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PRESS RELEASE

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Belgians' net financial wealth increased by almost €26 billion in the 2nd quarter of 2021

- **Individuals invested heavily in investment fund shares**
- **The private debt ratio stood at 66.4 % of GDP at the end of 2020**

During the second quarter of 2021 the net financial wealth of private individuals grew by €25.6 billion to €1181.6 billion. Part of that rise was due to investment amounting to €14.7 billion in financial assets. Shares in investment funds (+€9.9 billion) were much in demand. Individuals also invested in sight deposits (+€4.1 billion), regulated savings deposits (+€3.5 billion) and to a lesser extent in listed shares (+€0.3 billion). As in previous quarters, investments in debt securities recorded net sales (-€2.2 billion). Insurance products were also down (-€1.4 billion).

Positive price effects concerning financial assets were another factor driving up financial wealth, partly as a result of rising stock markets in the second quarter. This was reflected mainly in investment fund shares (+€6.6 billion), unlisted shares and other equity (+€4.4 billion) and listed shares (+€3.4 billion).

Finally, new financial liabilities taken on by private individuals rose by €5.1 billion to an outstanding total of €324.4 billion on 30 June 2021. Mortgage loans accounted for most of that increase (+€3.8 billion).

Evolution debt ratio

Under the Macroeconomic Imbalance Procedure (MIP), the private sector consolidated debt ratio forms part of a series of indicators¹. This ratio corresponds to the sum of the debts 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 2020, the private sector debt ratio in Belgium increased from 187.4 to 194.4 % of GDP. This is largely attributable to the decline in GDP in 2020 owing to the Covid-19 crisis. In nominal terms the debt of non-financial corporations was down by 4.4 %, mainly as a result of the fall in debts to foreign associated companies. Conversely, the private sector debt grew by 3.8 % in nominal terms. That increase was due primarily to the rise in mortgage loans. Since 2016 the debt ratio of private individuals in Belgium has been above the euro area average.

¹ For more information, see: https://www.nbb.be/doc/dq/mip/en/MIP_home.htm.

CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE SECOND QUARTER OF 2021

(in € billion)

	Net financial wealth as at 31 March 2021	Financial transactions in the 2nd quarter of 2021	Other flows ¹	Net financial wealth as at 30 June 2021
Financial assets	1475,3	14,7	16,0	1506,0
Notes and coins	45,2	1,1	0,0	46,3
Sight deposits	102,0	4,1	0,0	106,1
Regulated savings deposits	291,3	3,5	0,0	294,8
Other deposits	38,3	0,4	0,0	38,7
Fixed-interest securities	32,2	-2,2	0,4	30,4
Listed shares	81,0	0,3	3,4	84,7
Unlisted shares and other equity	295,9	-0,2	4,4	300,1
Investment fund shares	242,4	9,9	6,6	259,0
Insurance products	331,8	-1,4	1,2	331,6
Miscellaneous ²	15,4	-0,9	0,0	14,4
Financial liabilities	319,2	5,1	0,0	324,4
Short-term loans	7,7	0,5	0,0	8,2
Mortgage loans	263,8	3,8	0,0	267,6
Other long-term loans	33,3	0,1	0,0	33,4
Miscellaneous ³	14,5	0,6	0,0	15,1
Net financial wealth	1156,0	9,6	16,0	1181,6

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Belgium						
Non-financial corporations	117,4%	136,5%	129,0%	125,5%	126,8%	128,0%
Private individuals	57,9%	58,2%	58,9%	58,9%	60,6%	66,4%
Total	175,3%	194,8%	187,8%	184,4%	187,4%	194,4%
Euro area						
Non-financial corporations	82,1%	81,3%	79,6%	79,2%	78,6%	.
Private individuals	58,2%	57,6%	56,9%	56,7%	57,0%	.
Total	140,3%	138,9%	136,5%	135,9%	135,6%	.

Source : Eurostat, NBB.

- 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