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PRESS RELEASE

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Financial wealth of Belgian households fell by €94.5 billion in 2022

- **Privately held financial assets declined in value in 2022 due to falling stock market prices and rising interest rates**
- **Households put their money mainly in investment funds and other deposits**

The net financial wealth of private individuals in Belgium amounted to € 1 136.3 billion at the end of 2022, some € 94.5 billion lower than the level reached at the end of 2021.

Financial assets held by private households in 2022 fell by € 78.2 billion, a drop largely attributable to declining stock market prices and rising interest rates. For instance, negative valuation effects on households' investment fund shares came to a huge € 40.2 billion. Privately held listed shares also suffered a € 17.6 billion loss of value in 2022 on account of falling stock exchange prices. The rising interest rate curve caused a sharp fall in the value of insurance products (-€ 55.4 billion). This interest rate curve is an important factor in the valuation of technical provisions for life insurance and pension entitlements.¹ Lastly, rising interest rates also led to a drop in the value of debt securities (-€ 1.7 billion).

Despite the loss in value, individuals continued to put their money into investment funds (+€ 10.9 billion) and listed shares (+€ 3.4 billion) in 2022. On the other hand, insurance products were sold off in 2022 (-€ 5.2 billion). Investment in sight deposits (+€ 0.2 billion) and regulated savings deposits (+€ 0.1 billion) remained stable in 2022, while other deposits posted a clear rise (+€ 8.1 billion). This was largely thanks to the success of term accounts, which produced a higher yield in 2022. It is worth noting that, for the first time since 2011, private individuals started investing again in debt securities (+€ 0.9 billion).

Financial liabilities taken on by households rose by € 16.3 billion in 2022 to an outstanding amount of € 341.7 billion, mainly due to a rise in mortgage loans (+€ 16.2 billion).

¹ See methodological note for further information.

Methodological note

During the course of 2022, the value of insurance products declined under the influence of rising interest rates. The counterpart to the assets held by individuals in the form of insurance products is the technical provisions of insurance companies for life insurance and pension entitlements. The valuation of these technical provisions is highly dependent on the evolution of the yield curve, which is used to discount the future liabilities of insurance companies and pension funds to policy-holders. As a result, an increase (or decrease) in the yield curve will lead to a corresponding decrease (or increase) in the valuation of technical provisions.

The value of technical provisions can be found in the Solvency II² reports of insurance companies. This value is the present value, based on the yield curve published by EIOPA³ of an insurance company's future net liabilities to policy-holders. It takes into account all future cash flows required to settle all liabilities over the entire term of the insurance contracts.

This methodology is in line with that of the European System of National and Regional Accounts (ESA 2010)³. Indeed, ESA 2010 states as follows: "The amounts recorded for life insurance and annuity entitlements represent the reserves needed to meet all expected future claims". In other words, insurance products are financial assets representing future claims of policy-holders against insurers. It is thus very difficult for households to monetise these assets in the short term. Therefore, life insurance and pension entitlements are very different from other types of financial instruments, which exhibit greater liquidity.

² Directive 2009/138/EU of the European Parliament and of the Council of 25 November 2009.

³ Regulation (EU) No. 549/2013 of the European Parliament and of the Council of 21 May 2013.

CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN 2022

(in € billion)

Financial instruments	Amounts outstanding on 31 December 2021	Financial transactions during 2022	Other flows ¹	Amounts outstanding on 31 December 2022
Financial assets	1 556.1	21.4	-99.6	1 478.0
Notes and coins	33.7	2.7	0.0	36.5
Sight deposits	108.3	0.2	0.9	109.4
Regulated savings deposits	295.7	0.1	0.0	295.7
Other deposits	38.6	8.1	-0.5	46.3
Debt securities	28.3	0.9	-1.7	27.5
Listed shares	91.5	3.4	-17.6	77.3
Unlisted shares and other equity	330.2	0.7	14.8	345.6
Investment fund shares	278.9	10.9	-40.2	249.6
Insurance products	331.5	-5.2	-55.4	270.9
Miscellaneous ²	19.4	-0.3	0.1	19.2
Financial liabilities	325.4	16.4	-0.1	341.7
Short-term loans	8.3	0.3	0.0	8.6
Mortgage loans	276.6	15.5	0.7	292.8
Other long-term loans	32.5	0.5	-0.8	32.2
Miscellaneous ³	8.1	0.1	0.0	8.2
Net financial wealth	1 230.7	5.1	-99.5	1 136.3

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.