

PRESS RELEASE

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Quarterly financial accounts: 2nd quarter of 2020

- **Net financial wealth of individuals increased to €1094.4 billion**
- **Record private financial investment of €19.1 billion in second quarter of 2020**
- **Growth of private debt has been gathering speed for the last three years, with the debt ratio up to 61.6 % of GDP at the end of 2019**

During the second quarter of 2020, **the net financial wealth of private individuals grew by €54.1 billion**, to reach €1 094.4 billion as at 30 June 2020.

On the one hand, the recovery of stock market prices over this three-month period led to *positive price changes in financial assets* (+€ 37.1 billion), which partially wiped out the sharp drop seen in the first quarter. This was largely evident in investment fund shares (+€ 17.8 billion), insurance products (+€ 11.8 billion) and listed shares (+€ 5.3 billion).

On the other hand, households *invested a record € 19.1 billion in financial assets* during the second quarter of 2020. This figure may be explained by forced savings during the lockdown due to COVID-19. They mainly invested in regulated savings deposits (+€ 7.9 billion) and sight deposits (+€ 7.0 billion).

Finally, new *financial liabilities* taken on by private individuals *rose by € 2.2 billion*, to reach an outstanding amount of € 311.7 billion as at 30 June 2020. This rise was mainly attributable to mortgage loans (+€ 1.3 billion).

Under the macroeconomic imbalance procedure (MIP), the private sector consolidated debt ratio forms part of a series of indicators: https://www.nbb.be/doc/dq/mip/en/mip_scoreboard.htm. This ratio corresponds to the sum of all debt contracted by non-financial corporations and private individuals in the form of loans and debt securities, as a percentage of GDP on a consolidated basis at the end of the year.

In 2019, the private debt ratio in Belgium dropped back from 186.1 to 180.3 % of GDP. This reduction is notably due to the drop in non-financial corporations' debt ratio, which came down to 118.7 % of GDP (- 7.8% of GDP). Private households' debt registered a slight rise to 61.6 % of GDP. This rise is essentially due to the growth in mortgage loans. Since 2016, the debt ratio of private individuals in Belgium has been above the euro area average.

CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE SECOND QUARTER OF 2019

(in € billion)

| | Net financial wealth as at 31 March 2019 | Financial transactions in the 2nd quarter of 2019 | Other flows ¹ | Net financial wealth as at 30 June 2019 |
|----------------------------------|---|--|--------------------------|--|
| Financial assets | 1349,9 | 19,1 | 37,1 | 1406,1 |
| Notes and coins | 41,1 | 1,7 | 0,0 | 42,7 |
| Sight deposits | 91,5 | 7,0 | -1,0 | 97,6 |
| Regulated savings deposits | 275,4 | 7,9 | 0,0 | 283,3 |
| Other deposits | 40,2 | 0,3 | 0,9 | 41,4 |
| Fixed-interest securities | 35,4 | -0,3 | 0,3 | 35,5 |
| Listed shares | 57,3 | 1,9 | 5,3 | 64,5 |
| Unlisted shares and other equity | 283,1 | -0,2 | 1,9 | 284,8 |
| Investment fund shares | 192,4 | 2,0 | 17,8 | 212,2 |
| Insurance products | 316,5 | 1,2 | 11,8 | 329,5 |
| Miscellaneous ² | 17,0 | -2,4 | 0,0 | 14,7 |
| Financial liabilities | 309,5 | 2,1 | 0,1 | 311,7 |
| Short-term loans | 8,3 | -0,3 | 0,0 | 8,0 |
| Mortgage loans | 254,2 | 1,3 | 0,3 | 255,8 |
| Other long-term loans | 32,7 | 0,4 | -0,3 | 32,9 |
| Miscellaneous ³ | 14,3 | 0,6 | 0,1 | 15,0 |
| Net financial wealth | 1040,4 | 17,1 | 37,0 | 1094,4 |

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.

CONSOLIDATED PRIVATE SECTOR DEBT¹

(in percent of GDP)

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Belgium | | | | | | |
| Non-financial corporations | 104,6% | 118,2% | 136,6% | 128,6% | 126,5% | 118,7% |
| Private individuals | 57,5% | 57,9% | 58,2% | 58,7% | 59,6% | 61,6% |
| Total | 162,1% | 176,1% | 194,8% | 187,4% | 186,1% | 180,3% |
| Euro area | | | | | | |
| Non-financial corporations | 80,9% | 82,2% | 81,4% | 79,5% | 79,3% | . |
| Private individuals | 59,6% | 58,2% | 57,5% | 56,9% | 56,8% | . |
| Total | 140,5% | 140,4% | 138,9% | 136,4% | 136,1% | . |

Source: NBB, Eurostat

- 1 The outstanding amounts of loans and debt securities at the end of the year, excluding intrasectoral debt, as defined in the macroeconomic imbalance procedure.