Discrepancies in private assets

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The latest findings of the Investment Barometer regarding private investor behaviour in Europe and the USA

Nuremberg/Frankfurt, 1 July 2004 - People in Switzerland and the USA accumulate more private assets than any other nation. Western Europeans still prefer low-risk investments, with savings accounts being the most popular form of investment. These are the findings of the survey carried out by GfK Ad Hoc Research Worldwide on behalf of The Wall Street Journal Europe.

When it comes to accumulating private assets, the Swiss lead the way. Four in ten Swiss savers indicated that they had private assets in excess of EUR 50,000. In an international comparison, Americans come out on top in terms of their financial situation. However, there has been a slight downturn in the trend. 44 per cent of respondents said that they had private assets amounting to over USD 50,000 compared with 50 per cent only six months ago.

Among the Western European countries, Germany and Spain come last in the ranking of private assets held by individuals. Only seven per cent of Germans currently have savings of more than EUR 50,000 and in Spain the figure stands at nine per cent. Savers in Central and Eastern Europe put aside even less money. As in the two previous years, only one per cent of the population in these regions indicated that they have savings of over EUR 25,000, and in Russia the figure is closer to zero. In order to facilitate a comparison of results, the reference figure was lowered from EUR 50,000 to EUR 25,000 for Central and Eastern European countries.

High income is the basis for asset formation

As a rule, households with a good level of income are also able to accumulate more private assets than their low-income counterparts. Accordingly, the proportion of people with a low income whose savings exceed EUR 50,000 is around five per cent in Western Europe and the USA (27 per cent for high-income groups), while in Central and Eastern Europe no low-income households report savings of over EUR 25,000 (2 per cent of high-income groups). Germany confirms the overall picture: there are no low-income households here with private assets exceeding EUR 50,000 (14 per cent among higher income groups). It is only in Switzerland that one in four low-income households (54 per cent among higher income groups) is able to accumulate private assets totalling more than EUR 50,000 and one in seven in the UK (41 per cent in the higher income groups).

Western Europeans bank on low-risk savings

Private investors in Western Europe tend to invest prudently. This trend has established itself over the past twelve months and looks set to continue. Almost 60% put their spare cash into bank savings of some kind. With a total of 45 per cent, life insurance and pension funds represent the second most popular investment option. This cautious approach is coupled with people's uncertainty about economic developments and also reflected in the low propensity to buy shares or invest in share-based instruments. Around 25 per cent of respondents indicated that they had such investments, the same figure as one year ago. However, two years ago the number of people investing in shares still stood at around 30 per cent. In the USA, shares continue to be the most popular form of investment. Similar to twelve months ago, once again almost 50 per cent of American savers said that they had invested in shares or investment funds. Despite the difficult stock market conditions, one in four Americans think that shares and investment funds are the best way to invest savings. In Western Europe only one in ten respondents believed this to be true. Only in Sweden have people traditionally deviated from the European trend. 73 per cent of Swedes confirmed that savings accounts are a good option. However, with 63 per cent, the popularity of shares and similar investments in Sweden is also above-average.

Erring on the side of caution

The survey shows that Western European savers will continue to choose low-risk investments in the near future. In response to the question as to how they would invest EUR 50,000 if they had such a sum at their disposal, 41 per cent of Western Europeans would put it into a savings account, 34 per cent would opt for life insurance or pension funds and 28 per cent for shares and investment funds. In Germany, 38 per cent would choose a savings account, 18 per cent take out a life insurance policy or invest in a pension plan and the same percentage would invest in securities.

The fact that Americans view the stock market positively is reflected in respondents' choice as to how they might invest a sum of USD 50,000. While eight in ten Americans would have opted for shares and investment funds six months ago,

today, only six in ten would. 45 per cent of Americans would select life assurance or a pension plan as an investment option and around one in three a savings account.

American savers optimistic about the future

With regard to future savings, Americans are the most optimistic of all nations. One in three said that they expected to be able to put away more money than in the previous year, with one in ten believing that the amount they would be able to save would be significantly higher. In Western Europe only one in seven, and in Eastern Europe only four per cent, thought that they would be able to do the same.

The survey

The Investment Barometer survey is carried out twice a year and provides information about the investment behaviour of European and American consumers. Survey questions include how much money private individuals invest, how they would invest EUR 50,000 and what forms of investment they would be most and least likely to choose. The current survey was carried out by GfK Ad Hoc Research Worldwide on behalf of The Wall Street Journal Europe and with the financial support of GfK-NÃ¼rnberg e.V. in April and May this year, and comprised a total of 13,145 people in 16 countries.

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