Micro data on households are valuable for Central Banks (1)

- The financial behavior of households has implications for the macroeconomy and financial stability.
  - Increase of household debt in mature and developing markets

Micro data on households are valuable for Central Banks (2)

- Surveys on household finances (SHFs) (can) provide information which is valuable for monetary policy, financial stability and payment systems.
  - A complement to macro and aggregate data

Micro data on households are valuable for Central Banks (3)

- Central Banks worldwide include households in their analysis.
  - Several central banks support or develop data collection on households
    - Collection of financial micro data by Central Banks include Australia, Austria, Chile, ECB and associated banks, Fed, Greece, Italy, Netherlands, Philippines, Portugal, and Spain. Other Central Banks frequently use financial micro surveys, including England and Sweden.
International initiatives for micro data gathering and harmonization


- Since 2004: International Household Survey Network (World Bank) [www.ihsn.org](http://www.ihsn.org)


  - Special projects include United Nations University and the World Institute for Development Economics Research UNU-WIDER, “Personal Assets from a Global Perspective” (2005) [http://www.wider.unu.edu](http://www.wider.unu.edu)
A review of topics
Areas of research using SHFs (1)

- Wealth (levels and distribution)
- Consumption/savings behavior
  - Smoothing, life cycle
  - Portfolio choices
  - Changes in financial, residential and other wealth
  - Intergenerational transfers
  - Retirement and pensions
  - Taxes and benefits
Areas of research using SHFs (2)

- Micro dynamics of household debt
  - Debt and consumption behavior
  - Secured vs. unsecured debt

- Balance sheets

- Credit risk
  - Transfer, reallocation and management of financial risk
  - Determinants of default
  - Complement of administrative data

- Stress testing with micro simulations
Areas of research using SHFs (3)

- Access to financial services
  - Payments
  - Savings
  - Credit
  - Insurance

- Usage of payments systems and financial innovations, and money demand

- Econometric and survey methods
Wealth (1)

- Consumption depends on wealth rather than on income. The distributions of wealth and income are different.

Net household worth by income quintiles

Sources: wealth analysis reported by the IMF (2005), using official data.
Wealth (2)

- The distribution and composition of wealth matters for central banks.
- Secured vs. unsecured debt affect net worth
- Housing prices, consumption and debt
  - Transmission mechanism of monetary policy
  - Price bubbles
Financial vulnerability

- Mismatch between assets and liabilities at the household level
- Bank / non bank
- Financial conditions of debt
- Secured/unsecured debt
- Stress testing and simulations
Possible contributions and future research with the EFH
Areas for contributions are ample (1)

- Theoretical approaches, particularly in view of changing institutions and transmission channels
- Empirical issues
- Policy design
Areas for contributions are ample (2)

• Econometric and survey methods

• Providing timely and valuable information to the public, researchers and authorities
Possible areas for further research using the EFH (1)

- Using the EFH as it is
  - Wealth and consumption dynamics
  - Net wealth and balance sheets
  - Housing prices (financial accelerator)
Possible areas for further research using the EFH (2)

- Using the EFH as it is
  - Transition issues with panel data
    - Access, assets and liabilities management including default
  - Model explicit links between households and various components of a macro systemic model
Possible areas for further research using the EFH (3)

- Complementing (special modules) or extending (!?) the EFH
  - Income and wealth expectations
  - Recall questions
Possible areas for further research using the EFH (4)

- Merging with additional sources of information (e.g. administrative data; must consider household v/s individual data)
  - Residential wealth and housing prices
  - Effective retirement savings (not self-reported)
  - Effective debt (not self-reported)
Surveys of Household Finances for Central Bankers
A research review

Alejandra Marinovic
Escuela de Negocios
Universidad Adolfo Ibáñez

Workshop on the Survey of Household Finance
Santiago, Chile, September 9th 2010
Surveys of Households Finances for Central Bankers
A review of research

References by topics

1

Alejandra Marinovic
Escuela de Negocios Universidad Adolfo Ibáñez
alejandra.marinovic@uai.cl

Presentation at the Workshop on the Survey of Household Finance
at the Central Bank of Chile
Santiago, Chile, September 9th 2010

1. Households behavior, implications for the macroeconomy and financial stability

International Monetary Fund (2008), “The changing housing cycle and the implications for monetary policy”, World Economic Outlook, April, Chapter 3
Organisation for Economic Co-Operation and Development (2006), “Has the rise in debt made households more vulnerable?”, OCDE Economic Outlook 80, 135-158

---

1 This preliminary collection of references is part of ongoing research by Alejandra Marinovic. The web pages of central banks, international organizations and research institutions that collect and analyze household micro data are also relevant references.
2. What can Central Banks learn from surveys of household finances?

Banco Central de Chile (2009), Metodología y Principales Resultados EFH 2007
Banco Central de Chile (2010), “Endeudamiento de los hogares en Chile: Análisis e implicancias para la estabilidad financiera”, Informe de Estabilidad Financiera Primer Semestre, 63-92
International Monetary Fund (2008), “The changing housing cycle and the implications for monetary policy”, World Economic Outlook, April, Chapter 3
3. Wealth, levels and distributions


Parrado, Eric, Paulo Cox and Marcelo Fuenzalida (2009), “Evolución de los Precios de Viviendas en Chile”, Economia Chilena vol.12 N°1, April, 51-68


4. Consumption and savings behavior


Attanasio, Orazio, Matthew Wakefield (2008), “The effects on consumption and saving of taxing asset returns”, in Mirrlees Review, Reforming the tax system for the 21st century, IFS. Available at http://www.homepages.ucl.ac.uk


International Monetary Fund (2008), “The changing housing cycle and the implications for monetary policy”, *World Economic Outlook*, April, Chapter 3

5. Micro dynamics of household debt and credit risk

Banco Central de Chile (2010), “Recuadro IV.1: Metodología de medición de los efectos del terremoto sobre el riesgo de crédito de hogares y empresas”, *Informe de Estabilidad Financiera* Primer Semestre, 39
Matus, José, Nancy Silva, Alejandra Marinovic and Karla Flores (2010), “Una Visión Global de la Deuda de los Hogares Chilenos en la Última Década”, *Estudios Económicos Estadísticos* N° 81, Central Bank of Chile, April
Organisation for Economic Co-Operation and Development (2006), “Has the rise in debt made households more vulnerable?”, *OCDE Economic Outlook* 80, 135-158

6. Balance sheets

7. **Stress testing with micro simulations**


8. **Access to financial services**


Financial Services Authority (2000), “In or out? Financial exclusion: a literature and research review”, *Consumer Research* 3, United Kingdom, July


9. **Usage of payments systems and financial innovations, and money demand**

Financial Services Authority (2000), “In or out? Financial exclusion: a literature and research review”, *Consumer Research* 3, United Kingdom, July
