

Quarterly financial accounts: 4th quarter 2017

During the fourth quarter of the year 2017, the net financial worth of individuals grew by €6.2 billion to reach €1,068.9 billion by 31 December 2017. This increase in households' financial wealth over the period is due to positive price variations (+€ 5.7 billion). Net financial transactions were also positive in this last quarter of 2017 (+€0.5 billion).

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 4th QUARTER OF 2017
(Billions of euro)

	Net financial wealth as at 30 September 2017	Financial transactions in the 4th quarter of 2017	Other flows ¹	Net financial wealth as at 31 December 2017
Financial assets	1339,0	2,8	5,8	1347,5
Notes and coins	34.6	0.9	0.0	35.5
Sight deposits	71.7	1.8	-0.1	73.4
Regulated savings deposits	249.0	1.7	0.0	250.7
Other deposits	39.6	-0.6	0.0	39.0
Debt securities	49.3	-1.7	-0.3	47.3
Listed shares	67.0	-0.8	0.1	66.3
Unlisted shares and other equity	301.8	-3.1	1.0	299.7
Investment fund shares	207.1	-0.4	2.5	209.1
Insurance products	307.4	2.1	2.6	312.1
Miscellaneous ²	11.5	2.9	0.0	14.5
Financial liabilities	276,2	2,3	0,1	278,6
Short-term loans	8.0	0.0	0.0	8.0
Mortgage loans	222.9	3.3	0.0	226.1
Other long-term loans	29.9	0.3	0.0	30.2
Miscellaneous ³	15.5	-1.2	0.1	14.4
Net financial wealth	1062,7	0,5	5,7	1068,9

Source: NBB

1. Other flows include price and exchange rate variations. They may also include selective elements such as the reclassification of operations with regard to other sectors.
2. Consists of the other financial instruments as determined by the ESA 2010, i.e. mainly loans, trade credit and other accounts receivable/payable, among which general government assessments.
3. Consists of the other financial instruments as determined by the ESA 2010, that is other equity, trade credit and other accounts receivable/payable, among which taxes due but not yet paid.

As is normally the case every year-end, investment in sight and savings deposits followed an upward trend (by respectively +€ 1.8 billion and +€ 1.7 billion). Investment in insurance products enjoyed a rise of € 2.1 billion after two consecutive quarters of decline.

By contrast, net subscriptions to investment fund shares were negative for the second quarter running (-€ 0.4 billion). Individuals were also net sellers of debt securities (-€ 1.7 billion) as well as listed shares (-€ 0.8 billion), predominantly foreign shares.

One salient feature of these end-of-year accounts is that households sharply scaled back their holdings of unlisted shares and other equity (-€ 3.1 billion) in the fourth quarter of 2017. This may be explained by the corporate tax reform, which changed taxation of share capital reductions from 1 January 2018. Moreover, entrepreneurs, shareholders within SMEs who had benefited in 2013 from the transitional measure concerning the rise in the withholding tax (from 10 to 25% in 2013) on the profits from liquidation (Article 537 of the Income Tax Code), seem to have carried out considerable capital reductions.

New financial liabilities taken on by households rose by € 2.3 billion to reach an outstanding € 278.6 billion as at 31 December 2017. This rise is mainly due to mortgage loans (+€ 3.3 billion), and to a lesser extent to other long-term loans (+€ 0.3 billion).

Methodological note

The financial accounts of individuals make up a component of Belgium's financial accounts statistics that are compiled in accordance with the European System of National and Regional Accounts (ESA 2010). These statistics comprise the financial balance sheets, the financial accounts and other changes in financial assets and liabilities of the national institutional sectors (individuals, financial and non-financial corporations, general government). The individuals sector is made up of households and non-profit institutions serving households.

The various assets and liabilities are broken down by financial instrument (currency and deposits, loans, fixed-interest securities, shares, investment funds shares, insurance products, pension entitlements, financial derivatives and other accounts receivable/payable).

The net financial wealth of the different sectors is the result of the difference between the total of their respective financial assets and liabilities. When the net financial wealth of a sector is negative, the term net financial liabilities is used.

Since each financial asset held by a sector corresponds to a financial liability for another sector, the result is that the total net financial wealth of the domestic sectors is equal to the net financial liabilities of the rest of the world in respect of Belgium or, equivalently, to Belgium's net claim on the rest of the world.

The change in net financial wealth between the beginning and the end of a quarter is the result, on the one hand, of financial transactions carried out in the course of the period, and on the other, of other flows consisting mainly of price and exchange rate variations and other changes in volume.

Financial transactions are recorded in the financial accounts, which highlight the manner in which the different institutional sectors allocate their financial savings or find the financial resources which they need.

In the European system of national accounts, the financial accounts are linked together with the non-financial accounts of the different institutional sectors. Thus, while the non-financial accounts enable the financing positions to be derived from revenue and expenditure items, the financial accounts explain how the different sectors invest their surplus or finance their deficits. However, in practice, there are differences between real and financial balances associated mainly with the use of different sources.

Statistical data: <http://stat.nbb.be/Index.aspx?DataSetCode=FINACC2010&lang=en>