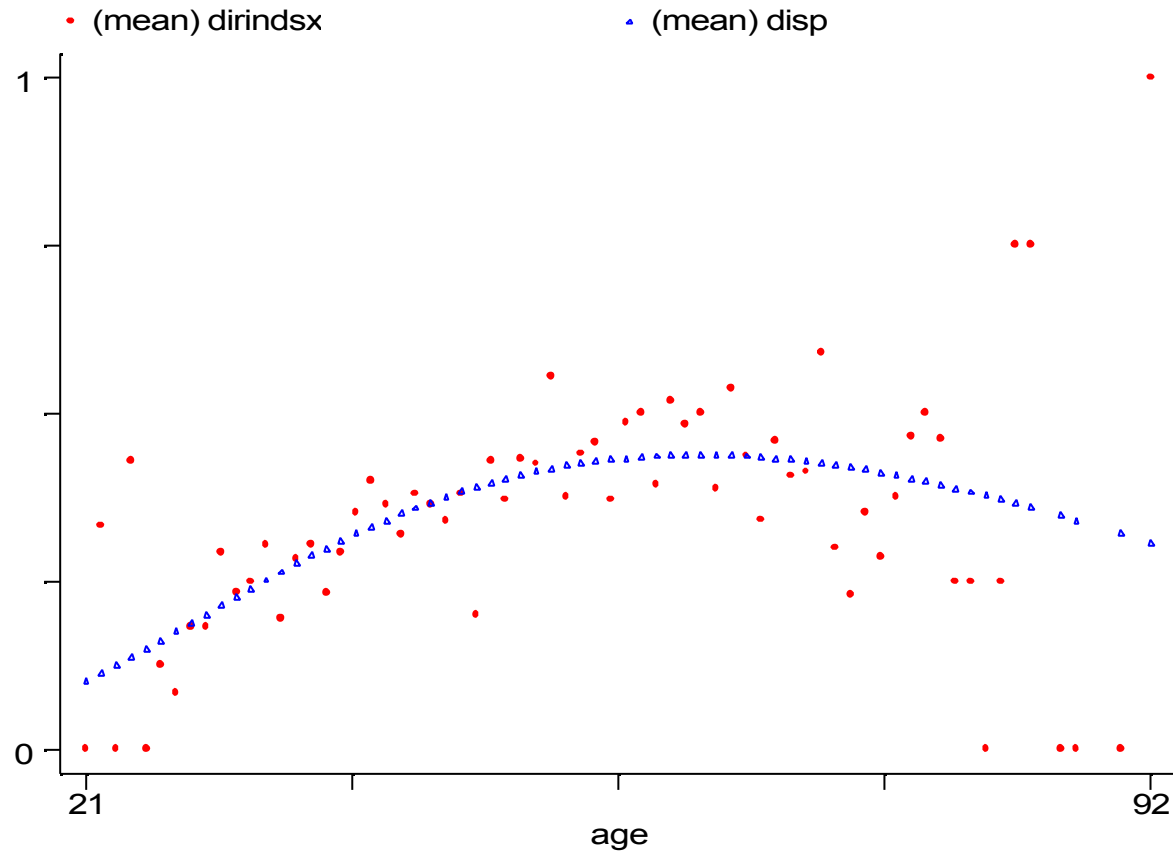
Microeconomic Picture

- ↑ direct stock ownership: 1993: 11.4%, 1998: 15.4%
- ↑ mutual fund particip.: 1993: 11.8%, 1998: 18.4%
- indir. stockholding (mutual+DC plans): 27.5%
- overall upper bound: 33.5% (1997)
- mutual fund assets: 50% equity, 25% real estate, 10% bonds
- assets of life insurance & pension funds: presumably shifting towards equity

age profile: direct stockholding



age profile: indir. stockholding



Fin. assets and stockownership

- Direct stockholding is a rare event among below-median households
- even in 4th quartile, ownership rate only 40%
- indirect ownership: 14% among below-median
- 63% in 4th quartile
- Top 5 and 1 percentiles: direct stockownership very common (77 and 100%), indirect: not as much (66 and 62%)

Education and stockownership

1997, weighted	Less than High School	High School	College	Average
Direct stockholding	5.2	9.1	22.5	14.4
Indirect Stockholding	25.2	21.0	36.5	27.5
Direct plus indirect stockholding	26.6	25.0	45.6	33.5
Sample proportion	5.3	54.0	40.6	100.0

Who holds stock?

- Main tracts:
 - Individuals in their middle or older age, with high financial wealth and high education
- Other features:
 - More likely to be married, male, 2 to 4 household members, more than one income recipient, self-employed or work in a large company or pension recipient

For future work

- **Complete analysis of portfolio**
 - multivariate regression analysis
 - asset shares, possibly conditional on ownership
- **Investigate reasons for portfolio change**
 - Financial information acquisition and sophistication
 - Transaction costs
 - Tax treatment and tax reform
 - Social security reform and privatization