

Financial Behaviour of Households – Evidence from Quarterly Financial Accounts in Austria

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The financial behaviour of private households was triggered by the financial turmoil in recent quarters. The analysis shows that the reaction was quite different. Households increased their holdings in cash and deposits with banks treating this kind as „save“ financial investment, Supplementary and/or alternatively they increased or decreased their funds in different types of tradable securities: Households bought bonds issued by domestic banks in the first three quarters but sold them after Lehman Brothers. In particular in the first weeks of the strengthening of the turmoil they invested in short-term papers issued by the central government. The amount exceeded the value of the purchases of the rest of the whole year. Private investors ordered more quoted shares of corporations after the collapse on the equity market in October than before in 2008. In general private households sold investment fund shares regardless of the underlying asset types.

These results are derived from quarterly financial accounts on a who-to-whom basis allowing the analysis of trends in the financial investment and financing of households as an economic sector with a timeliness of three months after the reference period. Nevertheless it is necessary to add both more timeliness data and structural issues to monitor the financial behaviour of households in Austria representing the domestic economic sector with a) the highest net financial wealth raising the funds to finance the other sectors (including the rest of the world) and b) the fewest possibility to hedge the underlying risk of the financial investment and even the risk of financing in foreign currency. Therefore we have incorporated several data sets for an extended version of the analysis of the heterogeneous financial behaviour of households.

To examine these issues, the paper is structured as follows. Section 2 provides an overview of the analysis of the financial behaviour of households based on the core data set of financial accounts. Section 3 illustrates the incorporation of a) data with a monthly frequency for the main financial instruments deposits, loans and securities and b) structural issues which relate the quantitative and structural changes of the financial behaviour in recent quarters to long-term trends in several business cycles. Section 4 elaborates the link to household survey data to monitor the heterogeneous behaviour of individuals. Finally section 5 shows the overall results analysing the newest developments triggered by changes of interest rates in the new business of banks and by changes on the financial markets.

JEL-Classifications: E21, E44, G20