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Integrating Micro and Macro Accounts – The Linkage between Household Wealth Surveys and National Accounts' Balance Sheets

This paper examines the linkages between household wealth surveys and National Accounts' household balance sheets, with special emphasis on the linkages between the household sector of the integrated euro area accounts (IEAA) and the euro area Household Finance and Consumption Survey (HFCS). The latter is a recently established effort to conduct ex-ante harmonised household wealth surveys in all euro area countries. Within few years, it is expected to provide, among others, structural micro-level information on euro area households' assets and liabilities.

Although household surveys on income, consumption and wealth are rooted conceptually in the framework of National Accounts, full consistency between macro and micro statistics is usually not reached. The underlying reasons are either practical or caused by the different viewpoints of the two statistics. The practical reasons are related to estimation errors in macro statistics, and errors of measurement and estimation in sample surveys. The reasons caused by different perspectives are related to phenomena which are not captured in household surveys because theoretical concepts are difficult to derive at the level of individual households. Moreover, there are issues which are relevant only at macro level (like transactions between households and the treatment of insurance) because it treats the whole household sector as a separate entity without taking into account the heterogeneity within the sector, i.e. households as individual entities. Additionally, the sector accounts focus on recording transaction and asset relations between sectors rather than focusing only on the household sector as such. Sometimes this leads to a situation where some transactions are recorded according the logic of the whole system rather than the logic of the household sector.

The paper is divided into two parts. The first part describes the two systems and their differences while the second part focuses on the uses and results of the statistics. In the first part, we begin by describing the data generating processes and the errors of estimation and measurement, and then examine the conceptual relationship between the IEAA and the HFCS. We discuss the concept and coverage of net worth as well as specific issues such as sector delineation, treatment of insurance and pensions, and measurement of housing wealth. We end the section with a discussion on whether there would be prospects for integration of NA balance sheets and wealth surveys.

One of the key objectives of the HFCS is to support aggregate statistics with more disaggregated information on financial soundness of households and their exposure to macroeconomic shocks. The second part of the paper focuses on the actual and potential uses

of the two statistics and inter-linkages between them; which indicators can be derived from these statistics, how relevant and timely they are, and what the differences are in the overlapping indicators. While the HFCS results are not yet available, our aim is to illustrate some of our findings with empirical data from national surveys from selected countries. However, the focus of the paper is on the conceptual differences.