Allianz SE

Group Communications

Media Release

Allianz Global Wealth Report 2021: Saving from home

- Saved from the crisis: Global financial assets increased by 9.7% in 2020, reaching the magic EUR 200 trillion mark for the first time
- Vaccinated: 2021 should turn out to be another good year for savers, with overall growth in financial assets globally of around 7%
- Long Covid: The crisis is likely to entrench wealth inequality, between as well as within countries
- Asia: Growing briskly, financial assets up by 12.7%
- Gross financial assets of Malaysia's private households increased by 7.3%, amounting to EUR18,240 per capita at the end of the year

Allianz unveiled the twelfth edition of its "Global Wealth Report", which puts the asset and debt situation of households in almost 60 countries under the microscope.

Saved from the crisis
2020 was the year of extreme contrasts. The Covid-19 virus destroyed millions of lives and livelihoods and the world economy plunged into its deepest recession since World War II. At the same time, monetary and fiscal policy mobilized unimagined sums to support the economy, markets and people. With success: Incomes were stabilized and stock markets recovered quickly. With this tailwind, households' wealth weathered the Covid-19 crisis: Global gross financial assets[1] increased by 9.7% in 2020, reaching the magic EUR 200 trillion mark for the first time.

Savings were the main driver: As lockdowns drastically reduced consumption opportunities, the global phenomenon of "forced savings" was born. Fresh savings jumped by 78% to EUR 5.2 trillion in 2020, an absolute record. Inflows into bank deposits – the default option of forced savings, simply leaving unspent income in the bank account – almost tripled (+187%). Bank deposits accounted for half or more of fresh savings in all markets considered. As a result, for the first time, bank deposits worldwide grew at a double-digit rate of 11.9%; the previous peak growth was 8% in the financial crisis year 2008. While the asset class securities – buoyed by the strong stock markets – grew by 10.9%, insurance and pension fund assets showed much weaker development, rising by 6.3%.

[1] Financial assets include cash and bank deposits, receivables form insurance companies and pension institutions, securities (shares, bonds and investment funds) and other receivables.

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Vaccinated
Despite a subdued start, despite continued bottlenecks in world trade, and despite new virus variants forcing new restrictions, global GDP will grow strongly in 2021, powered by the vaccination campaign which allows economies to reopen and (partially) return to normality. Moreover, loose monetary policies and generous fiscal support remain in place. The upshot for savers around the world? Bar any major stock market corrections, 2021 should turn out to be another good year for them, with overall growth in financial assets globally of around 7%.

"The head numbers are very impressive", said Ludovic Subran, chief economist of Allianz. "But we should dig a little deeper. Most households did not really save but simply put their money aside. All this idle money on bank accounts is a wasted opportunity. Instead, households should invest in their retirement and the green transition, enabling societies to master the paramount challenges we face, climate and demographic change. My fear is that if households start eventually to dishoard, money will end up in revenge consumption and will only fuel inflation. We urgently need a new 'savings culture'."

Long Covid
In 2020, the financial assets of emerging markets (+13.9%) grew again faster than that of advanced markets (+10.4%), returning to familiar patterns of growth after three years. As a result, the prosperity gap between rich and poor countries has also narrowed somewhat. The trend reversal that we diagnosed last year – the renewed drifting apart of the poorer and richer countries – thus appears to have been halted for the time being. However, it is (much) too early to sound the all-clear. While many developing countries performed surprisingly well in the first year of the pandemic, there are indications that the long-term consequences and challenges – from insufficient vaccination and reconfigured supply chains to the digital and green transformation – could primarily affect the poorer countries.

The same can be said with regard to national wealth distribution. While the national middle class has shrunk in recent years as their share of total national wealth has declined in many countries, for 2020 at least, the immense social transfers seem to have successfully counteracted a further drifting apart of the wealth classes. But this happy affair may not last when state support expires and the direct effects of the crisis – the loss of millions of jobs – will once again be felt. Moreover, the crisis led to a significant impairment in school education. Covid-19 is thus likely to further entrench social immobility. The gradual disappearance of the middle class has only temporarily stopped.

"The pandemic is a much bigger challenge for poorer countries", commented Michaela Grimm, co-author of the report. "Very likely, Covid-19 will continue to hold back economic development in this group of countries for much longer than in the advanced markets. But the real challenge comes afterwards: These countries will find themselves in a post-pandemic world that will make it increasingly difficult for them to play out their comparative advantages in a proven way, given the lasting changes in technologies, politics, and life styles. The gradual closing of the global prosperity gap – the defining development over the last decades – can no longer taken for granted."

Asia (ex Japan): Growing briskly, financial assets up by an average 12.7% - in Malaysia private households' financial assets increased by 7.3%
Despite the Covid-19 crisis, gross financial assets of Asian households rose by a healthy 12.7% in 2020, even faster than in the already strong previous year (9.8%). All asset classes contributed to the rally with double-digit growth rates: bank deposits clocked growth of

12.3%, securities of 13.9% and insurance and pension of 11.4%. In Malaysia, the gross financial assets growth rate remained markedly below the regional average, reaching 7.3%. Growth driver was the increase in securities with 10.6%. Life insurance and pension fund assets grew by 7.4% and deposits and by 4.2%. As a result, the share of life insurance and pension fund assets in the private households' portfolio increased to almost 40%, while deposits and securities each amounted to around 30%.

With a plus of 5.5%, liabilities growth remained at the same level like in the year before. However, due to the decrease in GDP, private households' debt-to-GDP ratio climbed to a record high 93.3%, one of the highest levels in Asia. Though net financial assets increased by 8.8% to an average EUR9,950 per capita, the high indebtedness gives reason for concern, as the average liabilities amount to around half the average gross financial per capita. However, these figures represent only the average; in the low-income groups that were hardest hit by the impact of the Covid-19 pandemic, the over-indebtedness is expected to remain an issue especially against the background of an expected uneven recovery of the labor market.

In terms of net financial assets per capita, Malaysia ranks 6th in Asia behind China and 37th in international comparison.

Top 20 in 2020 by…

…Net financial assets per capita			
	in EUR	y/y in %	rank 2000
#1 USA	218,470	12.9	2
#2 Switzerland	212,050	3.7	1
#3 Denmark	149,240	14.6	12
#4 Netherlands	128,560	12.5	7
#5 Sweden	124,760	8.8	14
#6 Singapore	118,930	10.9	17
#7 Taiwan	117,660	11.2	13
#8 New Zealand	114,170	3.0	8
#9 Japan	100,470	2.8	3
#10 Belgium	98,930	3.7	4
#11 Canada	96,430	7.5	9
#12 Great Britain	90,020	9.7	5
#13 Australia	88,740	6.2	18
#14 Israel	87,460	4.5	10
#15 France	66,560	5.7	11
#16 Austria	63,590	5.5	16
#17 Italy	62,780	2.8	6
#18 Germany	61,760	7.2	19
#19 Ireland	60,360	10.8	15
#20 South Korea	36,470	18.1	26
#37 Malaysia	9,950	7.4	27

…Gross financial assets per capita			
	in EUR	y/y in %	rank 2000
#1 Switzerland	313,260	3.1	1
#2 USA	260,580	11.2	2
#3 Denmark	212,570	10.4	6
#4 Netherlands	180,190	9.3	4
#5 Sweden	173,130	7.8	15
#6 Singapore	152,590	7.6	11
#7 Australia	151,690	3.9	18
#8 New Zealand	144,660	3.4	10
#9 Taiwan	139,830	10.5	16
#10 Canada	139,410	6.1	9
#11 Belgium	126,460	3.6	5
#12 Japan	124,900	2.7	3
#13 Great Britain	123,580	7.7	7
#14 Israel	109,670	4.3	14
#15 Norway	100,330	5.8	20
#16 France	94,990	5.5	12
#17 Ireland	89,300	5.8	13
#18 Austria	86,500	4.7	19
#19 Germany	85,370	6.3	17
#20 Italy	78,880	2.4	8
#31 Malaysia	18,240	5.9	28

You can find the study here on our homepage

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[2] Including non-consolidated entities with Allianz customers.