# STATISTICAL ACTIVITIES ON HOUSEHOLD ECONOMIC RESOURCES

FSB/IMF Global Conference on the G-20 Data
Gaps Initiative
Washington DC, 25-26 June 2013

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# Background – the Data Gap Initiative

- Recommendation 16: Distribution information

*"As the recommended improvements to data sources and categories are implemented, statistical experts to seek to compile distributional information alongside aggregate figures, wherever this is relevant.*

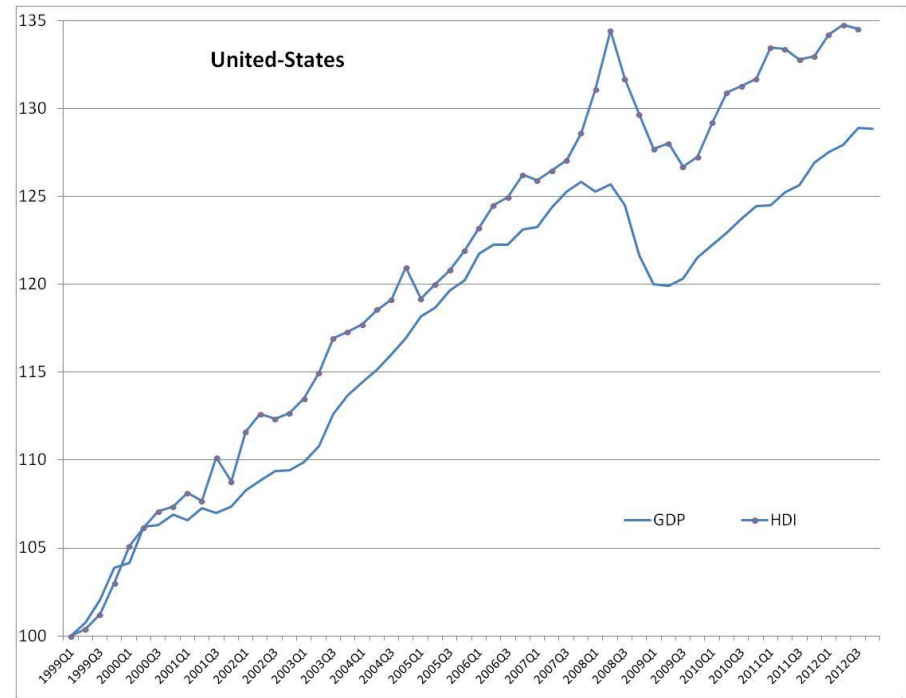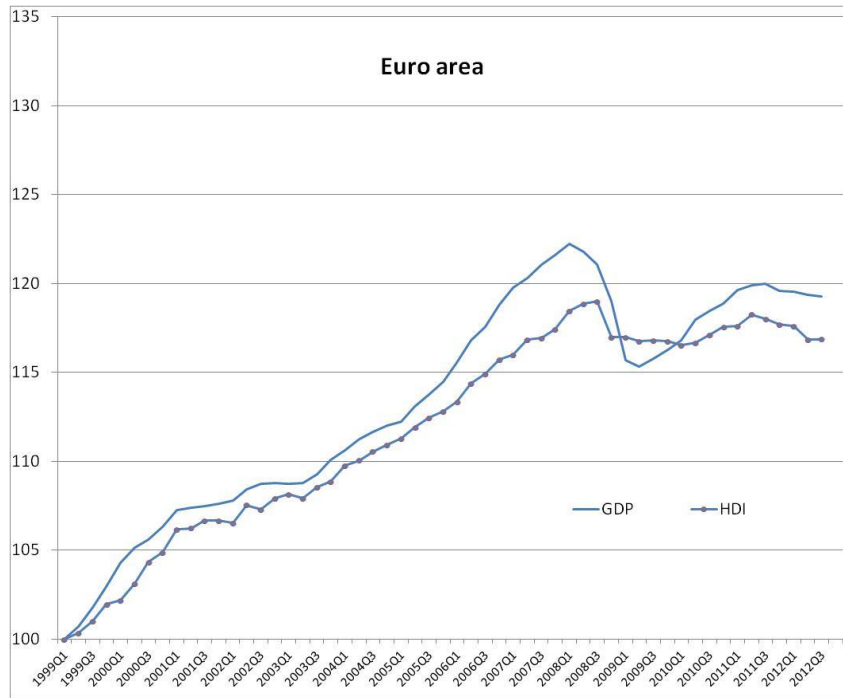*The IAG is encouraged to promote production and dissemination of these data in a frequent and timely manner.*

*The OECD is encouraged to continue in its efforts to link national accounts data with distributional information."*

# Background – Focus on households
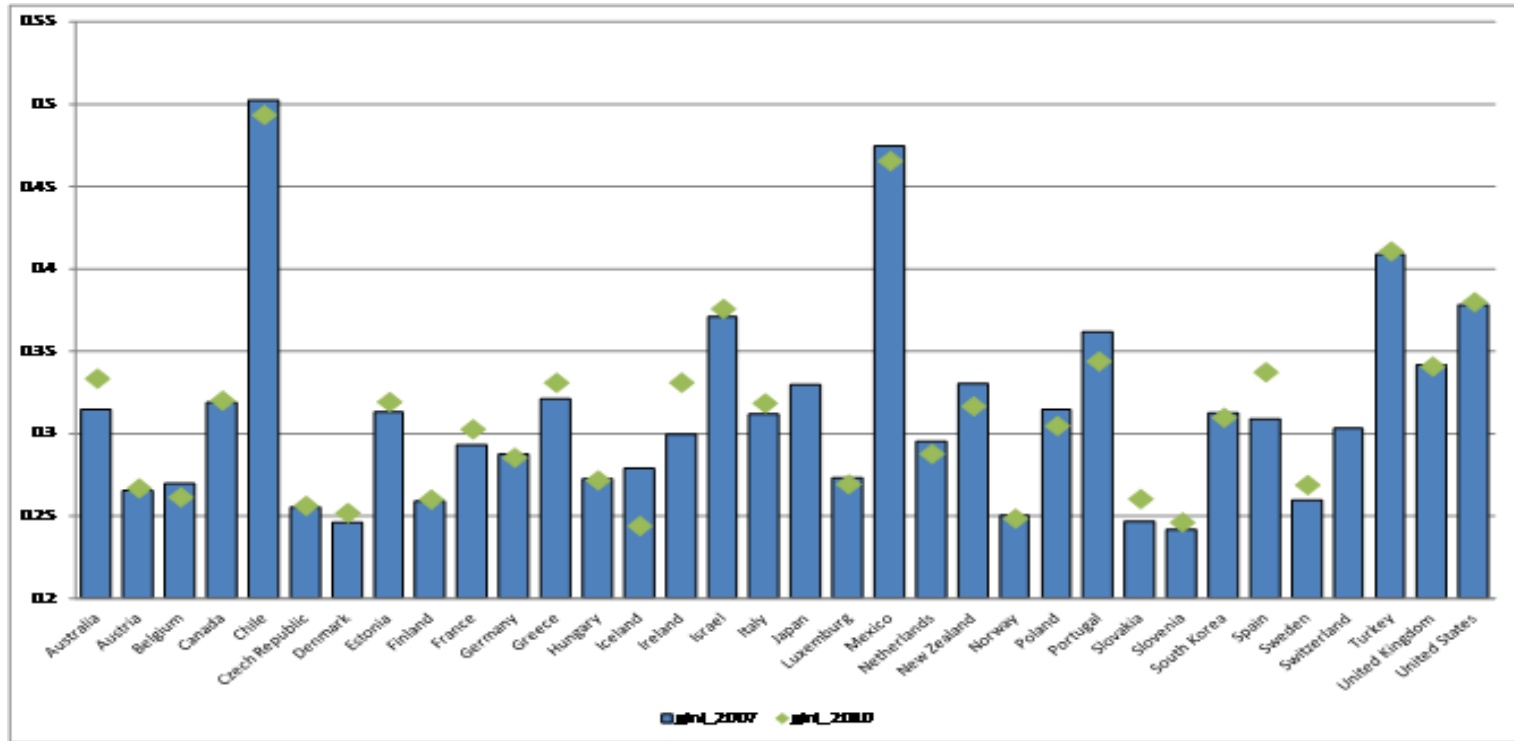
**The importance of looking at household-level measures**
**Gross real household disposable income and real GDP - 1999Q1=100**

# Background – Inequalities

**The importance of looking at income inequalities**



Source: OECD Income Distribution Database, latest year available
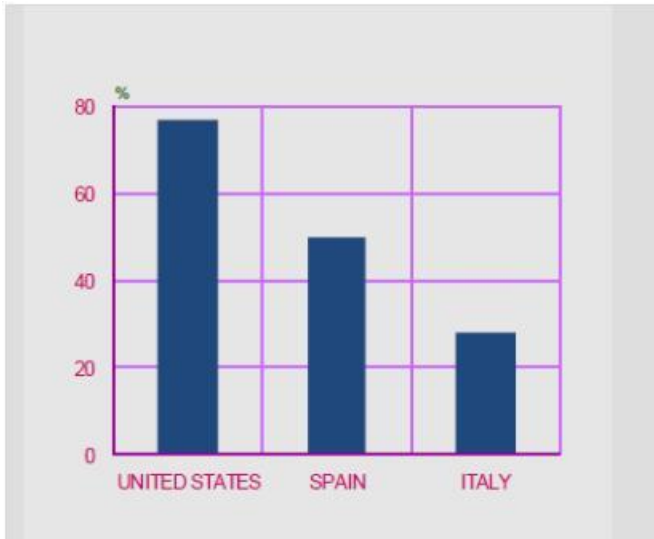
- Large differences between countries
- Longer-term trend towards greater inequality
- Early evidence: small changes in income inequality in the most recent year (2009-2011) since 2007
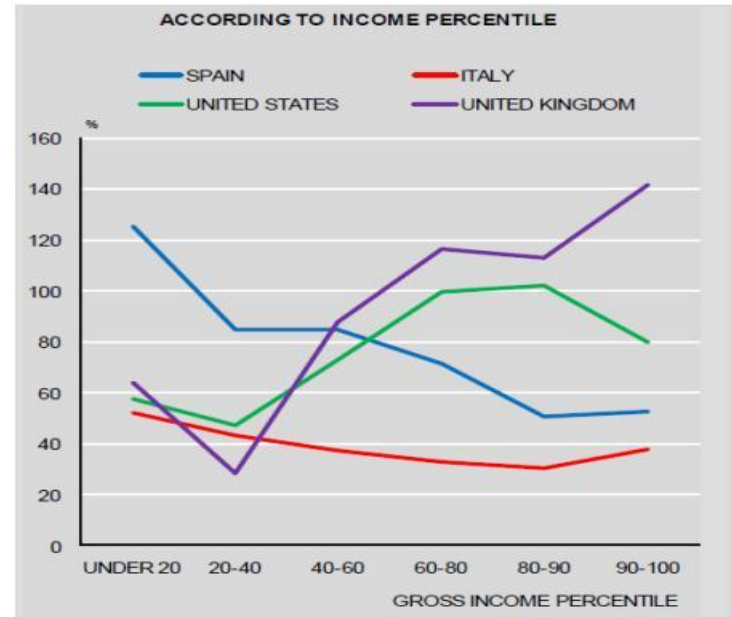
# Background – Vulnerabilities

## The importance of looking at wealth distribution

**Percentage of households holding debt**

**Debt to income ratio of indebted households**

Sources: CIR, EFF2008 (Spain), IBF 2008 (Italy), SCF 2007 (US)

Sources: EFF 2002 (Spain), SCF 2001 (US), SHIW 2002 (Italy), BHPS 2000 (UK)

- Analysing wealth distribution is essential for analysis of vulnerabilities in the household sector

# Two Expert Groups

- OECD Expert Group on Micro statistics on Household Income, Consumption and Wealth (EG ICW)
  - Methodological work to improve the distributional information available from micro sources in the future, in particular on wealth
  - 17 NSOs, Luxembourg Wealth Study, UNECE, individual analysts, ECB, Eurostat

- OECD-Eurostat Expert Group to measure Disparities in a National Account framework (EG DNA)
  - Practical exercise – feasibility study on how to introduce distributional information from existing micro sources in the national accounts
  - 25 NSOs, Luxembourg Income Study, ECB, Eurostat

# EG Micro-statistics (ICW)

OECD Guidelines on Household Wealth (12 June):

- Fills gap in existing international guidance in a field where more countries are undertaking measurement initiatives

- Propose standard concepts, definition and classifications

- Discuss advantages of different sources, best-practice in measurement of various items, analytic measures and dissemination practices

- Road testing by countries and revision in light of experience gained

➢ *Highlights available at :* www.oecd.org/statistics/guidelines-for-micro-statistics-on-household-wealth.htm

# EG Micro-statistics (ICW)

Report on Integrated Framework (12 June)

- Covers the three dimensions of household economic well-being (I, C and W) in an integrated way from perspective of individual households and in light of practicalities of data collection and focus of micro-data (distribution)

- Maps relationship and assesses consistency of statistical guidance for each of the three components at micro level, and with SNA

- Provides guidance on producing integrated statistics through either joint data collection or ex post integration (statistical linking and matching)

➢ *Highlights available:* www.oecd.org/statistics/ICW-Framework.htm

# EG Disparities National Accounts (DNA)
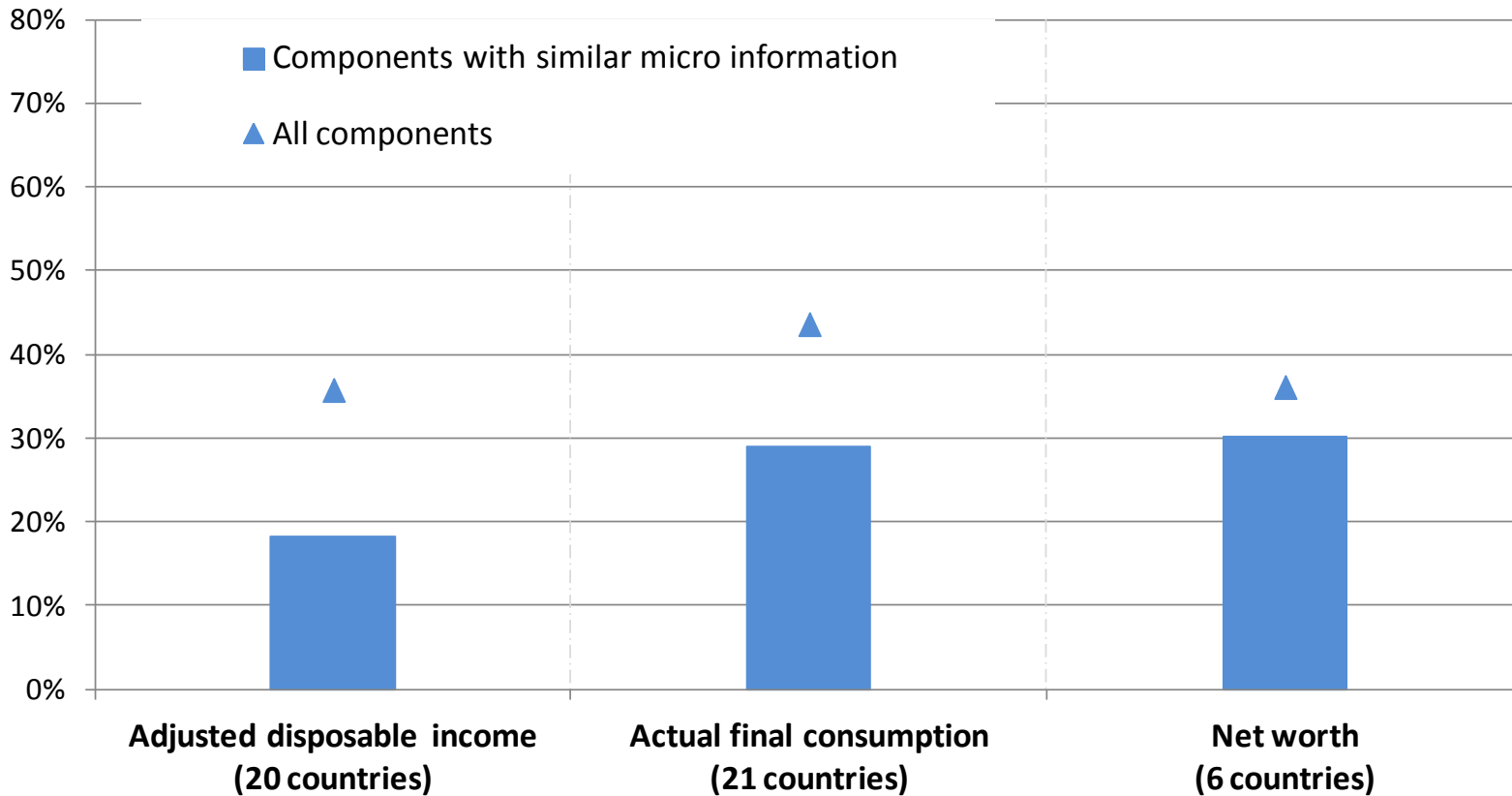
Two Working Papers forthcoming on:

- Comparing micro-macro sources in terms of definitions, scope and total amounts at the level of detailed components, for household income (20 countries), consumption (21) and wealth (7)

- Experimental disparity indicators across households with different characteristics, consistent with NA definitions and totals; indicators fully/partially computed by experts from 16 countries for income, consumption and as residual savings, for a given year

In addition: Report on Eurostat "a-minima" exercise

# EG DNA: Main results (1)

➢ Average gap macro/micro for household income, consumption and wealth



Ranges of values - average gap indicator measured on components with similar micro information:
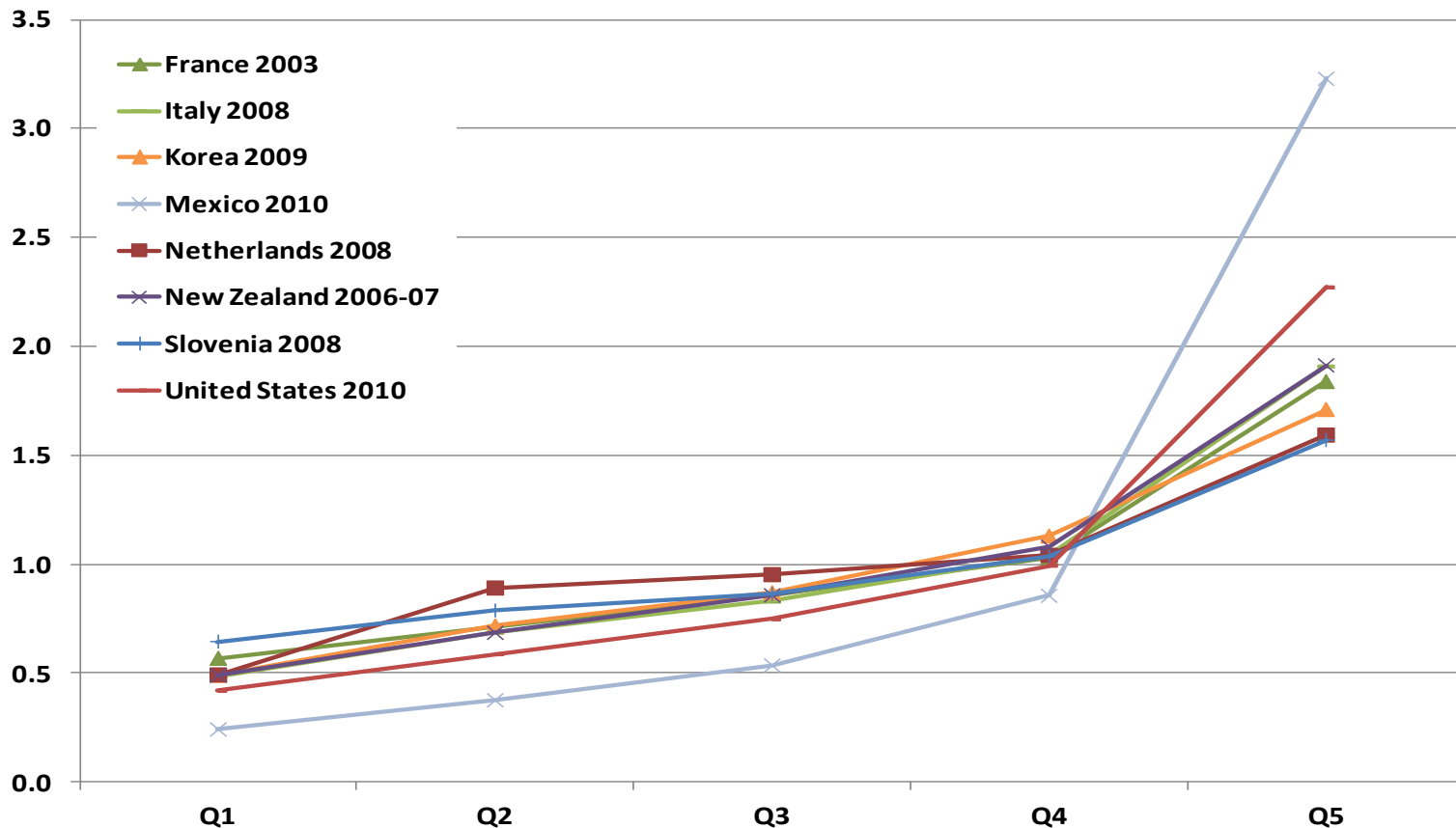
Min: 5%
Max: 57%

Min: 16%
Max: 62%

Min: 7%
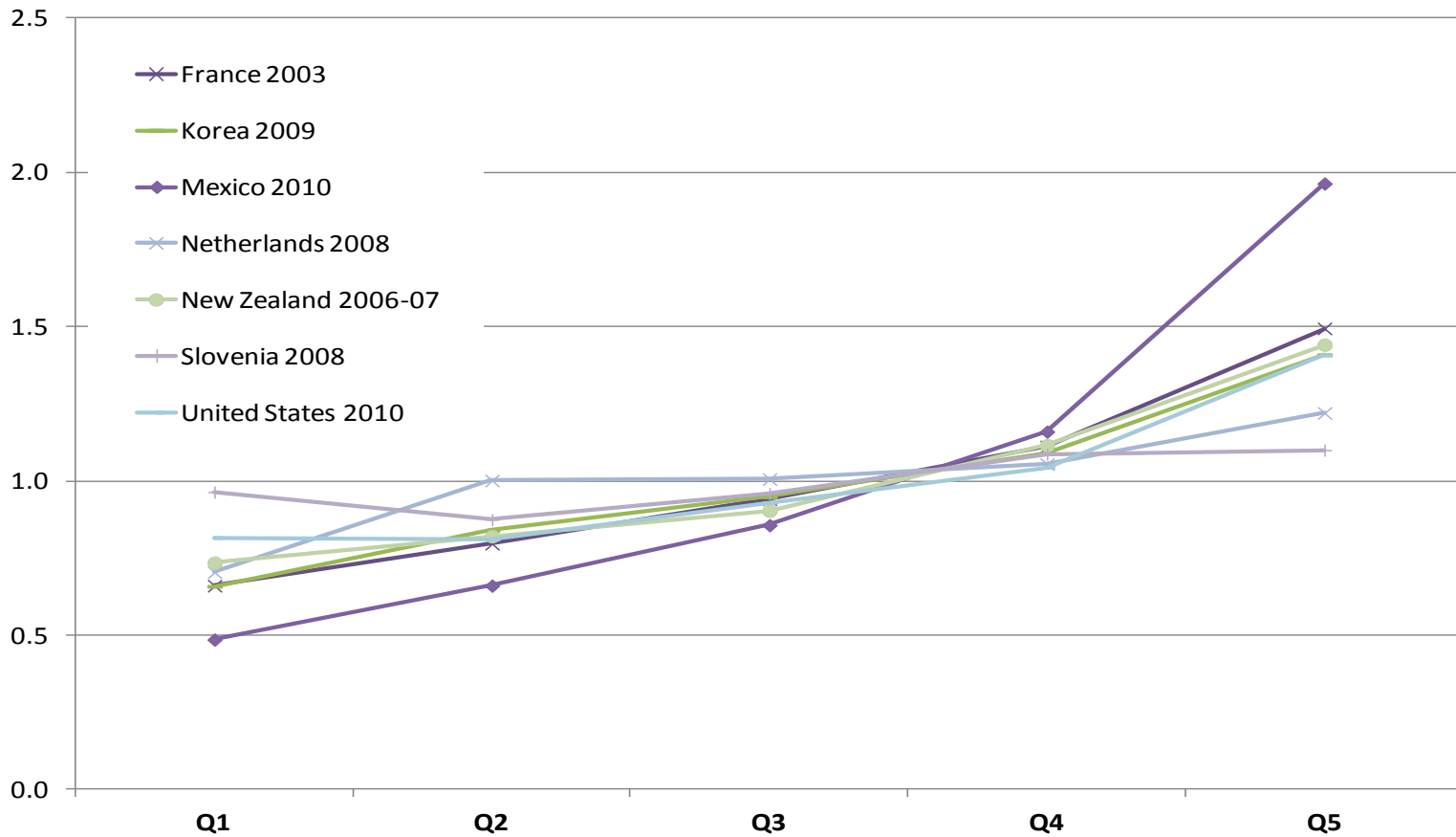Max: 43%

# EG DNA: Main results (2)

- Relative position of each household group: Adjusted disposable income per consumption unit compared to the average, by income quintile
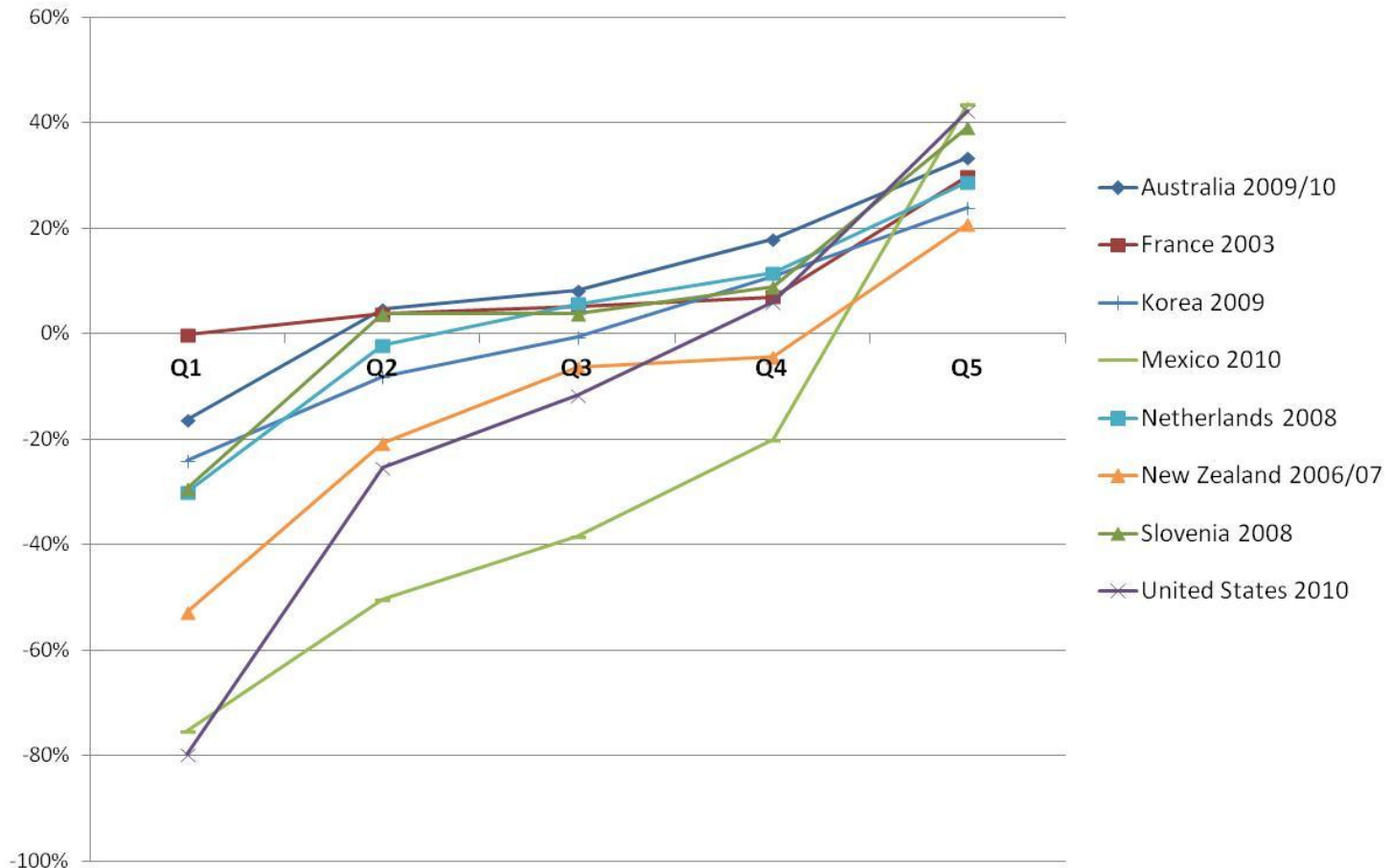
# EG DNA: Main results (3)

- Relative position of each household group: Actual final consumption per consumption unit compared to the average, by income quintile
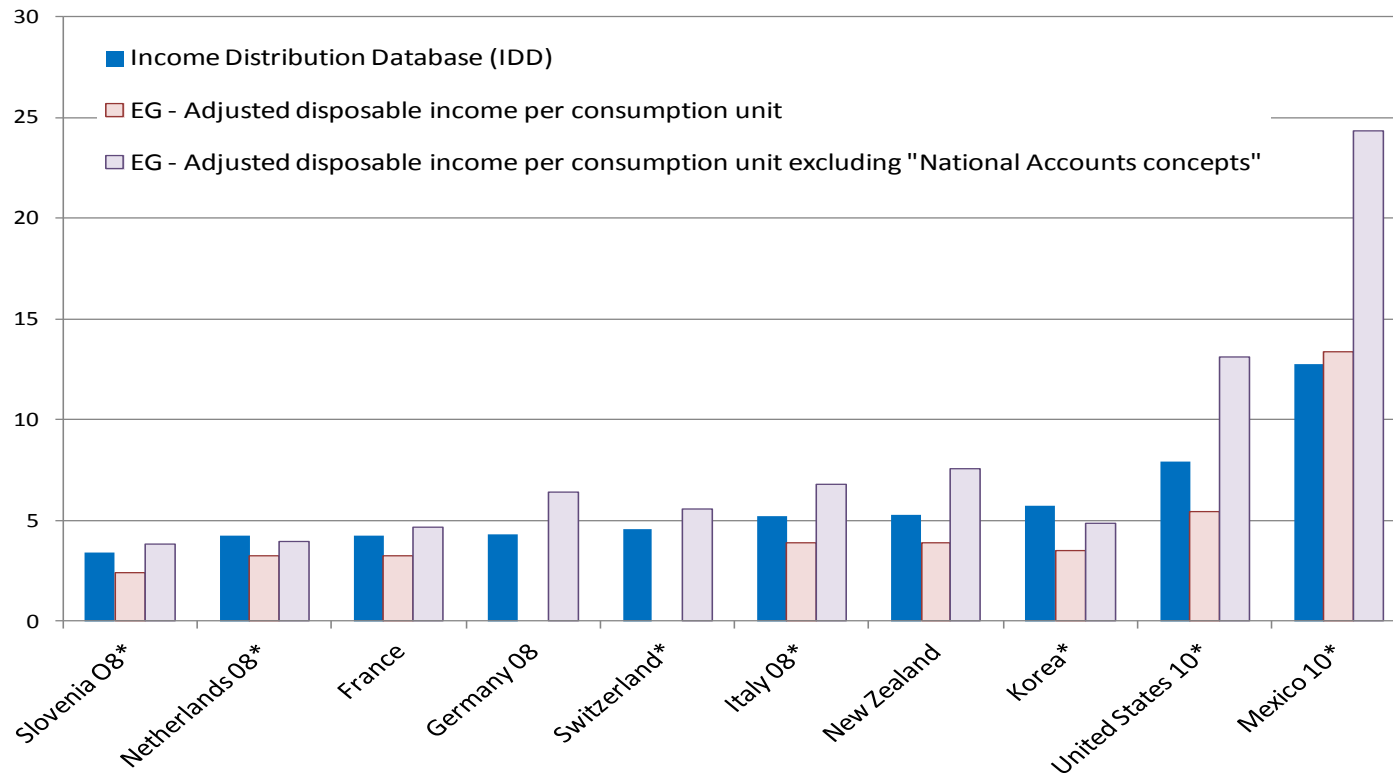
# EG DNA: Main results (4)

➢ Savings* as a percentage of adjusted disposable income, by income quintile

# EG DNA: Main results (5)

- Ratio of richest to poorest (Q5/Q1): comparison between the EG results and the OECD micro database (IDD)



The legend indicates the extent to which the IDD and the EG results are comparable. A star indicates similar micro sources. A year is indicated in case IDD and EG relate to the same year.
Note: micro measures are based on a grouping by individuals, whereas the EG is based on households.

# EG DNA: Recommendations

- Better information on compilation process SNA-HH
- More detailed breakdowns SNA-HH: NPISH, components
- More consistency between micro sources
- Need for socio-demographic reference series (e.g. number of households)
- More systematic confrontation between micro and macro sources
- Status of EGDNA outputs
  - Research papers
  - Conclusion from experts on the feasibility study (17 country responses)
    - Ready for official publication (3)
    - Official release in short (5) or medium-term (8)
    - Not currently feasible (1)

# **Way forward (CSTAT)**

Work related to the EG ICW:

- Design of a standard set of tables on the distribution of household wealth

- Annual collection of micro data on income distribution;

- One-off data collection on income distribution at the sub-national level

- Forum to discuss issues linked to the implementation of the EGICW framework

# Way forward (CSTAT)

Work related to the EG DNA

- Refine methodology on combining micro and macro, with focus on consistency income and consumption

- Compile data consistent with SNA for a more recent year

- Consider the possible development of a methodology to compile more timely estimates of levels and changes

Continuation of Expert Group: Exact details and Terms of Reference still to be discussed

# **Eurosystem HHFC**

The Eurosystem Household Finance and Consumption Survey (HFCS)

– Published 9 April 2013 (ECB press release); data refer in most cases to 2010 (or before)

– Content: detailed household-level data on various aspects of household balance sheets and related economic and demographic variables

– Micro data available to researchers (instructions for access on HFCN website)

– Data for second wave (covering all 17 euro area countries) collected in 2013/2014. Results available in 2016.

# Thanks for your attention!