

# Patterns of shareownership in the UK

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on Stockholding in Europe



## The Family Resources Survey 1998

- Sample period: April 1998- March 1999
- Survey of economic resources of 40,498 individuals (22,913 households (hhs))
- Grosses up to 24 million households.
- Representative of UK household population
- Data on whether households hold stocks directly and/or indirectly.

## Background: Trends since 1980

- Documented rise in direct share ownership:
  - 1980: 8% households held shares
  - 1990: 20% of households held shares
- Associated with:
  - Privatisations (eg. Telecoms and Gas)
    - Financial deregulation

# Background: Continued

- FRS 1998: 28% of households hold shares directly
- Further expansion associated with:
  - Building society demutualisations
- Other FRS 1998 figures:
  - Indirect stockholders: 32% of households
  - Total stockholders: 45% of households

## Background: Continued

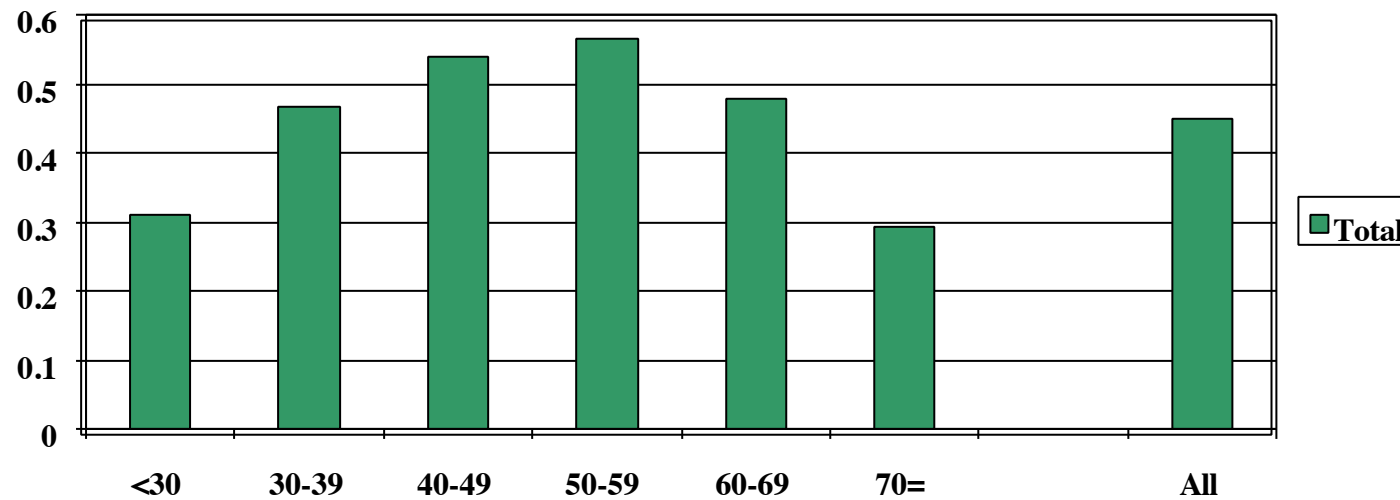
- Indirect stockholding also likely to have increased in the 1990s due to:
- Growth of tax favoured instruments: PEPs (now ISAs) and employee share ownership schemes
- Rapid expansion of Personal Pension coverage after introduction in 1988

# Background: Aggregate Statistics

<b>Financial Asset</b>	<b>Asset Share: 1990</b>	<b>Asset Share: 1998</b>
Shares and other equity	0.167	0.161
Mutual Funds	0.006	0.038
Cash value of life insurance	0.451	0.542

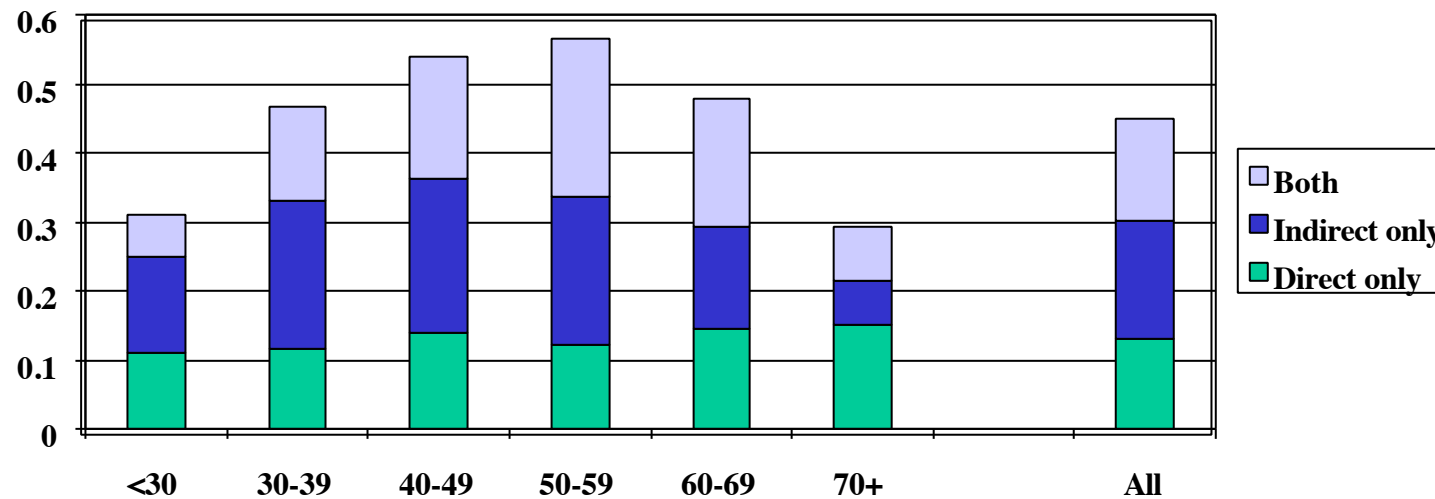
- Amount held directly in shares has gone up
- Proportion of all financial assets held as stocks directly or indirectly has gone up

# Characteristics: Age



- Stockholding increases with age amongst working age group

# Characteristics: Age



- Overall pattern reflects pattern of indirect stockholding



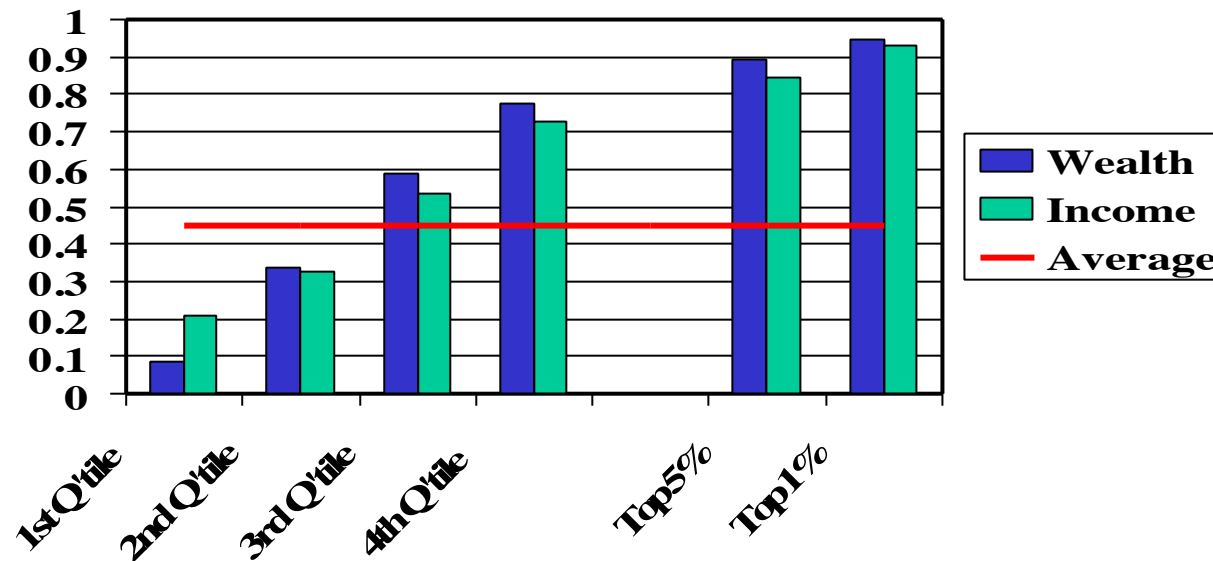
# Characteristics: Education

	<b>Below high school</b>	<b>High school only</b>	<b>College</b>	<b>Average</b>
<b>Direct</b>	0.136	0.228	0.407	0.279
<b>Indirect</b>	0.182	0.277	0.423	0.318
<b>Total</b>	<b>0.260</b>	<b>0.396</b>	<b>0.590</b>	<b>0.449</b>

- Stockholding tends to increase with education level

# Characteristics:

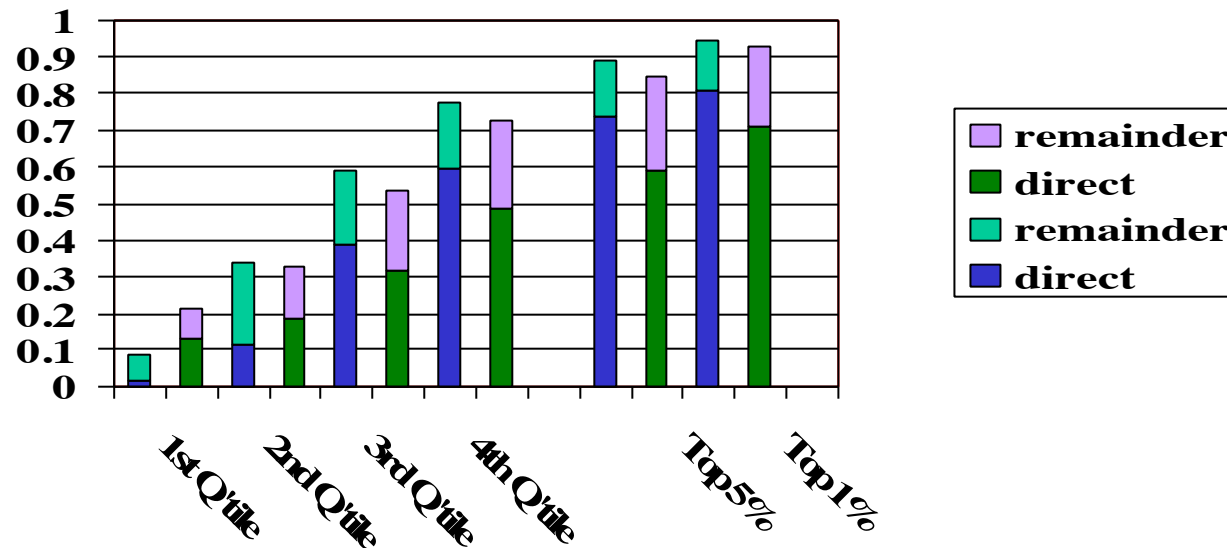
## Wealth and Income Quartiles



- Likelihood of being a stockholder increases with both wealth and income

# Characteristics:

## Wealth and Income Quartiles



- Direct stockholding is strongly related to wealth (i.e. interest income)

# Characteristics:

## Multivariate Analysis

- Motivation: to get conditional effects
- Initial regression analysis seems to confirm that:
  - Stockholding increases with age upto 60
  - Stockholding increases with education level
  - Stockholding increases with wealth and income
- Any changes? Results for household size.

# Conclusions

- It appears that stockholders tend to be:
  - Middle-aged
  - Well educated
- Wealthy and high income earners

## For further analysis

- Makeup of household portfolios
- Amounts of different types of stockholding accounted for by groups of investors.
- Are “new” stockholders of last 10/20 years holding diverse portfolio or just a few shares from their building society?